

**BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED**

Our Company was incorporated as a public limited company under the Companies Act, 1956 at Hyderabad with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh (RoC) on July 7, 1993. For details of changes in the registered office of our Company, please refer to the chapter entitled 'General Information' beginning on page 44.

Registered Office: 8-2-269/S/3/A, Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500034, Telangana, India

Contact Person: R Sharanya; **Tel:** +91 40 4222 1212; **Facsimile:** +91 40 2354 0444

E-mail: info@bhagiradha.com; **Website:** www.bhagiradha.com; **Corporate Identification Number:** L24219TG1993PLC015963

OUR PROMOTERS: SINGAVARAPU CHANDRASEKHAR, EADARA JAYALAXMI, DODDA SADASIVUDU AND SINGAVARAPU LALITHA SREE

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS AND ELIGIBLE EMPLOYEES OF OUR COMPANY ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH (ISSUE SHARES) OF OUR COMPANY FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) (ISSUE PRICE), AGGREGATING UP TO ₹[●] LAKH BY OUR COMPANY. THE ISSUE COMPRISES: (A) AN ISSUE OF UP TO [●] ISSUE SHARES TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS (RIGHTS EQUITY SHARES) IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (RIGHTS ISSUE); AND (B) A RESERVATION OF UP TO [●] ISSUE SHARES FOR THE ELIGIBLE EMPLOYEES OF OUR COMPANY (EMPLOYEE RESERVATION SHARES) AGGREGATING UP TO ₹[●] LAKH (EMPLOYEE RESERVATION PORTION). THE RIGHTS ISSUE TO THE ELIGIBLE EQUITY SHAREHOLDERS AND ISSUE OF EMPLOYEE RESERVATION SHARES, IS COLLECTIVELY REFERRED TO AS THE ISSUE. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE ENTIRE ISSUE PRICE FOR THE EQUITY SHARES IS PAYABLE ON APPLICATION. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER ENTITLED 'TERMS OF THE ISSUE' BEGINNING ON PAGE 201 OF THIS LETTER OF OFFER.

WILFUL DEFAULTER AND / OR FRAUDULENT BORROWER

Neither our Company nor any of our Promoters or Directors have been categorized as a Wilful Defaulter and / or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on Wilful Defaulter(s) or Fraudulent Borrower(s) issued by the Reserve Bank of India.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the section entitled 'Risk Factors' beginning on page 22.

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, and 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 make this document 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) and the National Stock Exchange of India Limited (NSE, together with the BSE, collectively, referred to as the **Stock Exchanges**). Our Company has received 'in-principle' approvals from the BSE and NSE for listing the Issue Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. For the purposes of the Issue, BSE is the Designated Stock Exchange.

LEAD MANAGER

Emkay®
Your success is our success
EMKAY GLOBAL FINANCIAL SERVICES LIMITED
7th Floor, The Ruby, Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028, Maharashtra, India
Tel: +91 22 66121212
Email: bcil.rights@emkayglobal.com
Investor Grievance e-mail: ibg@emkayglobal.com
Website: www.emkayglobal.com
Contact Person: Deepak Yadav / Pranav Nagar
SEBI Registration No.: INM000011229

REGISTRAR TO THE ISSUE

LINK Intime
LINK INTIME INDIA PRIVATE LIMITED
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083,
Maharashtra, India
Tel: +91 22 4918 6000
Email: bhagiradha.rights@linkintime.co.in
Investor Grievance Email: bhagiradha.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
[●]	[●]	[●]

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the 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 thirty days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise indicates or implies, or unless specified, the terms defined, and abbreviations expanded herein below shall have the same meaning as stated in this section. The words and expressions used in this Letter of Offer but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto. The following list of capitalised terms used in this document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Notwithstanding the foregoing, terms used in the chapter entitled 'Statement of Tax Benefits', section entitled 'Financial Information', and chapter entitled 'Outstanding Litigation and Defaults' beginning 60, 108, and 186, respectively, shall have the meaning ascribed to such terms in these respective chapters and section.

Terms	Description
our Company, the Company or the Issuer	Bhagiradha Chemicals & Industries Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at 8-2-269/S/3/A, Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500034, Telangana, India.
we, us, or our	Unless the context otherwise indicates or implies, our Company with its Subsidiaries on a consolidated basis.

Company related terms

Terms	Description
AGM	Annual General Meeting.
Articles of Association or AoA	Articles of Association of our Company, as amended.
Audit Committee	The audit committee of our Company comprising Singavarapu Chandrasekhar, Sudhakar Kudva, Krishnarao S V Gadepalli and Kishor Shah.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company, comprising the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss for the financial year ended March 31, 2021, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ended March 31, 2021, prepared in conformity with Indian Accounting Standards prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.
Auditor or Statutory Auditor	S Singhvi & Co., Chartered Accountants.
Board or Board of Directors	Board of directors of our Company or a duly constituted committee thereof.
CARE Report	Report titled 'Report on Pesticides Industry, March 2022' issued by CARE.
CARE	CARE Advisory Research and Training Limited, a wholly owned subsidiary of CARE Ratings Ltd. having its office at A – Wing, 1102 – 1103, Kanakia Wall Street, Chakala, Andheri – Kurla Road, Andheri East, Mumbai – 400 093, Maharashtra, India.
Chartered Engineer	The chartered engineer acting as an 'expert' under Section 2(38) of the Companies Act, namely M.J. Vidya Sagar.
Chairman	Chairman of our Company, Kanumuru Satyanarayana Raju.
Chief Financial Officer or CFO	Chief financial officer of our Company, Bandhakavi Krishna Mohan Rao.
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company, R Sharanya.
Consolidated Financial Statements	Collectively, Audited Consolidated Financial Statements and Unaudited Consolidated Financial Statements.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company comprising Sudhakar Kudva, Singavarapu Lalitha Sree and Singavarapu Chandrasekhar.
Director(s)	Director(s) on the Board of Directors.

Terms	Description
Equity Shareholder	A holder of Equity Shares, from time to time.
Equity Shares	The equity shares of our Company of a face value of ₹10 each, unless otherwise specified in the context thereof.
Executive Director	Singavarapu Chandrasekhar and Ketan Chamanlal Budh.
Group Company(ies)	<p>In terms of the SEBI ICDR Regulations, the term ‘group companies’, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.</p> <p>Accordingly, the Board has determined following companies as Group Companies:</p> <ol style="list-style-type: none"> 1. Greenpath Energy Private Limited; and 2. Agnova Chemicals Private Limited
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations. For further details, please refer to the chapter entitled ‘ <i>Our Management</i> ’ beginning on page 103.
Key Managerial Personnel	Key management / managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in the chapter entitled ‘ <i>Our Management</i> ’ beginning on page 103.
Managing Director	The managing director of our Company, Singavarapu Chandrasekhar
Manufacturing Facility	Our Company’s manufacturing facility located at Yerajala Road, Cheruvukommupalem Village, Ongole Mandal, Prakasam District - 523 272, Andhra Pradesh, India.
Memorandum of Association or MoA	Memorandum of Association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company comprising Sudhakar Kudva, Krishnarao S V Gadepalli and Kanumuru Satyanarayana Raju.
Non-executive Directors	A Director not being an Executive Director.
Product(s)	Pesticides and speciality intermediates manufactured by our Company, which are broadly classified into insecticides, fungicides and herbicides. For more details, please refer to the chapter entitled ‘ <i>Our Business</i> ’ beginning on page 89.
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Promoters	Singavarapu Chandrasekhar, Eadara Jayalaxmi, Dodda Sadasivudu and Singavarapu Lalitha Sree.
Reference Date	March 29, 2022
Registered Office	8-2-269/S/3/A, Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana, India.
Registrar of Companies or RoC	Registrar of Companies, Telangana at Hyderabad.
Rights Issue Committee	The rights issue committee of our Company constituted <i>vide</i> board resolution dated December 14, 2021 and comprising Singavarapu Chandrasekhar, Sudhakar Kudva and Krishnarao S V Gadepalli.
Risk Management Committee	The risk management committee of our Company comprising Sudhakar Kudva, Krishnarao S V Gadepalli and G Aruna.
SEBI Exemption Application	SEBI <i>vide</i> letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(l) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our

Terms	Description
	Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.
Shareholders	The shareholders of our Company.
SR Equity Shares	Equity shares of a company having superior voting rights compared to all other equity shares issued by such company.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company comprising Krishnarao S V Gadepalli, Singavarapu Chandrasekhar and Sudhakar Kudva.
Subsidiary	A wholly owned subsidiary of our Company, Bheema Fine Chemicals Private Limited.
Unaudited Consolidated Financial Statements	The unaudited consolidated financial statements for nine month period ended December 31, 2021 of our Company, prepared in conformity with Indian Accounting Standards prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

Issue related terms

Term	Description
Abridged Letter of Offer or ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders and made available to Eligible Employees of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allot, Allotment or Allotted	Allotment of Issue Shares pursuant to the Issue.
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, ICICI Bank Limited.
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Issue Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Person(s) who is Allotted Issue Shares pursuant to the Allotment.
Applicant(s) or Investors	Eligible Equity Shareholder(s) and /or Renouncee(s) and/or Eligible Employees who are entitled to apply or make an application for the Issue Shares in terms of this Letter of Offer.
Application Form	The CAF and / or the EAF, as the case may be.
Application Money	Aggregate amount payable in respect of the Issue Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make an Application and authorize an SCSB to block the Application Money in the specified bank account maintained with such SCSB.
Application(s)	Application made through: (i) submission of the Application Form or plain paper application to the Designated Branch of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process; or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors other than Eligible Employees, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Issue Shares at the Issue Price.
ASBA Account	A bank account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Money of the ASBA Bidder.

Term	Description
ASBA Bidder	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including Renouncee) shall make an Application for a Rights Issue only through ASBA facility. Further, the Eligible Employees shall make an Application only through ASBA facility.
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 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Banker to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Bank and the Refund Bank to the Issue, namely ICICI Bank Limited
Banker to the Issue Agreement	Agreement dated [●] entered into by and amongst our Company, Registrar to the Issue, Lead Manager and the Banker to the Issuer.
Basis of Allotment	The basis on which the Issue Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in the chapter entitled ' <i>Terms of the Issue</i> ' beginning on page 201.
Common Application Form or CAF	The form used by an Investor other than Eligible Employees to make an application for the Allotment of Issue Shares in the Issue, in accordance with the SEBI Rights Issue Circulars.
Controlling Branches or 'Controlling Branches of the SCSBs'	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes .
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, used by the ASBA Bidders and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	BSE Limited
Eligible Employee(s)	A permanent and full-time employee of our Company including a Director of our Company, whether whole-time or part-time as on the Record Date, who is an Indian national and is based, working and present in India and who continues to be in such employment till the finalisation of the basis of Allotment in consultation with the Designated Stock Exchange, but excludes: (i) Promoters, (ii) a person belonging to the Promoter Group; (iii) independent director of our Company; or (iv) a director of our Company who either himself/herself or through their relatives or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of our Company.
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company as on the Record Date.
Employee Application Form or EAF	The application form used by the Eligible Employees to make an application for Allotment of Employee Reservation Shares under the Employee Reservation Portion.
Employee Reservation Portion	Reservation up to [●] Issue Shares (not exceeding [●]% of the post-Issue equity share capital of our Company) for the Eligible Employees of our Company aggregating up to ₹[●] lakh.
Employee Reservation Shares	Up to [●] Equity Shares reserved for the Eligible Employees under Employee Reservation Portion.
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility
Escrow Collection Bank, Allotment Account Bank(s) or Refund Bank(s)	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, ICICI Bank Limited.
Investor(s) or Bidder(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, the Renouncee(s) and the Eligible Employee(s) of our Company.

Term	Description
Issue	An issue of up to [●] equity shares of face value ₹10 each (Issue Shares) of our Company for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) (Issue Price), aggregating up to ₹[●] lakh by our Company. The Issue comprises: (a) an issue of up to [●] Equity Shares to the Eligible Equity Shareholders of our Company on rights basis (Rights Equity Shares) in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date, that is on [●] (Rights Issue); and (b) a reservation of up to [●] Equity Shares for the Eligible Employees of our Company (Employee Reservation Shares) aggregating up to ₹[●] lakh (Employee Reservation Portion).
Issue Agreement	Agreement dated [●] entered between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	[●]
Issue Share	Up to [●] Equity Shares of face value ₹10 each of our Company to be issued by our Company in accordance with the provisions of this Letter of Offer.
Issue Size	Amount aggregating up to ₹[●] lakh.
Lead Manager	Emkay Global Financial Services Limited
Letter of Offer	This letter of offer dated [●] filed with the Stock Exchanges and includes any addenda or corrigenda thereto.
Listing Agreement	Listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Multiple Application Forms	More than one Application Form submitted by an Eligible Equity Shareholder / Renouncee in respect of the same Rights Entitlement available in their demat account. However, supplementary applications in relation to further Equity Shares with / without using additional Rights Entitlement will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, please refer to the chapter entitled ' <i>Objects of the Issue</i> ' beginning on page 53.
Non – ASBA Bidder	Investors other than ASBA Bidders, who apply in the Issue otherwise than through the ASBA process.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders and Eligible Employees who are eligible to apply for Issue Shares, being [●].
Registrar Agreement	Agreement dated [●] between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
Registrar to the Issue or Registrar	Link Intime India Private Limited.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders.

Term	Description
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company.
Rights Entitlement(s)	Number of Issue Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Issue Shares for every [●] Equity Shares held by an Eligible Equity Shareholder.
Rights Equity Shares	Up to [●] Issue Shares to be issued to the Eligible Equity Shareholders on rights basis.
Rights Issue	An issue of Rights Equity Shares to the Eligible Equity Shareholders on rights basis in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on [●].
R-WAP	Registrar's web-based application platform accessible at www.linkintime.co.in . instituted as an optional mechanism in accordance with the SEBI R-WAP Circulars.
SCSB(s)	Self-certified syndicate banks registered with SEBI, which act as a banker to the Issue and which offer the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 .
SEBI Rights Issue Circulars	Collectively, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circulars bearing reference number SEBI/HO/CFD/DIL2/CIR/2020/78 dated May 6, 2020, bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 1, 2021.
SEBI R-WAP Circulars	SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL2/CIR/P/2021/552 April 22, 2021, SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/submitting online Application Forms by resident Investors.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter or Fraudulent Borrower	A wilful defaulter or a fraudulent borrower as defined under the SEBI ICDR Regulations.
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry related terms

Term	Description
ANF	Agitated nutsche filter
FRP	Fiber reinforced plastic
QC	Quality control
QA	Quality Assurance

Conventional and general terms or abbreviations

Term	Description
₹, Rs., Rupees or INR	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations.
AS or Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compound annual growth rate
CDSL	Central Depository Services (India) Limited
Central Government or Government of India or GoI	Central Government of India
CIN	Corporate Identification Number
Companies Act, 1956	<i>Erstwhile</i> Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act or Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020.
CSIR-IICT, Hyderabad	Indian Institute of Chemical Technology, Hyderabad
CY	Calendar Year
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being NSDL and CDSL.
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP ID	Depository Participant's Identification
DSIR	Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India
EBITDA	Profit before tax + depreciation and amortization expenses and Interest cost +share of profit from associates-other income.
EGM	Extraordinary General Meeting
EPS	Earnings per Share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
Financial Year, Fiscal, fiscal, Fiscal Year or FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross domestic product
GAAR	General Anti Avoidance Rules
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act or IT Act	Income-tax Act, 1961, as amended.

Term	Description
Ind AS	Indian Accounting Standards as referred to in and notified under the Ind AS Rules, as amended.
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015, as amended.
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
KIADB	Karnataka Industrial Areas Development Board
KL	Kilo Litres
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MoEF	Ministry of Environment and Forests & Climate Change
MSME	Micro, Small & Medium Enterprises
MT	Metric Tonnes
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A. or NA	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRE Account	Non-resident external account
NBFC – SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
No.	Number
NR	Non-resident
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Body(ies)
OCI(s)	Overseas Citizen(s) of India
p.a.	Per annum
PAN	Permanent Account Number
China	People’s Republic of China
PMLA	The Prevention of Money Laundering Act, 2002
QP	Qualified Purchasers as defined under the United States Investment Company Act of 1940
RBI	Reserve Bank of India.
R&D	Research and Development
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Term	Description
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations, as amended.
SLR	Statutory Liquidity Ratio
SMEs	Small and Micro Enterprises
State Government	Government of a state of India.
Stock Exchanges	Together, BSE and NSE
STT	Securities Transaction Tax
Trademarks Act	Trade Marks Act, 1999, as amended.
U.S. or USA or United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD or US\$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the CAF, the EAF, the Rights Entitlement Letter, any other issue material and issue of the Issue 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, the Abridged Letter of Offer, the CAF, the EAF, or the Rights Entitlement Letter may come are required to inform themselves about, and observe, such restrictions. For details, see '*Restrictions on Foreign Ownership of Indian Securities*' beginning on page 234.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and Eligible Employees and will dispatch the Letter of Offer, the Abridged Letter of Offer, the CAF, the EAF the Rights Entitlement Letter and any other issue material only to such Eligible Equity Shareholders and Eligible Employees 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 Abridged Letter of Offer, CAF/EAF (as the case may be), 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 Abridged Letter of Offer, CAF/EAF (as the case may be), the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer, the Abridged Letter of Offer, the CAF and the EAF shall not be sent the Letter of Offer, the Abridged Letter of Offer and CAF/EAF.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders and Eligible Employees who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders and Eligible Employees have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders and Eligible Employees have not provided their e-mail address, then the Letter of Offer will be dispatched by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders and Eligible Employees who have provided their Indian address, on a reasonable effort basis.

Investors can also access this Letter of Offer, the Abridged Letter of Offer, the CAF and the EAF from the websites of our Company, the Registrar, the Lead Manager, the Stock Exchanges and on R-WAP.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the CAF and the EAF.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI. Accordingly, the Rights Entitlements or Rights Equity Shares or Employee Reservation Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any Issue 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 or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Issue Shares and should not be copied, extracted or redistributed, in part or full. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Issue Shares or the Rights Entitlements referred to in this Letter of Offer/Abridged Letter of Offer. Envelopes containing the CAF/EAF should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the Issue Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire the Rights Entitlements or the Issue Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his

jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in '*Restrictions on Foreign Ownership of Indian Securities*' beginning on page 234.

Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF/EAF as invalid where we believe that such CAF/EAF is incomplete or acceptance of such CAF/EAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Issue Shares or Rights Entitlement in respect of any such CAF/EAF.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States who is also a QP) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the CAF, including to the effect that the person submitting and/or renouncing the CAF is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such CAF.

Neither the delivery of this Letter of Offer, the Abridged Letter of Offer, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer and the Abridged Letter of Offer 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 of Issue Shares or Rights Entitlement. As a result, each investor should consult its own counsel, business advisor and / or tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Issue Shares regarding the legality of an investment in the Issue Shares by such offeree or purchaser under any applicable laws or regulations.

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.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Issue Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (**United States or U.S.**) or to, or for the account or benefit of, 'U.S. persons' (as defined in Regulation S under the Securities Act). The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Issue Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Issue 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, the Abridged Letter of Offer, the CAF and the EAF 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 Issue 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, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF/EAF 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. No payments for subscribing to the Issue Shares shall be made from US bank accounts and all persons subscribing to the Issue Shares in the Issue and

wishing to hold such Issue Shares in registered form must provide an address for registration of these Issue Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer, the Abridged Letter of Offer, the CAF and the EAF will be dispatched only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements and the Issue Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of this the Letter of Offer, that, (i) it is not and that at the time of subscribing for such Issue Shares or acquiring the Rights Entitlements, it will not be, in the United States; (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made; and (iii) it is authorised to acquire the Rights Entitlements and the Issue Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Issue 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) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Issue Shares or Rights Entitlement in respect of any such CAF. Our Company is informed that there is no objection to a United States shareholder selling its Rights Entitlements in India. However, Rights Entitlements may not be transferred or sold to any person in the United States.

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

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

All references to 'India' contained in this Letter of Offer are to the Republic of India. All references to the 'Government', 'Indian Government', 'GOI', 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references in this Letter of Offer to: (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; and (ii) 'China' as to the People's Republic of China and its territory and possessions. Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time.

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 Consolidated Financial Statements. For further information, please refer to the chapter entitled '*Financial Information*' beginning on page 108.

We have prepared our Audited Consolidated Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. The Audited Consolidated Financial Statements should be read along with the report issued thereon.

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

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

Currency and Units of Presentation

All references to 'Rupees' or '₹' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. All references to 'US\$', 'U.S. Dollar', 'USD' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Letter of Offer in 'lakh' units. 1,00,000 represents one lakh and 10,00,000 represents ten lakh.

Exchange Rates

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 the U.S. Dollar:

Currency	As at*		
	Nine month period ended December 31, 2021	March 31, 2021	March 31, 2020
1 US\$	74.34	73.11	75.67

Source: RBI reference rate and www.fbil.org.in.

*In case of March 31 falling on a holiday, preceding working day RBI rate available has been taken

Industry and Market Data

Unless stated otherwise, certain information in chapters entitled ‘*Industry Overview*’ and ‘*Our Business*’ beginning on pages 64 and 89, respectively, of this Letter of Offer has been obtained or derived from the report titled ‘*Report on Pesticides Industry, March 2022*’ prepared by CARE Advisory Research and Training Limited (**CARE Report**) which has been commissioned and paid for by our Company. For risks in relation to commissioned reports, please refer to the section entitled ‘*Risk Factors – This Letter of Offer contains information from an industry report prepared by CARE which we have commissioned and paid for,*’ on page 27.

Except for the CARE Report, we have not commissioned any report for purposes of this Letter of Offer and any market and industry related data, other than that derived from the CARE Report, used in this Letter of Offer has been obtained or derived from publicly available documents and other industry sources.

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section entitled ‘*Risk Factors*’ beginning on page 22. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

Further, the extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. In addition, certain data in relation to our Company used in this Letter of Offer has been obtained or derived from the CARE Report which may differ in certain respects from our Consolidated Financial Statements as a result of, *inter alia*, the methodologies used in compiling such data. Accordingly, investment decision should not be made based on such information.

The CARE Report contains the following disclaimer:

“This report is prepared by CARE Advisory Research and Training Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge Research’s proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective extract or review of portions of the report may lead to inaccurate assessments. However, for the purpose of covering the industry overview section of the Offer Documents, complete extracts from the report may be published in the Offer Documents in connection with the Offer. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorised recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so.

By accepting a copy of this report or extracts of the report that may be published for the purpose of the Offer Documents, the recipient accepts the terms of this Disclaimer, which forms an integral part of this report.”

FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain statements that are not statements of historical fact but constitute ‘forward-looking statements’. These forward-looking statements generally can be identified by words or phrases such as ‘aim’, ‘anticipate’, ‘believe’, ‘expect’, ‘estimate’, ‘intend’, ‘objective’, ‘plan’, ‘propose’, ‘project’, ‘will’, ‘will continue’, ‘will pursue’, ‘seek to’, ‘shall’ or other words or phrases of similar import. Similarly, statements whether made by us or any third parties that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India and overseas markets in which we operate 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 and changes in competition in the industries in which we operate may also impact the actual results.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Ability to retain and expand our client base;
- Any adverse changes in central or state government policies;
- Loss of one or more of our raw material suppliers;
- Inability to effectively identify alternatives to imports from China;
- Our ability to successfully operationalise a manufacturing facility through a subsidiary;
- Inability to effectively compete in the markets where we operate and / or sale our products;
- Any adverse development that may affect the operations of our Manufacturing Facility;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations; and
- Market fluctuations and industry dynamics beyond our control.

For further discussion on factors that could cause actual results to differ from expectations, please refer to the section entitled ‘Risk Factors’ beginning on 22 and chapters entitled ‘Our Business’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ beginning on pages 89 and 167, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as on the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and neither our Company nor the Lead Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF 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 in its entirety by, the more detailed information appearing in this Letter of Offer, including the section entitled 'Risk Factors' beginning of page 22 and chapters entitled 'Objects of the Issue', 'Our Business' and 'Outstanding Litigations and Defaults' beginning on pages 53, 89 and 186, respectively.

Summary of business

Our Company's business operations are largely concentrated on the manufacture of technical grade pesticides and specialty intermediates through chemical synthesis i.e., the creation of complex chemical compounds from simpler chemical compounds. The technical pesticides and specialty intermediates we manufacture are broadly classified into insecticides, fungicides, and herbicides.

Objects of the Issue

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

(₹ in lakh)

Particulars	Estimated amount (up to)
Working capital requirement	5,944.00
Repayment, pre-payment or redemption, in full or part, of certain borrowings availed by our Company	1,300.00
General corporate purposes*	[●]
Total Net Proceeds**	[●]

*Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

For further details, please refer to the chapter entitled 'Objects of the Issue' beginning on page 53.

Intention and extent of participation by our Promoters and Promoters Group

Except as disclosed below, our Promoters and Promoter Group have confirmed that they intend to: (i) subscribe to their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of the Promoters or other member(s) of our Promoter Group); and/or (ii) subscribe to the Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of the Promoter Group, each as may be applicable:

SEBI vide letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(1) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.

Summary of Outstanding Litigations

A classification of outstanding legal proceedings and the monetary amount involved in the cases we are currently involved in, is mentioned in brief below:

(₹ in lakh)

Type of proceedings	Number of outstanding proceedings	Amount involved
Cases against our Company		
Criminal proceedings	Nil	Nil
Civil proceedings	1	Non quantifiable
Claims related to direct and indirect taxes	2	288.80
Total	3	288.80

Type of proceedings	Number of outstanding proceedings	Amount involved
Cases by our Company		
Criminal proceedings	2	18.00
Civil proceedings pertaining to the intellectual property	1	Non quantifiable
Claims related to direct and indirect taxes	6	113.63
Total	9	131.63
Cases against our Subsidiary		
Criminal proceedings	Nil	Nil
Civil proceedings	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Total	Nil	Nil
Cases by our Subsidiary		
Criminal proceedings	Nil	Nil
Civil proceedings	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Total	Nil	Nil

For details, please refer to the chapter entitled '*Outstanding Litigation and Defaults*' beginning on page 186.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, please refer to the section entitled '*Risk Factors*' beginning on page 22.

Contingent Liabilities

For details regarding our contingent liabilities, please refer to the chapter entitled '*Consolidated Financial Statements*' beginning on page 108.

Related Party Transactions

For details of our related party transactions as per Ind AS 24 entered into by our Company, please refer to the chapter entitled '*Consolidated Financial Statements – Note 49: Related Party Disclosures*' on page 151.

Details of Equity Shares Issued for Consideration Other than Cash in last one year

No Equity Shares have been issued by our Company for consideration other than cash during the period of 1 year immediately preceding the date of filing of this Letter of Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we do not, currently, believe to be material may also adversely affect our business, results of operations, cash flows and financial condition. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations and financial condition could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening/ exacerbating many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with the chapters entitled 'Our Business', 'Industry Overview', 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and 'Consolidated Financial Statements' beginning on pages 89, 64, 167 and 108, respectively, as well as the other financial and statistical information contained in this Letter of Offer. In making an investment decision, Investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved.

Investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue. This Letter of Offer also contains forward looking statements, which refers to future events that may produce known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results to be materially different from those expressed or implied by the forward-looking statements. For further details, please refer to the chapter entitled 'Forward Looking Statements' beginning on page 18.

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled 'Report on Pesticides Industry, March 2022' prepared and issued by CARE Advisory Research and Training Limited (CARE Report) and commissioned and paid for by our Company. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year, refers to such information for the relevant financial year.

Unless stated, or context requires otherwise, the financial information of our Company used in this Section is derived from our Consolidated Financial Statements.

Internal Risk Factors

1. *Our revenues are dependent on a few select customers. Loss of or inability to retain such customers will adversely affect our business and financial results.*

Our Company's business operations are largely concentrated on the manufacture of technical grade pesticides and specialty intermediates for the agriculture sector. We have a customer base of about 100 customers comprising Indian and global companies including large multinational corporations. Our business relationships with our customers have been built over time, and we have been catering several customers for long periods of time. Our Company's top 10 customers during the nine month period ended December 31, 2021, and Fiscal 2021, contributed to ₹17,642.59 lakh and ₹21,621.60 lakh, constituting 59.11% and 67.88%, respectively, of our total revenue from operations. Further, during the same time periods, our top 5 customers contributed ₹12,168.28 lakh and ₹15,379.53 lakh constituting 40.77% and 48.28%, respectively, of our total revenue from operations.

While we consistently strive to broaden our customer base, the percentage of revenue contributed by our top 10 customers historically has not been significantly dissimilar. Therefore, we are, and we expect we continue to be, heavily reliant on select customers for a significant portion of our revenue from operations. Consequently, any failure to retain select customers, and/or to negotiate terms that are commercially viable with these select customers, could have an adverse impact on our business, results of operations and financial conditions.

2. ***We do not have long-term sale agreements for our products. Any deterioration in demand of any of our key products could have an adverse effect on our business, results of operations, financial condition and cash flows.***

Given the nature of our business and in accordance with standard industry practice, we do not enter into long term contracts with our customers. Customers, typically, issue purchase orders from time to time, as required, and we execute these orders within the time frames stipulated in such purchase orders. This is the practice that we have followed and expect to continue to follow for the foreseeable future. The absence of long-term contracts with our customers exposes us to an increased risk of customer attrition, in addition to potentially limiting our ability to negotiate commercial terms with such customers. While there have been no instances of cancellation of purchase orders since 1 April 2019, we cannot assure you that customer will not cancel their purchase orders or that they will be able to find an alternate purchaser within acceptable time frames.

Any termination of such purchase orders, loss or financial weakness of any of our large customers could adversely affect our financial results. Further, a significant decrease in orders received from such customers for any reason including as a result of increased competition or other factors may adversely affect our results of operations and cash flows. Further, while we maintain an inventory of critical raw materials, we will also need to time the procurement of raw materials with the purchase orders, and our margins, and potentially our profits, could be adversely affected if the cost of raw materials fluctuates.

3. ***Lack of availability, and volatility in the prices of raw materials could have an adverse effect on our business and result of operations.***

Our business operations require a large number of raw materials for the manufacture of even a single Product. Raw materials used in the manufacture include specialty intermediates, chlorinating agents, oxidizing agents, gases, petrochemical products, organic and inorganic catalysts, inorganic salts, acetic acid, and derivatives etc. On an average more than 50 different kinds of raw materials go into the production process every year. While a large number of raw materials are available in India, certain critical raw materials such as trimethylorthoformate and 4,6-dihydroxypyrimidine are sourced and imported from the People's Republic of China (**China**). In the nine month period ended December 31, 2021, and in Fiscal 2021, our Company imported raw materials aggregating ₹5,567.67 lakh and ₹6,729.73 lakh constituting 27.52% and 34.83%, respectively, of our total cost of materials procured.

The prices of our Products depend largely on global demand and supply of the raw materials used to produce them. The cost of raw materials is one of the largest components of our expenses and in the nine month period ended December 31, 2021, and in Fiscal 2021, the cost of materials consumed was ₹20,560.16 lakh and ₹19,610.95 lakh constituting 77.98% and 68.22%, respectively, of our total expenses. Therefore, volatility in the price of raw materials used by us in the manufacturing process could have a material adverse effect on our cost of sales and our margins. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including import policies of the government. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn, would have a material adverse effect on our margins and results of operations.

Further, our raw material suppliers may allocate their resources to service other clients ahead of us and we may also be adversely impacted by delays in arrival of shipments from foreign suppliers including due to inclement weather at the loading or unloading port and the non-availability of the required quality and quantity of raw materials could adversely affect our manufacturing process and our ability to deliver orders on time and at the desired level of quality.

Importantly, any change in the policies by the countries, in terms of tariff and non-tariff barriers, from which our Company imports or intends importing raw materials will have an impact on our Company's profitability, which may adversely affect our business, results of operations and financial condition.

4. ***Our manufacturing process involves the use of hazardous and flammable industrial chemicals which entails significant risks and could also result in enhanced compliance obligations.***

Our Company manufactures a large number of technical grade pesticides, herbicides and fungicides such as Azoxystrobin, Chlorpyrifos, Chlorpyrifos Methyl, Triclopyr Butotyl etc. Each of these products is manufactured using a range of chemical components which are essential raw materials for the manufacture of these products. Consequently, our manufacturing facilities handle and utilize, on a daily basis, various hazardous and inflammable industrial chemicals such as Acrylonitrile, Chlorine, Carbon disulfide, sodium methoxide powder, Acid chlorides, hydrocarbon solvent, etc. While our Company believes that it has necessary controls and processes in place, any failure of our internal systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process may cause industrial accidents, fire, loss of human life, damage to our and third-party property and, or, environmental damage. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In May 2017, a fire accident occurred in one of our production blocks while handling sodium methoxide powder resulting in damage to civil structures, plant and electrical equipment aggregating ₹971.00 lakh. We cannot assure you that such accidents will not occur in future. Any such events would in addition to adversely affecting our reputation also temporarily reduce our manufacturing capacity which could adversely affect our business, results of operations and reputation.

Further, any environmental damages could increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations.

5. *We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial conditions.*

As on February 28, 2022, our total outstanding secured and unsecured indebtedness was ₹9,196.82 lakh and ₹495.55 lakh, respectively. The level of our indebtedness could have several important consequences, including but not limited to the following:

- a) a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our capital expenditures and other general corporate requirements;
- b) delays in payment or non-payment and non-fulfilment of any of other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;
- c) a substantial portion of our long term and short term debt is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and
- d) our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

In addition, the unsecured indebtedness may be recalled at any time, and we may need to borrow monies at higher rates of interest than presently available or utilise our internal accruals, which may have an adverse impact on our profitability and future growth.

For further details regarding our indebtedness, please refer to the chapter entitled ‘*Consolidated Financial Statements*’ beginning on page 108.

6. *We depend on imports from China for our critical raw materials in the manufacturing process. Any embargo on or delay in receiving the raw material could adversely affect our production operations.*

Our Company is heavily dependent on China for the import of raw materials which are essential in the manufacturing process. In the nine month period ended December 31, 2021, and Fiscal 2021, our Company has imported raw material from China aggregating ₹5,567.67 lakh and ₹6,729.73 lakh, constituting 100.00% of the total raw materials imported during the said periods. India has, in the past, witnessed protests against the import of Chinese products into India. Further, the armed forces of India and China had skirmishes on India’s northern and north-eastern borders resulting in fatalities. India has

also, in the past, imposed measures, including anti-dumping laws, countervailing duties and tariffs on products imported from China. Any one or a combination of these factors could adversely affect our ability to import raw materials from China or increase the cost of importing raw materials from China.

While our Company is seeking to identify and source raw materials from non-China based suppliers, and is also considering setting up processes to manufacture some of these raw materials, we cannot assure you that, we will be successful in identifying alternate suppliers for raw materials or we will be able to source raw materials at favourable terms in a timely manner or that we will be able to successfully manufacture any of these raw materials. Hence, any restriction on import of raw materials from China or a significant increase in the price of raw materials from China could have an adverse effect on our ability to deliver products to our customers or depress our profitability, which will adversely affect our results of operations and our financial condition.

7. *Shortage or non-availability of electricity or coal or water may affect our business operations resulting in adverse business outcomes.*

The production process at our manufacturing facilities requires a continued supply of electricity and coal to ensure that the production process is not disrupted. While we have entered into agreements with local electricity distribution companies for the supply of electricity and also maintain diesel-generator sets for critical operations, any disruption in the power supply for long duration, could impair our production cycle and may adversely affect our results of operations and financial condition. There has been, in the recent past disruption in the supply of coal resulting in spike in coal prices and shortage of coal, owing to various global and domestic factors.

Further, our manufacturing process relies on coal for steam generation. We procure our supply of coal on a monthly basis and through e-auctions as per our requirement.

Further, while water is sourced through bore-wells, any shortage or non-availability of water or electricity could result in temporary shut-down of a part, or all, of our operations. Such shut-downs could, particularly if they are for prolonged periods, have an adverse effect on our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel-generator sets or if we are required to source water from third parties, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

8. *Failure to estimate optimal manufacturing capacities and product demand could adversely affect our growth/profitability.*

Estimation of optimal manufacturing capacities for our products is critical to our operations. For the nine month period ended December 31, 2022 and Fiscal 2021, our capacity utilisation at our current Manufacturing Facility was 62.98% and 72.19%, respectively. We believe that we will soon reach a stage of capacity utilisation wherein we will need to expand our manufacturing operations. While we have incorporated a wholly owned subsidiary, Bheema Fine Chemicals Private Limited (**Subsidiary**), which has leased land for a period of 99 years from the Karnataka Industrial Areas Development Board (**KIADB**) to set up a manufacturing facility and received the environmental clearance from MoEF and CC, Government of India, we are yet to receive the necessary clearances required from the Karnataka State Pollution Control Board and other departments for setting up manufacturing operations. If we, for any reason unable to expand of our manufacturing capacity, it could result in us not being able to meet additional demand for our products, stagnation in our sales, which could impact our ability to maintain our market share and add new customers. Conversely, in the event we over-estimate the future demand, we may have excessive capacity, resulting in underutilization of assets or we may have to sell our surplus products at lower margins or losses, which would have a material adverse effect on our profitability and financial condition.

9. *We are prone to operational risks like breakdown of equipment, labour disputes and industrial accidents which could adversely affect our business.*

As a manufacturing unit, our operations are subject to risks such as industrial accidents at our factory. Such accidents may adversely affect our business, our reputation, and results of operations. Our operations may also be affected by the malfunction or breakdown of our machinery. Further, some of the machinery and equipment that we use are sophisticated and spare parts may not be available easily or may not be

capable of being repaired at short notice. Although our Company takes reasonable precautions to minimize the risk of any significant operational problems at its manufacturing facility and also maintains certain spare parts at our manufacturing facility, we cannot assure you that one or more of the factors mentioned above will not occur. Any malfunction or break-down of our machinery or equipment could also adversely affect our production process and may also impact the quality of finished goods and raw materials stored with us. Consequently, delays in manufacturing may result in the breach of our contractual obligations to our customers that may result in termination of our supply contracts, which could in turn have an adverse effect on our business, results of operations and financial condition. Further, given the nature of our operations industrial accidents could occur which would adversely affect our manufacturing operations. Illustratively, a fire accident occurred in one of our production blocks on May 20, 2017 resulting in damage to civil structures, plant and electrical equipment aggregating ₹971.00 lakh. The said accident resulted in us having to shut down our production in that production block for a period of 311 days which reduced our operational abilities to that extent.

10. *There are certain outstanding legal proceedings involving our Company, which if determined against us, could have a material adverse effect on our business, cash flows, financial conditions and results of operations.*

Our Company is currently involved in a few legal proceedings, pending at different levels of adjudication before various courts and tribunals. In addition, our Company is also subject to risks of litigation including public interest litigation, contract, employment related and personal injury.

We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company. We cannot assure you that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace of that we will be able to recover any losses incurred on account of third parties, regardless of whether we are at fault. Even if we are successful in defending such cases, we may be subject to legal and other costs incurred pursuant to defending such litigation. We cannot assure you that losses relating to litigation will be covered by insurance or that any such losses would not have a material adverse effect on the results of our operations or financial condition.

A classification of outstanding legal proceedings and the monetary amount involved in the cases we are currently involved in is mentioned in brief below:

Type of proceedings	Number of outstanding proceedings	Amount involved (₹ in lakh)
Cases against our Company		
Criminal proceedings	Nil	Nil
Civil proceedings	1	Non quantifiable
Claims related to direct and indirect taxes	2	288.80
Total	3	288.80
Cases by our Company		
Criminal proceedings	2	18.00
Civil proceedings pertaining to the intellectual property	1	Non quantifiable
Claims related to direct and indirect taxes	6	113.63
Total	9	131.63
Cases against our Subsidiary		
Criminal proceedings	Nil	Nil
Civil proceedings	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Total	Nil	Nil
Cases by our Subsidiary		
Criminal proceedings	Nil	Nil
Civil proceedings	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Total	Nil	Nil

11. *The objects of the Offer for which funds are being raised have not been appraised by any bank or*

financial institutions and are based on management estimates.

Our Company proposes to utilize the Net Proceeds for working capital requirement, repayment / pre-payment, in full or part, of certain borrowings availed by our Company and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on our management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section including inability to obtain necessary approvals for undertaking proposed activities, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds would effectively meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability, or an increase in the value of our business and your investment.

12. *Health, safety, and environmental matters, including compliance with environmental laws and remediation of contamination, could result in substantially increased capital requirements and operating cost.*

Our Company's business and operations are subject to laws, regulations and contractual commitments relating to health, safety and the environment and our Company's operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations, and contractual commitments concern air emissions, wastewater discharges, solid and hazardous waste material handling and disposal, worker health and safety, and the investigation and remediation of contamination or other environmental restoration. The risks of substantial costs and liabilities related to these laws and regulations are an inherent part of our Company's business, and future conditions and contamination may develop or arise that create substantial environmental compliance, remediation or restoration liabilities and costs.

As of now, our only manufacturing unit is in Cheruvukommupalem, Ongole, Andhra Pradesh, located in a non-industrial zone. The facility is spread across 29 hectares and has three production blocks for manufacture of insecticides, fungicides and herbicides and herbicide intermediates. Violation of these laws, could result in severe penalties, orders for installation of additional equipment/controls/stop production orders of the facility. For instance, our Company was issued stop production orders by the AP Pollution Control Board (APPCB) on September 12, 2019, and which was revoked on November 14, 2019, on satisfactory compliance of the directions given by it. However, again on February 10, 2020, APPCB issued stop production order based on certain observations, which was subsequently revoked on March 11, 2020.

Other developments, such as increased requirements of environmental, health, and safety laws & regulations, increasingly strict enforcement thereof by governmental authorities, and claims for damages to property or injury to persons resulting from the environmental, health or safety impacts of our Company's operations or past contamination, could prevent or restrict some of our Company's operations, require the expenditure of significant funds to bring our Company into compliance, involve the imposition of clean up requirements and give rise to civil or criminal liability. We cannot assure you that any such legislation, regulation, enforcement or private claim will not have a material adverse effect on our Company's business, financial condition or results of operations. In the event that production at one of our Company's facilities is partially or wholly prevented due to this type of sanction, our Company's business could suffer significantly and our operation results and financial condition could be materially and adversely affected.

13. *This Letter of Offer contains information from an industry report prepared by CARE which we have commissioned and paid for.*

This Letter of Offer includes information that is derived from the CARE Report, prepared by CARE, a research house, pursuant to an engagement with our Company. CARE has advised that while it has taken due care and caution in preparing the commissioned report, which is based on information obtained from sources that it considers reliable (**Information**), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. The CARE Report also highlights certain industry and market data, which may be subject to estimates and/or assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such estimates

and / or assumptions may change based on several factors. We cannot assure you that CARE's estimates and / or assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the CARE Report is not a recommendation to invest or disinvest in our Company. CARE has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CARE Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this Information.

- 14. *Our inability to accurately forecast demand or price for our products and manage our inventory/working capital requirements may have an adverse effect on our business, results of operations and financial condition.***

Our business depends on our estimate of the demand for our products from customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business opportunities and could impede growth. While we forecast the demand and price for our products and accordingly plan our production volumes, errors in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner or may require to be sold at significant discount if we are unable to find buyers. In case we overestimate demand, we may incur costs to build capacity or purchase more raw materials and manufacture more products than required. In addition, our products have a shelf life ranging from 2 to 5 years and if not sold prior to expiry, may have to be reprocessed resulting in additional costs and losses. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

- 15. *Our Products cater to the agricultural industry, which, in India, is seasonal. Any seasonal variations and unseasonal climatic conditions could adversely affect the agricultural industry and adversely affect demand for our Products.***

We are manufacturers of pesticides and operate in the agro-chemical sector. The agro-chemical industry is dependent on the performance of the agricultural sector. Agriculture in India is seasonal and India has 2 major crop seasons viz., kharif and rabi, and in between these 2 seasons a shorter duration season viz., zaid. The use of pesticides, and consequently, our Products are linked to the peak periods of each cropping season, therefore, the demand for our Products generally tends to be at the peak during cropping season. Our manufacturing operations, though, occur throughout the year. As a result, we and our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak demand season. The seasonality of our Product's demand results in our sales volumes and net sales being highest during the cropping seasons, and our working capital requirements typically being highest just prior to the start of the cropping season. The degree of seasonality of our business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of our seasonality, we expect that our distributions will be volatile and will vary quarterly and annually. Agriculture in India is to a significant extent reliant on the annual monsoons and an inadequate monsoon or other climatic factors affecting the cultivation of agricultural produce will significantly affect the result of our operations and financial results.

If seasonal demand exceeds our projections, we will not have enough product and our customers may acquire products from our competitors, which would result in opportunity loss to our Company. If seasonal demand is less than we expect, we will be left with excess inventory that will have to be stored or liquidated, which may adversely affect our business, results of operations and financial condition. Further, any delays and/or defaults in payments from customers could affect the financial conditions of our business.

- 16. *Foreign exchange risk refers to the losses that an international financial transaction may incur due to the currency fluctuations.***

A significant proportion of our revenues is denominated in foreign exchange. In the nine month period ended December 31, 2021, and Fiscal 2021 our revenue from the export of products was ₹6,721.32 lakh and ₹7,151.83 lakh, constituting 22.52% and 22.45%, respectively, of our total revenue from operations. Further, during the same periods, our cost of materials imported was ₹5,567.67 lakh and ₹6,729.73 lakh, constituting 18.65% and 21.13%, respectively, of our total revenue from operations. A vast majority of our foreign exchange transactions are denominated in US Dollars. The exchange rate between the Indian

Rupee and foreign currencies has changed substantially in recent years and may continue to fluctuate in future. Depreciation of the rupee against foreign currencies may, thus, have an adverse effect on our Company's results of operations. For instance, recently, the Indian Rupee depreciated significantly against the US Dollar. While we rely on natural hedging techniques, we cannot assure you that we will be able to mitigate fully the adverse impact of the fluctuations in exchange rates.

17. *We are heavily reliant on our Promoters, Key Managerial Personnel, and persons with technical expertise. Failure to retain or replace them will adversely affect our business.*

Our Company has an experienced leadership team of highly qualified professionals with a demonstrated track record. Our Promoters have rich industry experience across various technical and business functions and hands on approach on research and development (R&D) segment. The composition of our Board is an optimal mix of professionals, who are knowledgeable and have experience in their areas of expertise and this enables our Board to discharge its responsibilities effectively and provide leadership to the business. In order to successfully manage and expand our business, we are dependent on the services of our Promoters, Directors and Key Managerial Personnel (KMP) of our Company. Our Promoters are the face of our Company, and they are also involved in the day to day running of our Company. Our Promoters along with the KMP are key to the operations of our Company. Our success depends on the continued services and performance of the members of our KMP and other key employees.

Our continued success also depends upon our ability to attract and retain a large group of skilled professionals and staff, particularly project managers, engineers, and skilled workers. The loss of the services of our KMP or skilled professionals or our inability to recruit, train or retain a sufficient number of skilled professionals could adversely affect our business, operations, prospects, financial condition, profitability and results of operation.

18. *Certain pesticides have been banned by the Government of India and governments of other countries in the past. If any product manufactured by us is banned, our business, cash flows and financial condition could be adversely affected.*

We are manufacturers of all variants of pesticides viz., insecticides, fungicides and herbicides and their intermediates. Certain pesticides such as dichloro diphenyl trichloroethane (DDT), benzene hexachloride and Endosulfon and certain formulations such as Carbofuron 50% SP, Methomyl 12.5L etc. have been banned by the government of India in the past. Further, certain pesticides such as 1,1,1 – trichloroethane, 1,3-dichloropropene and phenyl mercuric oleate have been banned by the European Chemicals Agency (an agency of the European Union). In addition, the Government of India also maintains a list of pesticides that are withdrawn until sufficient data is provided to the Government. The list of such products changes with time and as the understanding of the ecological impact of existing products develops.

While none of our Products have been banned in the past in India, we cannot assure you that such instance will not occur. Additionally, the Government of India is, currently, considering banning certain chemicals including Chlorpyrifos, one of the Products manufactured by our Company. If such a ban is imposed on the manufacture and sale of Chlorpyrifos, our Company's operations and financial conditions will be adversely affected. Further, the use of Fipronil, an insecticide that we manufacture, is virtually prohibited, and it is restricted within the European Union. While we do not export Fipronil, any prohibition / restriction on the sale of any of the Products that we export in any overseas jurisdiction could adversely affect our business and financial conditions.

Further, we continue to engage in R&D activities on an ongoing basis towards developing competitive manufacturing processes for generic pesticides and such process development is important for our continued growth and success. If any of the products that we develop and rely on for future growth and profits, or if any of our existing products, are banned in future, our business, cash flows and financial condition could be adversely affected. Additionally, if a banned product is found to have caused loss or damage, we could be subject to additional liabilities that we may not be able to foresee or predict, which could also adversely affect our business and reputation.

19. *The BSE Limited had levied a penalty on our Company for delayed filing of the annual report for the financial year 2018.*

The BSE levied a penalty of ₹49,560 on our Company for the late submission of annual report for Fiscal

2019 as per Regulation 34 of the SEBI Listing Regulations. Our Company submitted the annual report after a delay of 21 working days, i.e., on October 8, 2018, and, consequently, a penalty was levied by BSE. Our Company has paid the penalty.

While our Company has put in place an internal mechanism to ensure timely compliance with applicable laws, we cannot assure you that our Company would be able to comply with SEBI Listing Regulations in a timely manner, in the future or that the punitive action will not be initiated against our Company for any such violation.

20. *If we are not successful in managing our growth, our business may be disrupted, and our profitability may be reduced.*

We have experienced reasonable growth in recent years and expect our businesses to continue to grow at an acceptable rate. Our future growth is subject to risks arising from our inability to retain and recruit adequate staff / labour in the event of rapid increase in order volume. Although we plan to continue to expand our scale of operations through organic growth or investments through our wholly owned subsidiaries, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. Our future growth may place significant demands on our management and operations and require us to continuously evolve and improve our financial, operational, and other internal controls. In particular, continued expansion may pose challenges in:

- a. maintaining high levels of control over our manufacturing process;
- b. recruiting, training and retaining sufficient skilled management, technical and bidding personnel;
- c. developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- d. making accurate assessments, and ensuring appropriate allocation, of the resources at our disposal;
- e. adhering to the standards of health, safety and environment and quality and process execution operating in jurisdictions and business segments where we have limited experience;
- f. strengthening internal control and ensuring compliance with legal and contractual obligations; and
- g. managing relationships with customers, suppliers, contractors, investors, lenders and service providers.

If we are not successful in managing our growth, our business, prospects, financial condition and results of operations may be adversely affected.

21. *We have not obtained the registration of the trademarks used in our businesses and our inability to obtain or maintain these registrations may adversely affect our competitive business position.*

We currently hold no registered trademarks, under the Trade Marks Act, 1999. If any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities (which is more onerous to prosecute) which may not provide sufficient protection. If our application(s) for registering such trademark(s) is objected to, we will not have the right to use such trademark or prevent others from using such trademark or its variations. Our inability to obtain or maintain such trademarks in our business could adversely affect our reputation, goodwill, business, prospectus, and results of operations.

Moreover, the use of our trademark or logo by third parties could adversely affect our reputation and business, which could in turn adversely affect our financial performance and the market price of the Equity Shares.

22. *Inability to defend our intellectual property rights or infringement of third party intellectual property rights may adversely affect our business, reputation and financial condition.*

Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe our rights, which may have an adverse effect on our reputation, business and results of operations. Further, we may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could result in

costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain product offerings. Any of the foregoing could adversely affect our business, results of operations, cash flows and financial condition. Further, our Company has a Department of Scientific and Industrial Research (DSIR) recognized R&D unit, and we manufacture products through the non-infringing process technology developed in-house. Our Company has in its product basket, a range of insecticides, herbicides and fungicides that command market across the domestic and international markets. Regarding this, we also have a few process patents to our credit. It is possible that we may not be able to defend our intellectual property rights and lose market for products to other players who infringe on our processes.

If we are unable to successfully defend our intellectual property rights or infringement of third party intellectual property rights may adversely affect our business, reputation and financial condition.

- 23. *We rely on third-party providers of transportation services, which subjects us to risks and uncertainties beyond our control that may have a material adverse effect on our results of operations, financial condition and ability to make distributions.***

We regularly use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customer, as the case may be, including shipping companies in the case of our exported products. For instance, a significant proportion of our raw materials is brought into our manufacturing facility through trucks and, for imports first by ships and thereafter by trucks. These transportation operations, equipment and services are subject to various hazards, including extreme weather conditions, particularly at sea, work stoppages, delays, spills, derailments and other accidents and other operating hazards. Our Company avails the services of C&F agents for arranging logistics and supply chain services of reputed container shipping lines for ocean freight services for its export consignments and sometimes through air cargo services depending on the urgency. The imports are generally made through the container shipping lines of the vendors' choice. For inland dispatch of finished goods and procurement of raw materials, our Company depends on reputed private transport operators.

Transportation costs are affected by various factors including cost of fuel, which has been steadily rising in India. Continuing increases in transportation costs will have an adverse impact on our profitability. Further, strikes by members of various transportation worker unions could have an adverse effect on our receipt of supplies and our ability to deliver our finished products in a timely manner, which could subject us to penalties from our customers.

- 24. *If we are not able to compete successfully against existing and new competitors, we may lose customers and market share as well as reduce our margins.***

Our Company has built up strong customer relationship and brand equity over the years. However, the product segments in which we operate are highly competitive in India and overseas. We compete with Indian and multinational companies in all our Product segments, in an increasingly competitive market and our results of operations and financial condition are sensitive to, and may be materially, and adversely affected by, competitive pricing and other factors. Increasing competition may result in pricing pressures and decreasing profit margins or lost market share or failure to improve our market position, any of which could substantially harm our business and results of operations. Further, our competitors may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with distributors, and suppliers.

Our competitors may, further, enter into business combinations or alliances that strengthen their competitive positions or engage in backward integration resulting in cost benefit which could adversely impact us. Any failure on our part to compete effectively, including in terms of pricing or providing quality products, could have a material adverse effect on our business, results of operations and financial condition. Moreover, our Company regularly interacts with our customers to understand evolving requirements and invests in R&D to stay ahead of the competitors. However, if we are unable to compete successfully, our market share may decline, which may have a material adverse effect on our results of operations and financial condition.

- 25. *Our insurance coverage may not adequately protect us against certain hazards, or the insurer may not settle the claim favourably which will impact the financials of our Company.***

We generally obtain insurance covers for various risks like floods, fires and earthquakes, machinery breakdown as well as third party liability insurance and business interruption etc., which we believe are customary for the agrochemical industry in India. Further, our employees, their spouses and two children are covered under the group health insurance policy of SBI General Insurance Co. Ltd.

However, certain types of losses may be either uninsurable, not economically viable to insure or not offered for insurance, such as losses due to acts of terrorism or war. Should an uninsured loss occur, we could lose our investment in, as well as anticipated profits and cash flows from the asset. In addition, even if any such loss is insured, there may be a significant deductible on any claim for recovery prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. Further, even in the case of an insured risk occurring we cannot assure you that we will be successful in claiming insurance in part or full, or that the insurance purchased by us will be sufficient to cover the loss occasioned by the risk. For instance, a fire accident occurred in one of our production blocks on May 20, 2017 resulting in damage to civil structures, plant and electrical equipment aggregating ₹971.00 lakh. While our Company lodged an insurance claim for a sum of ₹1,241.00 lakh on reinstatement basis, the full and final settlement amount received by our Company was ₹688.00 lakh including sale proceeds of salvaged materials.

Any loss that is not covered by insurance, or for which we are unable to successfully claim insurance, or which is in excess of the insurance cover could, in addition to damaging our reputation, have an adverse effect on our business, cash flows, financial condition and results of operation. Further, an insurance claim once made could lead to an increase in our insurance premium, result in higher deductibles and also, require us to spend towards addressing certain covenants specified by the insurance companies. Our insurance coverage ratio as on December 31, 2021 is 114.72%.

26. *Some of our loan agreements with banks might contain certain restrictive covenants and our inability to comply with them or failure to effectively service our borrowings or inability to obtain waivers as the case may be, may affect our business and financial position.*

As on February 28, 2022, our outstanding secured indebtedness is ₹9,196.82 lakh on consolidated basis. We may incur additional indebtedness in the future.

Most of our financing arrangements are secured by immovable assets. The premises of manufacturing facilities, which spread across 29 hectares have been mortgaged in favour of specific secured lenders. Further, we have created a security interest over the leasehold rights acquired by our Subsidiary in favour of our lenders. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Typically, restrictive covenants under the financing documents of our Company relate to obtaining prior consent of the lender for, among others:

- a. effecting any changes in our capital structure; and
- b. any change in management or control of our Company.

Further, any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

27. *Our ability to access capital depends, inter alia, on our credit ratings. Any downgrade in our credit ratings would increase borrowing costs and constrain our access to capital and lending market, and thus, would negatively affect our business.*

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside our control. For example, our credit ratings may depend on the shareholding of our Promoters in our Company. Our long term and short term bank facilities were revised upwards, on June 16, 2021, to BBB;

(Stable) and A3+, respectively, by CARE ratings in 2021. We cannot assure you that we will maintain these ratings or that our rating will not be downgraded.

Credit ratings may be affected due to a variety of reasons including internal factors and our business performance, and also underlying circumstances and economic environment of the industry in which we operate. Any downgrade in our credit ratings, for whatever reason, could have adverse consequences such as an increase in borrowing costs and also affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations. In addition, any downgrade in our credit ratings could result in lenders subjecting us to more onerous security requirements and terms and conditions on any financing or refinancing arrangements we enter into in the future.

28. *Some of our agreements are not duly stamped.*

Some of our agreements including certain non-disclosure agreements with clients have not been duly stamped. Inadequate stamping of documents affects the admissibility of these documents as evidence in legal proceedings, and we, as parties to that agreement, may not be able to legally enforce the same, in a timely manner. In the event of any dispute arising out of such unstamped agreements we may not be able to effectively enforce our rights arising out of such agreements which may have a material and adverse impact on the business of our Company.

29. *We could be adversely affected if we fail to keep pace with technical and technological developments in the agrochemical industry.*

Our Company has a DSIR recognized R&D unit, and it is one of the strengths of our Company and serves as a great enabler of Company's business model. All the process technologies implemented in the manufacture of different products by us, are developed in-house. Our R&D unit has demonstrated the ability to develop new and alternate processes. Our future success will depend, in part, on our ability to continually and consistently respond to technological advances. To meet our customers' needs, we must continuously update our existing systems and develop new processes and enhance the efficiency of our processes. In addition, rapid and frequent technological and market demand changes can often render existing technologies and equipment obsolete and result in requirements for additional and substantial capital expenditures and / or significant write downs of our assets. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding capacity could be significant. If we fail to anticipate or respond adequately to our customers' changing requirements or keep pace with the latest technological development, our business, prospects, financial condition and results of operations may be materially and adversely affected.

30. *Certain premises used by our Company have been taken on lease. We cannot assure you that the lease agreements executed for such leased premises will be renewed upon termination or that we will be able to obtain other premises on lease on the same or similar commercial terms.*

Certain properties used by our Company have been taken on lease and we do not own such properties. For instance, our Company's registered office in Hyderabad, is operating on leased premises. Further, the land that our Subsidiary has taken for developing our new manufacturing plant has been taken on lease from the Karnataka Industrial Areas Development Board (KIADB) for a period of 99 years. The leases are subject to restrictions in terms of usage of the said properties and may also be subject to other conditions including on creation of encumbrance. In the event, such leases are not renewed or are terminated, it could adversely affect our operations unless we arrange for similar premises. If we are unable to continue or renew such leases on the same or similar terms or find alternate premises on similar terms or at all, it may affect our business operations.

31. *Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.*

As on February 28, 2022, we had 424 permanent employees on our rolls and in addition engaged 134 employees on contract basis. We cannot assure you that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business. In addition, we enter into contracts with independent contractors to complete specified assignments and these contractors are required to

source the labour necessary to complete such assignments. Although we generally do not engage such labour directly, it is possible under Indian law that we may be held responsible for wage payments to the labour engaged by contractors should the contractors' default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition, and results of operations. Furthermore, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labour as permanent employees. Any order from a regulatory body or court requiring us to absorb such contract labour may have an adverse effect on our business, financial condition, and results of operations.

32. *We have a large work force, and our employee benefit expense is one of the larger components of our fixed operating costs. An increase in employee benefit expense could reduce our profitability.*

Our pool of employees consists of permanent employees and persons hired on contract labour basis. As on February 28, 2022, we employed 424 full time employees and 134 workers on contract basis. Our employee benefit expense during the nine month period ended December 31, 2021 and Fiscal 2021 was ₹1,779.98 lakh and ₹1,942.74 lakh, constituting approximately 6.75% and 6.76%, respectively, of our total expense.

Due to economic growth in the past and the increase in competition for skilled and semi-skilled employees in India, wages in India have, in recent years been increasing at a fast rate. We may need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Further, a shortage in the labour pool or general inflationary pressures will also increase our labour costs. While, the pandemic related shortage may be considered an exceptional situation, any prolonged situation resulting in the shortage of labour could have significant adverse impact on our business and financial condition. A significant long-term increase in our employee benefit expense could reduce our profitability, which could, amongst others, impact our growth prospects.

33. *Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business could have a material adverse effect on our business.*

We require certain statutory and regulatory permits and approvals for our business. Additionally, we may need to apply for additional approvals in the future as well as the renewal of current approvals that may expire from time to time. We cannot assure you that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations.

Further, the Government of India has notified four labour codes, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020, (iii) the Code on Social Security, 2020 and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers, employees and labour relations. While certain aspects of the Code of Wages, 2019, have been notified, the vast majority of the codes are yet to come into force on the date of this Letter of Offer. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, future cash flows and prospects.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to

bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

34. *Our Company could face protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect its results of operations and financial condition.*

Protectionist measures including anti-dumping laws, countervailing duties and tariffs adopted and government subsidies provided or currently contemplated by governments in some of our Company's export markets could adversely affect our Company's sales. Anti-dumping duty proceedings or any resulting penalties or any other form of import restrictions may limit our Company's access to export markets for its products, and in the future additional markets could be closed to our Company as a result of similar proceedings, thereby adversely impacting its sales or limiting its opportunities for growth.

Tariffs are often driven by local political pressure in a particular country and, therefore, we cannot assure you that the quotas or tariffs will not be imposed on our Company in the future. In the event that such protective trade restrictions are imposed on our Company, our exports could decline. Further, these protectionist measures may be introduced as a reaction to measures adopted by the Indian government.

In addition, we export our products to international markets including Europe and North America and are subject to the laws and norms prevailing therein. Any change in the local laws and policies in such markets which stipulates us to comply with such laws including obtaining / renewing registrations or imposing compliance requirements such as the imposition of any sanctions economic or otherwise or embargo placed on the export and import of goods to or from countries which are subject to such sanctions could adversely affect or may impact the result of our operations and financial condition.

35. *Our Promoters (who are also the Directors and the Key Managerial Personnel) have interest in us other than reimbursement of expenses incurred and normal remuneration or benefits.*

Our Promoters (who are also Directors and Key Managerial Personnel) may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoters may be deemed to be interested to the extent of the Equity Shares held by them, as well as to the extent of any dividends, bonuses, or other distributions on such Equity Shares. Additionally, our Promoter has extended loans to our Company and will be interested to the extent of interest and principal repayment also. We cannot assure you that our Promoters will always exercise their rights as shareholder in the best interest of our Company.

36. *Any failure of our information technology systems could adversely impact our business.*

Our day to day operations depend on our information technology systems such as tally ERP and Microsoft Office 365. We rely heavily on our information technology systems. We also use information technology systems for routine corporate activities such as processing of financial information, managing information pertaining to creditors/ debtors, customer communication and engaging in normal business activities. Although we believe that we have effective backup systems in place, any partial or complete disruption of our information technology systems could adversely impact our business and the result of our operations.

37. *Our Company has, in the past, entered into related party transactions and may continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.*

Our Company has entered into various transactions with related parties. While our Company believes that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that our Company may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. For details of our related party transactions as per Ind AS 24, please refer to the chapter entitled 'Consolidated Financial Statements – Note 49: Related Party Disclosures' on page 151.

38. *Any increase in or realisation of our commitments and contingent liabilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospect.*

As on March 31, 2021 and March 31, 2020, we had the following commitments and contingent liabilities in our Audited Consolidated Financial Statements:

(₹ in lakh)

Particulars	Fiscal 2021	Fiscal 2020
Commitments		
Estimated amount of contracts remaining to be executed on capital account & not provided for (net of advances)	36.30	88.91
Total	36.30	88.91
Contingent liabilities		
(i) Outstanding bank guarantees	10.00	100.00
(ii) Letters of credit	248.83	367.07
Total	258.83	467.07

For details of the contingent liabilities of our Company, please refer to the section entitled 'Financial Information' beginning on page 108.

39. *There can be no assurance that our Company will be able to pay dividends in the future.*

Our Company's ability to pay dividends will depend upon a variety of factors including the earnings, general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, the Articles of Association and other factors considered relevant by the Board of Directors of our Company. Even though in the nine month period ended December 31, 2021, we paid an interim dividend of 10%, in the Fiscal 2021, our Company has not issued any dividend. We cannot assure you that our Company will be able to declare dividends, of any particular amount or with any frequency in the future. In addition, any prolonging of the COVID-19 pandemic may result in our Company seeking to conserve its cash reserves and decide against declaring dividends in the near future, even if profits are available for distribution.

40. *We may not be successful in implementing our business strategies which could have material adverse effect our business operations.*

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. For instance, we are proposing to set up a manufacturing plant through our Subsidiary in order to meet the increasing demand for existing products and to cater new products to the customers. We cannot assure you that we will be able to complete the project within anticipated timelines or within the expected budget. In the event, we are unable to successfully implement this strategy, our business and operations may be adversely affected.

Further, changes in regulations or Government policies and local laws applicable to us may also make it difficult to implement our business strategies. We may also face restrictions due to the pandemic or any similar calamities. We cannot assure continuous growth. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

41. *We will not appoint a monitoring agency to monitor the proceeds of the Offer*

The SEBI ICDR Regulations stipulate that a monitoring agency be appointed to monitor the use of the issue proceeds, where the size is above ₹10,000 lakh. However, since the Issue is for less than ₹10,000 lakh, we are not required to appoint a monitoring agency and our Audit Committee will monitor the utilisation of the Net Proceeds, in compliance with applicable law. Further, in the event of any material deviation in the utilisation of the Offer proceeds, our Company will inform the Stock Exchanges as required under the SEBI Listing Regulations and also comments of the Audit Committee on such material deviations public.

42. *We have availed of unsecured loans which can be recalled by the lenders at any time.*

As on February 28, 2022, our Company had outstanding unsecured loans of ₹495.55 lakh from certain

persons including from one of our Promoters, and another our related party, which may be recalled by such lenders at any time. If the aforementioned lenders recall the loans, our Company will need to find alternative sources of financing, and / or fund it from our internal accruals which will be reduced to such extent.

Risks Related to External Factors

43. *COVID-19 or the outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.*

COVID-19 or the outbreak of any other severe communicable disease could adversely affect the overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers.

Our industry is manpower intensive. We are passing through the receding phase of the third wave of Corona virus. However, worsening of the current outbreak of COVID-19 virus or future outbreaks of COVID-19 virus, or a similar contagious disease could lead to imposition of lock down by the government like earlier, wherein our Manufacturing Facility was shut down during the period from March 25, 2020 to April 01, 2020 as per the directives of the district administration on account of COVID-19. Our Company could also consider imposing strict COVID-19 appropriate rules in the Manufacturing Facility and in its registered office, voluntarily, to contain the spread of the virus which may adversely affect the business outcome. If a work from home rule is imposed, while sincere efforts would be made to conduct normal operations, it may still lead to a hindrance for the smooth functioning of technological systems and other office functions. Situations as mentioned above could impact economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations and the trading price of the Equity Shares and other securities.

The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally, in general and in India, in particular remains uncertain at this point in time and may turn severe in the future. A worsening of the current outbreak of COVID-19 virus or future outbreaks of COVID-19 virus, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations and the trading price of the Equity Shares and other securities. Similarly, any other future public health epidemics or outbreak of avian or swine influenza or other contagious disease in India could also materially and adversely affect our business, cash flows, results of operations and financial condition.

44. *A slowdown in economic growth in India could adversely affect our business.*

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. Any slowdown in the growth of the Indian economy or the chemical sector or the agriculture sector or any future volatility in global commodity prices could adversely affect our business, financial condition and results of operations. India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors.

Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and Government policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe, China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments

in one country can have adverse effects on the financial and market conditions in other countries. To address this risk factor, our Company is continuously monitoring the business and economic environment, adapts new technologies and seeks ways to improve market penetration to counter such an event. However, a loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our business, financial condition and results of operations and the price of the Equity Shares.

- 45. *Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins, which may have a material adverse effect on our business, financial condition, cash flows and results of operations.***

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, financial condition, cash flows and results of operations.

- 46. *Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, could adversely affect our business, results of operations and financial condition.***

Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries including the Government of India imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of or increase in the levy of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries. For instance, the Government of India has imposed additional tariffs in the nature of countervailing duty and anti-dumping duty on a number of items imported from China. Any such measure which affects our raw material supply or reciprocal duties imposed on Indian products by China or other countries may adversely affect our results of operations and financial condition.

- 47. *A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

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

Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

49. *Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Currently, the Russia-Ukraine conflict has resulted in significant increase in a global oil prices which could have a significant impact on inflation and cost of production. Additionally, essential raw materials for the manufacture of various products could be affected globally due to the aforementioned European crisis which could have cascading effect on the Indian economy and the trading price of our Equity Shares.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

Risk Related to the Equity Shares and the Issue

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

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

51. *The entitlement of Rights Equity Shares to be allotted to investors applying for Allotment in physical form, will be kept in abeyance.*

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form will not be available after a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., May 10, 2019. Since the Rights Equity Shares offered pursuant to this Issue will be Allotted only after May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar. Pursuant to a press release dated December 3, 2018 issued by SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

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

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital

through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

53. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

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. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax (STT) is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Act, 2018, taxes such long term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018. 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 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.

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

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

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

In accordance with the R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/sfhl>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On RWAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking from their own bank account thereat. For details, see 'Terms of the Issue – Making of an Application through the Registrar's Web-based Application Platform ('R-Wap') process' on page 206. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology;
- payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Investors should also note that only certain banks provide a net banking facility by way of which payments can be made on the R-WAP platform. Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on the part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism

for this Issue. Since application process through R-WAP is different from the ASBA process, we cannot assure you that investors will not find difficulties in accessing and using the R-WAP facility.

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

57. *Eligible Equity Shareholders holding Equity Shares in physical form who do not provide details of their demat account could face restrictions in respect of such Equity Shares.*

The Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, amongst others, details of their demat accounts to our Company or the Registrar to enable our Company to transfer, after verification of the details of such demat account by the Registrar, the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Equity Shares. For details, please refer to the chapter 'Terms of the Issue' beginning on page 201.

58. *Investors will be subject to market risks until the Issue Shares credited to their demat accounts are listed and permitted to trade.*

Investors can start trading the Issue Shares allotted to them only after they are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Issue Shares to the date when trading approval is granted for them. Further, we cannot assure you that the Issue Shares allocated to an Investor will be credited to the Investor's demat account or that trading in the Equity Shares will commence in a timely manner.

59. *Your ability to acquire and sell the Issue Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.*

No actions have been taken to permit an offering of the Issue Shares in the Issue in any jurisdiction except India. As such, our Issue Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Issue Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, please refer to the chapters entitled 'Notice to Investors', 'Other Regulatory and Statutory Disclosures' and 'Restrictions on Foreign Ownership of Indian Securities' on pages 13, 191 and 234, respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Issue Shares made other than in compliance with applicable law.

60. *There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading*

closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future. Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, 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 a particular point in time.

61. *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.

62. *Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.*

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Prices of listed securities are subject to volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

63. *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 our Equity Shares.*

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions. Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board at their meeting held on December 14, 2021, pursuant to Section 62(1)(a) of the Companies Act and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by our Rights Issue Committee at its meeting held on [●].

Our Rights Issue Committee in its meeting held on January 4, 2022, has also approved the issue of the Equity Shares to the Eligible Employees of our Company along with the Eligible Equity Shareholders. The approval of the Shareholders for the issue of the Equity Shares to the Eligible Employees of our Company has been obtained by way of special resolution at the EGM held on February 5, 2022.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information included in the chapter entitled 'Terms of the Issue' beginning on page 201.

Issue Shares being offered by our Company pursuant to the Issue	Up to [●] Equity Shares aggregating up to ₹[●] lakh
Less: Employee Reservation Portion	Up to [●] Equity Shares aggregating up to ₹[●] lakh
Net Issue	Up to [●] Equity Shares aggregating up to ₹[●] lakh
Rights Entitlement for Equity Shares for Eligible Equity Shareholders*	[●] fully paid-up Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date
Record Date	[●]
Face value per Equity Share	₹10
Issue Price per Equity Share	[●] (including a premium of ₹[●] per Equity Share)
Issue Size	Up to [●] lakh
Equity Shares subscribed, paid-up and outstanding prior to the Issue	83,09,700 Equity Shares
Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Issue Shares)	[●] Equity Shares
Security codes for the IssueShares	ISIN: INE414D01019 BSE Code: 531719 NSE Symbol: BHAGCHEM
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details, please refer to the chapter entitled 'Terms of the Issue' beginning on page 201.
Use of Issue Proceeds	For details, please refer to the chapter entitled 'Objects of the Issue' beginning on page 53

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

Terms of Payment

The entire Issue Price, being ₹[●] per Equity Share, is payable on Application

GENERAL INFORMATION

Our Company was incorporated as a public limited company under the Companies Act, 1956 at Hyderabad with a certificate of incorporation issued by the RoC on July 7, 1993.

Registered Office of our Company

Bhagiradha Chemicals & Industries Limited

8-2-269/S/3/A, Plot No. 3,
Sagar Society, Road No. 2, Banjara Hills,
Hyderabad – 500 034, Telangana, India
Tel: +91 40 4222 1212;
Fax: +91-40-2354 0444
E-mail: info@bhagirad.com;
Website: www.bhagirad.com
Corporate Identity Number: L24219TG1993PLC015963
Registration number: 015963

Address of the Registrar of Companies

Registrar of Companies, Telangana

2nd Floor, Corporate Bhawan,
GSI Post, Nagole, Bandlaguda,
Hyderabad – 500 068
Telangana, India

Company Secretary and Compliance Officer

Ms. R Sharanya

8-2-269/S/3/A, Plot No. 3,
Sagar Society, Road No. 2, Banjara Hills,
Hyderabad – 500034, Telangana, India
Tel: +91 40 42212323, +91 40 42221212
Email: cs@bhagirad.com

Statutory Auditors of our Company

M/s. S Singhvi & Co, Chartered Accountants
405, Vamsi Paradise, 7-1-69, Balkampet St No. 1,
Amberpet, Hyderabad – 500 016,
Telangana, India
Tel: +91 40 42305870
E-mail: ssinghvi57@yahoo.com
Firm Registration no.: 003872S
Peer Review no.: 011635

Lead Manager to the Issue

Emkay Global Financial Services Limited

7th Floor, The Ruby,
Senapati Bapat Marg, Dadar (West),
Mumbai – 400 028
Maharashtra, India
Tel: +91 22 6612 1212
Email: bcil.rights@emkayglobal.com
Investor Grievance Email: ibg@emkayglobal.com
Website: www.emkayglobal.com
Contact Person Details: Deepak Yadav / Pranav Nagar
SEBI Registration No.: INM000011229

Legal Counsel to the Issue

Bharucha & Partners

13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021
Maharashtra, India
Tel: +91 22 6132 3900
Fax: +91 22 6633 3900

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, L.B.S Marg,
Vikhroli (West), Mumbai – 400 083,
Maharashtra, India
Tel: +91 22 4918 6200
Fax: +91 22 4918 6195
Email: bhagiradha.rights@linkintime.co.in
Investor Grievance Email: bhagiradha.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investor Grievances

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Issue Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please refer to the chapter entitled '*Terms of the Issue*' beginning on page 201.

Expert to the Issue

Except as stated below, our Company has not obtained any expert opinions.

1. Our Company has received a written consent dated [●] 2022 from our Statutory Auditor, S Singhvi & Co., Chartered Accountants, holding a valid peer review certificate from ICAI bearing no. 011635, to include their name as required under Section 26(5) of the Companies Act in this Letter of Offer and as an 'expert', as defined under Section 2(38) of the Companies Act, to the extent and in their capacity as statutory auditor of our Company and in respect of his reports on the Audited Consolidated Financial Statements, Unaudited Consolidated Financial Statements, and the statement of special tax benefits.
2. Our Company has received written consent dated March 25, 2022 from an independent chartered engineer, namely M.J. Vidya Sagar, to include his name in this Letter of Offer, as an 'expert' as defined under Section 2(38) and Section 26(5) of the Companies Act to the extent and in his capacity as a chartered engineer, certifying the installed capacity of our Manufacturing Facility owned and controlled by our Company.

Bankers to our Company

State Bank of India

SME Saifabad Branch - 07315,
Haca Bhavan opp to Assembly,

Hyderabad – 500 004, Telangana, India
Telephone: +91 9951495270
Email: sbi.07315@sbi.co.in
Website: www.sbi.co.in
Contact Person: Anem Puneet

Axis Bank Limited

Axis Bank Limited, CBB Hyderabad,
1st Floor, G. Pulla Reddy Building,
6/3/879/B, Begumpet Road,
Hyderabad – 500 016, Telangana, India
Telephone: +91 40 24252474
Email: cbbhyderabad.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: E. Venkata Narayan Rao

RBL Bank Limited

RBL Bank Limited, Ground Floor, MSR Block,
Krishe Sapphire, Hitech City Main Road,
Madhapur, Hyderabad – 500 081,
Telangana, India
Telephone: 040 – 4001 3326
Email: sasidhar.macharla@rblbank.com
Website: www.rblbank.com
Contact Person: Sasidhar Macharla

ICICI Bank Limited

ICICI Bank Towers, Financial Dist.,
Plot No 12, Nanakramguda, Gachibowli,
Rangareddy Dist., Hyderabad – 500 032,
Telangana, India
Telephone: +91 8008402633
Email: astha.moturi@icicibank.com
Website: www.icicibank.com
Contact Person: Astha Moturi

Bankers to the Issue

ICICI Bank Limited
ICICI Bank, 215, Free Press House,
Free Press Marg, Nariman Point,
Mumbai – 400 021, Maharashtra, India
Telephone: +91 22 68052182
Email: sagar.welekar@icicibank.com/ipocmg@icicibank .com
Website: www.icicibank.com
Contact Person: Sagar Welekar
SEBI Registration No.: INBI000000004

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

Particulars	Date
Last Date for credit of Rights Entitlements	 ●
Issue Opening Date	 ●

Particulars	Date
Last Date for On Market Renunciation of Rights Entitlements [#]	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

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

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

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

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager 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 Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, please refer to the chapter entitled 'Terms of the Issue' beginning on page 201.

Please note that if no Application is made by the Eligible Equity Shareholders and Eligible Employees 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 amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders and Eligible Employees can be accessed by such respective Eligible Equity Shareholders and Eligible Employees on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the chapter entitled 'Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders' on page 217.

Credit Rating

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

Debenture Trustee

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

Monitoring Agency

Since the Issue size does not exceed ₹10,000.00 lakh, there is no requirement to appoint a monitoring agency for the Issue.

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.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Underwriting

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

Filing

This Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously submit this Letter of Offer to SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in accordance with the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Minimum Subscription

The objects of the Issue involve repayment of existing debt, general corporate purposes and working capital requirements. Further, our Promoters have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

SEBI *vide* letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(1) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.

Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue. Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

Statement of responsibilities of Lead Manager to the Issue

Emkay Global Financial Services Limited is the sole Lead Manager to the Issue and it shall perform all the responsibilities pertaining to co-ordination and other activities in relation to the Issue including the following:

Sr. No.	Activity / Responsibilities
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Drafting, design and distribution of the Abridged Letter of Offer, Letter of Offer, Application Form, Rights Entitlement intimation, etc. The Lead Manager shall ensure compliance with the SEBI ICDR Regulations, the SEBI Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.
3.	Selection of various agencies connected with the Issue and finalizing the agreements, namely Registrar Agreement, Banker to the Issue Agreement and coordination of execution of related agreements and advertisement agencies.
4.	Assist drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate films, etc.
5.	Submission of 1% security deposit, co-ordination with Stock Exchanges and formalities for use of online software, bidding terminal, mock trading etc.
6.	Formulating marketing strategy which will cover, <i>inter alia</i> , distribution of publicity and Issue materials including application form, brochure and the Letter of Offer.
7.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Banker to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of instruments or demat credit and refunds and coordination with various

Sr. No.	Activity / Responsibilities
	agencies connected with the post-issue activity such as Registrar to the Issue, Banker to the Issue, SCSBs, etc., and release of 1% security deposit, if any.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Letter of Offer (before and after the Issue) is set forth below:

(in ₹ lakh, except share data)

	Particulars	Aggregate nominal value (in ₹)	Aggregate value at Issue Price (in ₹)
A	AUTHORIZED SHARE CAPITAL		
	1,50,00,000 Equity Shares of ₹10 each	1,500.00	-
B	ISSUED AND SUBSCRIBED SHARE CAPITAL BEFORE THE ISSUE		
	83,58,800 Equity Shares of ₹10 each	835.88	-
C	PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
	83,09,700 Equity Shares of ₹10 each	833.43 ⁽³⁾	-
D	PRESENT ISSUE⁽¹⁾⁽²⁾		
	Up to [●] Equity Shares of ₹10 each at a premium of ₹[●] per Rights Equity Share, i.e., at a price of ₹[●] per Rights Equity Share	Up to [●]	Up to [●]
	Up to [●] Equity Shares of ₹10 each at a premium of ₹[●] per Employee Reservation Shares, i.e., at a price of ₹[●] per Employee Reservation Share	Up to [●]	Up to [●]
E	ISSUED AND SUBSCRIBED SHARE CAPITAL AFTER THE ISSUE⁽⁴⁾		
	[●] Equity Shares of ₹10 each	[●]	-
F	PAID UP SHARE CAPITAL AFTER THE ISSUE⁽⁴⁾⁽⁵⁾		
	[●] Equity Shares of ₹10 each		[●]
G	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		5,524.76
	After the Issue		[●]

⁽¹⁾ The Issue has been authorized by our Board vide resolutions dated December 14, 2021 and January 4, 2022, pursuant to Section 62 and other applicable provisions of the Companies Act.

⁽²⁾ The shareholders of our Company in its EGM held on February 5, 2022, vide special resolution authorized the issue of the Equity Shares to the Eligible Employees of our Company.

⁽³⁾ The paid-up share capital of our Company before the Issue included the amount of ₹2.46 lakh received by our Company on account of forfeiture of shares.

⁽⁴⁾ Subject to finalization of Basis of allotment, Allotment and deduction of Issue related expenses.

⁽⁵⁾ Assuming full subscription for and Allotment of the Rights Entitlement.

Notes to the Capital Structure

1. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:

- i. The details of the shareholding pattern of our Company as on December 31, 2021 can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/bhagiradha-chemicals--industries-ltd/bhagchem/531719/shareholding-pattern/> and NSE at <https://www.nseindia.com/get-quotes/equity?symbol=BHAGCHEM>, respectively.
- ii. Statement showing holding of Equity Shares of the 'Promoters and Promoter Group' including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2021 can be accessed on the website

of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531719&qtrid=112.00&QtrName=December%202021> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=BHAGCHEM&tabIndex=equity> , respectively.

- iii. Statement showing holding of Equity Shares of persons belonging to the category 'Public' including shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531719&qtrid=112.00&QtrName=December%202021> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=BHAGCHEM&tabIndex=equity> , respectively.
 - iv. Statement showing shareholding pattern of the 'Non Promoter Non Public' shareholder of our Company as on December 31, 2021 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=531719&qtrid=112.00&QtrName=December%202021> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=BHAGCHEM&tabIndex=equity> , respectively.
2. No Equity Shares have been acquired by the Promoter or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges and submission to SEBI.
 3. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.
 4. As on date of this Letter of Offer, none of the Equity Shares held by our Promoters or the members of our Promoter Group are pledged or otherwise encumbered.
 5. As on the date of this Letter of Offer, our Company has not issued any SR Equity Shares and there are no outstanding equity shares having special voting rights.
 6. As on date of this Letter of Offer, none of the Equity Shares held by any of the Shareholders of our Company are locked in.
 7. **Intention and extent of participation by our Promoter**
 Except as disclosed below, our Promoters and Promoter Group have confirmed that they intend to: (i) subscribe to their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of the Promoters or other member(s) of our Promoter Group); and/or (ii) subscribe to the Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of the Promoter Group, each as may be applicable:
 SEBI vide letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(1) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.
 8. The acquisition of Rights Equity Shares by our Promoters and members of our Promoter Group, over and above their Rights Entitlements, as applicable, shall not result in a change of control of the management of our Company. 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.
 9. The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the SAST Regulations, 2011 in connection with the Issue is ₹[●].
 10. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.

- 11.** The Equity Shares issued pursuant to the Issue shall be fully paid up at the time of Allotment. Further, there are no partly paid up Equity Shares as on the date of this Letter of Offer.

OBJECTS OF THE ISSUE

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

1. Working capital requirement;
2. Repayment / pre-payment, in full or part, of certain borrowings availed by our Company; and
3. General corporate purposes.

The objects as stated in the Memorandum of Association enable our Company to undertake: (i) its existing activities; and (ii) the activities for which the funds are being raised by our Company through the Issue.

Issue Proceeds

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

(₹ in lakh)

Particulars	Estimated amount
Gross Proceeds from the Issue	[●]
Less: Estimated Issue related expenses	[●]
Net Proceeds	[●]

Requirement of funds and utilization of Net Proceeds

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

(₹ in lakh)

Particulars	Estimated amount
Working capital requirement	5,944.00
Repayment / pre-payment, in full or part, of certain borrowing availed by our Company	1,300.00
General corporate proceeds [#]	[●]
Total Net Proceeds	[●]

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

Means of Finance

The funding requirements mentioned above are based on, *inter alia*, our Company's internal management estimates and have not been appraised by any bank, financial institution, or any other external agency. These funding requirements 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, costs of commodities, interest, or exchange rate fluctuations. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Further, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management. 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. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

Our Company proposes to meet the entire funding requirements for the proposed Objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Proposed schedule of implementation and deployment of Net Proceeds

Our Company proposes to deploy the Net Proceeds towards the objects of the Issue during Fiscal 2023.

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. If the actual utilisation towards any of the Objects is lower than the proposed deployment, then such balance will be used for future growth opportunities including funding other existing objects, if required.

and towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

Details of the objects of the Issue

1. Working capital requirement

Our Company's business is working capital intensive and our Company meets a majority of its working capital requirements in the ordinary course of business through working capital facilities/loans from banks and from internal accruals.

Our Company's working capital limits from banks and the outstanding amounts thereunder, as on February 28, 2022, are set out below.

(₹ in lakh)

Particulars	Amount sanctioned	Amount outstanding*
Working capital limits (Fund based and non-fund based limits)	12,746.11	7,817.10

* As per certificate dated [●] from the Statutory Auditor of our Company.

Basis of estimation of working capital requirement

The table below sets out: (a) our Company's estimated current assets and financial assets (**Current and Financial Assets**) and estimated current liabilities and financial liabilities (**Current and Financial Liabilities**) for Fiscal 2023 and the estimated incremental working capital requirements; (b) our Company's Current and Financial Assets and Current and Financial Liabilities for Fiscal 2021, as per our audited standalone financial statements; (c) holding period of such Current and Financial Assets and Current and Financial Liabilities; and (d) our Company's incremental working capital requirements.

The details of our Company's working capital as at March 31, 2021, March 31, 2022 and March 31, 2023 and source of funding of the same are provided in the table below:

(in ₹ lakh, except data in respect holding period)

Sr. No	Particulars*	Fiscal 21 Audited (Standalone)		Fiscal 22 Estimated (Standalone)		Fiscal 2023 Projected (Standalone)	
		Amount	Holding Period (No. of days)	Amount	Holding Period (No. of days)	Amount	Holding Period (No. of days)
I	CURRENT ASSETS						
1	Inventories						
	Raw Material	1,822.53	41.00	1,904.00	27.00	3,338.00	29.00
	Stores and Spares & Fuels	253.17	49.00	484.00	50.00	480.00	54.00
	Work in Progress	938.48	27.00	1,150.00	15.00	1,250.00	13.00
	Finished Goods	2,023.37	38.00	2,300.00	21.00	2,800.00	20.00
		5,037.54		5,838.00		7,868.00	
2	Sundry Debtors						
	Domestic	5,714.28	7.00	4,900.00	45.00	4,000.00	29.00
	Export	251.50	11.00	2,800.00	25.00	4,100.00	30.00
		5,965.78		7,700.00		8,100.00	
3	Cash and bank balances	31.87		50.00		60.00	
4	Other Current assets	363.94		762.00		835.00	
	Total (I)	11,399.13		14,350.00		16,863.00	

Sr. No	Particulars*	Fiscal 21 Audited (Standalone)		Fiscal 22 Estimated (Standalone)		Fiscal 2023 Projected (Standalone)	
		Amount	Holding Period (No. of days)	Amount	Holding Period (No. of days)	Amount	Holding Period (No. of days)
II	CURRENT LIABILITIES						
1	Sundry Creditors	4,769.03	59.00	5,300.00	76.00	2,532.00	28.00
2	Other Current Liabilities	874.77		911.00		482.00	
	Total (II)	5,643.80		6,211.00		3,014.00	
III	WORKING CAPITAL REQUIREMENTS (III)	5,755.33		8,139.00		13,849.00	
IV	MEANS OF FINANCE						
1	Short term borrowings	3,866.63		4,800.00		3,500.00	
2	Net worth/internal accruals	1,888.70		3,339.00		4,405.00	
3	Net proceeds from rights issue	-		-		5,944.00	
	Total (IV)	5,755.33		8,139.00		13,849.00	

*As per certificate dated [●] from the Statutory Auditor of our Company.

Please see assumptions below.

Assumptions

The basis of estimation of working capital requirement is set out as below:

Sr. No.	Particulars	Assumptions
1.	Inventories	In order to achieve the envisaged sales growth across all segments, appropriate inventory levels are considered which will result in achieving cost competitiveness, execution of orders with shorter lead times and will sustain increased level of operations. Our goal is to maintain optimum level of raw material stocks, stores and spares, work-in process and finished goods and continue to maintain similar holding levels in the subsequent financial years.
2.	Trade receivables	Currently, owing to inadequate working capital in the system, our Company has been selling mostly on credit periods ranging from 60 to 90 days in general to most of our large customers resulting in extended debtor cycle leading to dependence on bill discounting/invoice financing adding to finance cost. Therefore, the debtors holding level is intended to be pegged below 60 days' level. Adequate working capital availability will enable us to negotiate for lowered credit periods and better pricing leading to better profitability.
3.	Cash and cash equivalent	Since cash credit accounts are operated with adequate credit limits, holding huge cash and cash equivalents is not necessary. However, reasonable balances likely to be available in the Exchange Earners Foreign Currency Accounts maintained with all the banks are considered as cash and cash equivalents.
4.	Other current assets	This comprises the advances paid to vendors, prepaid expenses, balances with Government Authorities in the form of GST and export incentives receivable from the Government.
5.	Payables	Since one of the objects of the Issue is to meet the working capital requirements of

Sr. No.	Particulars	Assumptions
		our Company, with the infusion of additional working capital, our Company wants to reduce the creditors level and maintain similar levels in subsequent years with a view to reduce dependence on letters of credit and to be in a position of strength to bargain for better pricing from our vendors.

2. Repayment, in full or part, of certain borrowings availed by our Company

Our Company has, in the ordinary course of business, entered into financing arrangements with various banks, financial institutions, and other entities. The fund based borrowing arrangements entered into by our Company comprise, among others, working capital facilities and term loans. As on February 28, 2022, our Company had a total borrowing amounting to ₹9,692.37 lakh on consolidated basis. Our Company proposes to utilize an amount of ₹1,300.00 lakh from the Net Proceeds towards full or partial repayment of certain term borrowings availed by our Company. Since the main object of the issue is to meet working capital needs of our Company, the working capital limits made available by the lenders shall continue.

The following table provides the details of the borrowings availed by our Company, which are currently proposed to be fully or partly repaid, pre-paid or redeemed from the Net Proceeds:

Tenure of loan	Nature of loan	Sanctioned Amount (₹ in lakh)	Total outstanding amount as on February 28, 2022* (₹ in lakh)	Amount proposed to be repaid / prepaid (₹ in lakh)	Interest rate	Repayment Schedule	Pre-payment penalty	Purpose
State Bank of India								
60 months	Working capital term loan (Guaranteed Emergency Credit Line)	290.00	289.18	283.96	6 months MCLR + 1%	48 monthly installments after moratorium of 12 months	None	To meet the working capital needs
24 months	Working capital term loan (Common COVID-19 Emergency Credit Line)	140.00	28.98	21.57	6 months MCLR + 1%	18 monthly installments after moratorium of 6 months	None	To meet the working capital needs
Axis Bank Limited								
18 months	Term loan	222.00	81.41	34.41	7.90% from November 1, 2021	Payable in 6 quarterly installments in the residual tenor as per sanction dated	2% of the total outstanding term loan at the time of takeover of loan, if the credit	Loan taken over at rundown balance from Bank of India – Originally availed for asset creation

Tenure of loan	Nature of loan	Sanctioned Amount (₹ in lakh)	Total outstanding amount as on February 28, 2022* (₹ in lakh)	Amount proposed to be repaid / prepaid (₹ in lakh)	Interest rate	Repayment Schedule	Pre-payment penalty	Purpose
						April 23, 2021	limits are taken over by others.	
54 months	Term loan	950.00	805.04	786.03	7.90% from November 1, 2021	Payable in 18 quarterly installments in the Residual Tenor as per sanction dated April 23, 2021	2% of the total outstanding term loan at the time of takeover of loan, if the credit limits are taken over by others.	Towards capex pertaining to the Fipronil project at Ongole with a cost of ₹1,760 lakh
48 months	Working capital term loan (Emergency Credit Line Guarantee Scheme)	179.00	175.11	174.03	7.90% from November 1, 2021	36 monthly installments after moratorium of 12 months	None	To meet the liquidity mismatch arising out of COVID-19
TOTAL		1,781.00	1,379.72	1,300.00				

*Per certificate dated [●] from the Statutory Auditors of our Company. Further, the Statutory Auditors of our Company, have confirmed that the above borrowings have been utilized for the purposes for which they were availed.

The amounts outstanding against the loans and the interest rates as disclosed above may vary from time to time, in accordance with the amounts drawn down and the prevailing interest rates.

Our Company will take into account pre-payment penalties or premia, applicable interest rates and other factors to determine the portion of borrowings to be repaid or pre-paid from the Net Proceeds. However, the Net Proceeds to be utilised for such pre-payments/repayments, will not exceed ₹1,300.00 lakh. In the event Net Proceeds are insufficient for the said payment of pre-payment or early redemption penalty or premia, such payment shall be made from the internal accruals of our Company.

3. General Corporate Purposes

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation

of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

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

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

Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Sr. No	Activity expense	Amount (₹ in lakh)*	% of estimated total Issue Expenditure	% of Issue Size
1.	Lead Manager's Fees	[•]	[•]	[•]
2.	Brokerage, Selling commission and upload fees	[•]	[•]	[•]
3.	Registrar to the Issue fees and Auditors fees	[•]	[•]	[•]
4.	Legal Counsel fees	[•]	[•]	[•]
5.	Advertising and marketing Expenses & miscellaneous expenses	[•]	[•]	[•]
6.	Statutory, Regulators fees including Stock Exchange fees	[•]	[•]	[•]
7.	Printing and distribution of issue stationery	[•]	[•]	[•]
8.	Miscellaneous Expenses	[•]	[•]	[•]
	Total	[•]	[•]	[•]

**Subject to finalisation of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

Interim use of proceeds

Our Company shall deposit the Net Proceeds, pending utilisation (for the stated objects) with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI.

Monitoring of utilization of funds

Since the Issue is for an amount of less than ₹10,000 lakh, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee and the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, if any, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

In accordance with the requirements of Regulation 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses / applications of funds on a quarterly basis as part of our quarterly declaration of results. The Audit Committee shall make recommendations to our Board for further action, if appropriate. 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 Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges, on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

Bridge financing

Our Company has not raised any bridge loans from any bank or financial institution as on the date of the Letter of Offer which are proposed to be repaid from the Net Proceeds.

Strategic or financial partners

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

Interest of Promoter, Promoter Group and Directors, in the objects of the Issue.

Our Promoter, Promoter Group and Directors do not have any interest in the objects of the Issue.

There are no material existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Directors or Key Managerial Personnel or associate companies (as defined under the Companies Act).

STATEMENT OF TAX BENEFITS

Date: [●]

To,

**The Board of Directors
Bhagiradha Chemicals & Industries Limited
8-2-269/S/3/A, Plot No. 3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034, Telangana**

**Emkay Global Financial Services Limited
7th Floor, The Ruby Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028, Maharashtra**

(Emkay Global Financial Services Limited is hereinafter referred to as **the Lead Manager**)

Sub: Statement of Special Tax Benefits (“the Statement”) available to Bhagiradha Chemicals & Industries Limited (Company), its subsidiaries and the shareholders of the Company in connection with the proposed rights issue of equity shares of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended (Regulations)

Re: Proposed issue of equity shares of face value of ₹10 each (Equity Shares) by Bhagiradha Chemicals and Industries Limited (Company) on rights basis (Rights Equity Shares) and reservation of Equity Shares of face value of ₹10 each (Reserved Equity Shares) for eligible employees by the Company made along with the rights issue (Issue).

Dear Sirs,

We, **S Singhvi & Co**, the statutory auditor the Company, hereby report that the enclosed statement is in connection with (i) the possible special tax benefits available to (i) the Company and, (ii) to the shareholders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961 (**Act**), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable states’ Goods and Services Tax Act, the Finance Act, 2021, the Foreign Trade Policy and Handbook of Procedures, Customs Act, 1962, State Industrial Incentive Policies and rules made under any of the aforementioned legislations.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company or its shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose, or be able, to fulfil.

The benefits discussed in the enclosed **Annexure I** (statement of Tax Benefits), hereinafter referred to as “Statement”, cover only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company. Further, the benefits discussed in the enclosed Statement are not exhaustive. 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 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 Issue. We do not express any opinion or provide any assurance as to whether:

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company.

We hereby consent to the full or extracts of this certificate being used in the letter of offer (**LOF**), the abridged letter of offer (**ALOF**) and other related and necessary documents (collectively referred to as the **Issue Documents**) intended to be filed by the Company with the Securities and Exchange Board of India (**SEBI**), the BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE**, and together with BSE, the **Stock Exchanges**), as applicable, in respect of the Issue, and on the website of the Company in connection with the Issue.

We undertake to update you of any change in the above-mentioned disclosures until the Rights Equity Shares and the Reserved Equity Shares (collectively, **Proposed Equity Shares**) allotted, pursuant to the Issue, are listed and commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as an updated information until the Proposed Equity Shares commence trading on the Stock Exchanges, pursuant to the Issue.

This certificate is for information and for inclusion, in part or in full, in the Issue Documents or any other Issue-related material, and may be relied upon by the Company, the Lead Manager and the legal advisor to the Issue. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the Stock Exchanges and any other regulatory or judicial authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Lead Manager, in accordance with applicable law.

All capitalized terms not defined herein bear the meaning ascribed to them in the Issue Documents.

For S Singhvi & Co.,
Chartered Accountants
Firm Registration No: 003872S

Shailendra Singhvi
Proprietor
Membership No.: 023125/ICAI
UDIN:
Place: Hyderabad
Date:

Annexure – I

STATEMENT OF TAX

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS UNDER INCOME TAX ACT, 1961 (ACT), THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 AND THE APPLICABLE STATES' GOODS AND SERVICES TAX ACTS, THE FINANCE ACT, 2021, THE FOREIGN TRADE POLICY AND HANDBOOK OF PROCEDURES, CUSTOMS ACT, 1962, STATE INDUSTRIAL INCENTIVE POLICIES AND RULES MADE UNDER ANY OF THE AFOREMENTIONED LEGISLATIONS.

I. Special tax benefits available to the Company

a. Expenditure towards Research & Development:

The Company has in-house Research & Development (R&D) facility approved by the Department of Scientific and Industrial Research (DSIR). As per the Section 35(2AB) of the Income Tax Act, 1961, wherein the Company is eligible for a deduction of 100% of revenue and capital expenses incurred at the R & D facility.

b. Incentives receivable towards Exports:

MEIS was introduced in the Foreign Trade Policy (FTP). The MEIS was launched as an incentive scheme for the export of goods. The rewards are given by way of duty credit scrips to exporters. The MEIS is notified by the DGFT (Directorate General of Foreign Trade) and implemented by the Ministry of Commerce and Industry.

Till December 31, 2021, the Company has received ₹107.79 lakh and as on December 31, 2021 balance of ₹ NIL is receivable.

Note: The existing MEIS Scheme which is replaced by Remission of Duties and Taxes on Export Products (RoDTEP).

c. Benefit available to the Subsidiary:

The government has introduced a favourable tax regime for new manufacturing companies. The Taxation Laws (Amendment) Ordinance, 2019 passed on September 20, 2019 has inserted Section 115BAB of Income Tax Act offering a low tax rate of 15% (plus surcharge and cess) to new manufacturing companies. The Company has floated a Subsidiary (Bheema Fine Chemicals Private Limited) in order to avail the benefit of new tax regime.

II. 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 summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement of special tax benefits is as per the current direct and indirect tax laws relevant for the assessment year 2022 – 23. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
- c. 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.

- d. 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.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section has been obtained or extracted from the independent report titled “Report on Pesticides Industry’ dated March 16, 2022 prepared and issued by CARE Advisory Research and Training Limited (CARE Report) and commissioned and paid for by our Company. A copy of the CARE Report is available on the website of our Company at www.bhagirad.com. The data presented in this section may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The investors should not construe any of the contents set out in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

GLOBAL ECONOMY

As per the latest International Monetary Fund’s (IMF) World Economic Outlook growth projections released in January 2022, the world economy contracted by 3.1% in CY20 owing to the global outbreak of Covid-19. In the CY21 and CY22 the Global growth is expected to grow at 5.9% and 4.4% respectively. There is half a percentage point downgrade for the CY22 compared to the outlook released in October 2021. This is largely reflecting forecast markdowns in the two largest economies – United States and China.

Advanced Economies Group

After a negative growth of 4.5% in CY20, advanced economies group is projected to grow by 5.0% in CY21 and 4.4% in CY22 which is revised down from its forecast of 5.2% and 4.9% made in October 2021 for the respective years. This is largely due to downgrade made for United States. In the United States, the downgrade reflects lower prospects of legislating the Build Back Better fiscal package, an earlier withdrawal of extraordinary monetary accommodation, and continued supply disruptions.

While, for United Kingdom, due to the disruptions related to Omicron and supply constraints (particularly in labor and energy markets) the growth is revised down by 0.3% and pegged at 4.7% in CY22.

Emerging Market And Developing Economies Group

After contracting by -2.0% in CY20, the emerging market and developing economies group is estimated to grow by 6.5% in CY21. While, in CY22 the estimated growth is 4.8% which is 0.3% lower than the previous estimation made in October, 2021. The CY22 downgrade reflects revisions among a few large emerging markets – like China. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8% downgrade for CY22.

The estimates for India has been downgraded to 9.0% in CY21 by half-a-point, while for CY22 the estimates have been upgraded by half-a-point to 9.0% comparing with previous outlook. These estimates project India as the fastest growing major economy in the world.

Impact Of Covid-19 On Global Economy

The outbreak of Covid-19 first in China, then worldwide—substantially reduced travel and dented global industrial activity. The prices of energy and metal were fallen which had significant impact on commodities. During the Pandemic in CY20, the global economy faced disruption in supply chain due to temporary trade restrictions and shortages of pharmaceuticals, critical medical supplies, and other products. As a consequence of all this, manufacturers worldwide are under greater political and competitive pressures to increase their domestic production, grow employment in their home countries, reduce or even eliminate their dependence on sources.

The diffusion of vaccines—although still uneven—has played a major role, with over 55 percent of people having received at least one dose. Yet the emergence of the Omicron variant in late November threatens to set back the tentative path to recovery. As of mid-January of CY2022, Omicron appeared to be more transmissible than Delta, but its symptoms were perhaps less severe.

The emergence of new Covid-19 variants could prolong the pandemic and induce renewed economic disruptions. To address many of the difficulties faced by the world economy, it is vital to break the hold of the pandemic. This will require a global effort to ensure widespread vaccination, testing, and access to therapeutics, including the newly developed anti-viral medications.

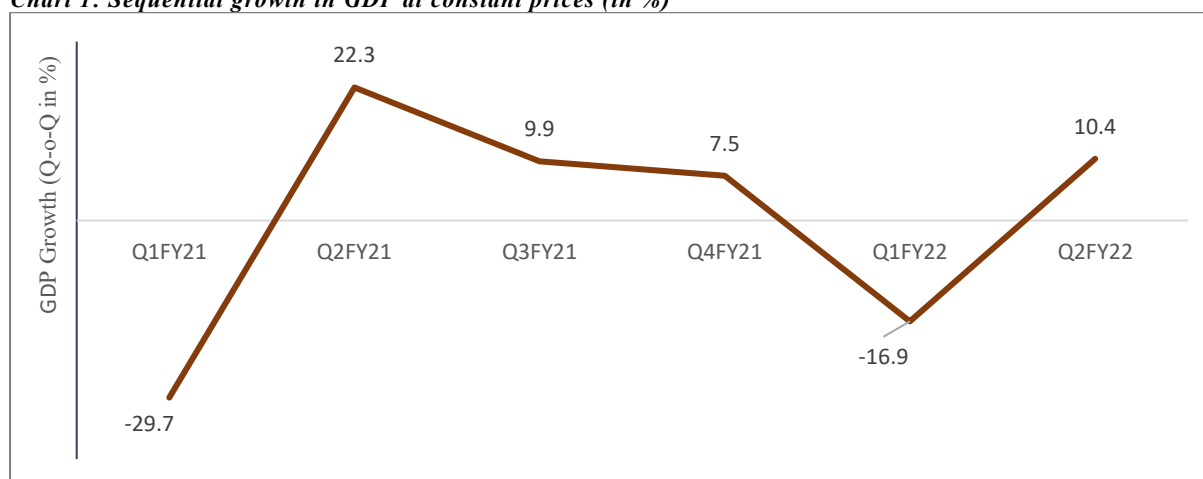
INDIAN ECONOMY

GDP Growth and Outlook

FY22 started with the country being hit by the second wave of the pandemic which saw lockdowns and restrictions being re-imposed across states for 2 - 3 months. This impeded economic output in Q1FY22 and led to a sequential decline of 16.9% in GDP. The Indian economy bounced back strongly in Q2FY22. The easing of lockdowns and restrictions across states since June coupled with the decline in Covid-19 cases and higher vaccination rate facilitated higher economic activity at a faster than expected clip and this was reflected in the GDP for the Q2FY22 which sequentially grew by 10.4% and annually by 8.4%.

When compared with the pre-pandemic period i.e., Q2FY20, the GDP in Q2FY22 is marginally higher by 0.3%.

Chart 1: Sequential growth in GDP at constant prices (in %)



Source: Ministry of Statistics and Programme Implementation, CareEdge Ratings Economics Research report

The latest Monthly Economic Report for the Month January 2021 stated that the impact of third wave on economic activity has been much weaker than the previous two waves. However, given the uncertainties associated with the scale of economic recovery, the Reserve Bank of India (RBI) is expected to maintain its growth focus and continue with the accommodative monetary policy stance even as it moves towards gradual normalization of support.

As per RBI's fifth bi-monthly monetary policy for 2021-22, The RBI highlighted downside risks to the growth outlook – on account of the emergence of Omicron Variant and consequent renewed surge in Covid-19 infections across countries globally. In terms of quarterly growth, RBI has revised downward the GDP growth projections for Q3 and Q4 of FY22 from its earlier estimates of October'21 (by 0.2% and 0.1% respectively). The Q1FY23 growth estimate too has been left unchanged at 17.2% and it has pegged Q2FY23 GDP growth at 7.8%.

RBI's GDP Growth Outlook as on December'21 (Y-o-Y %)

	Q3FY22	Q4FY22	FY22	Q1FY23	Q2FY23
GDP Growth	6.6	6	9.5	17.2	7.8

Source: RBI press release dated December 8, 2021

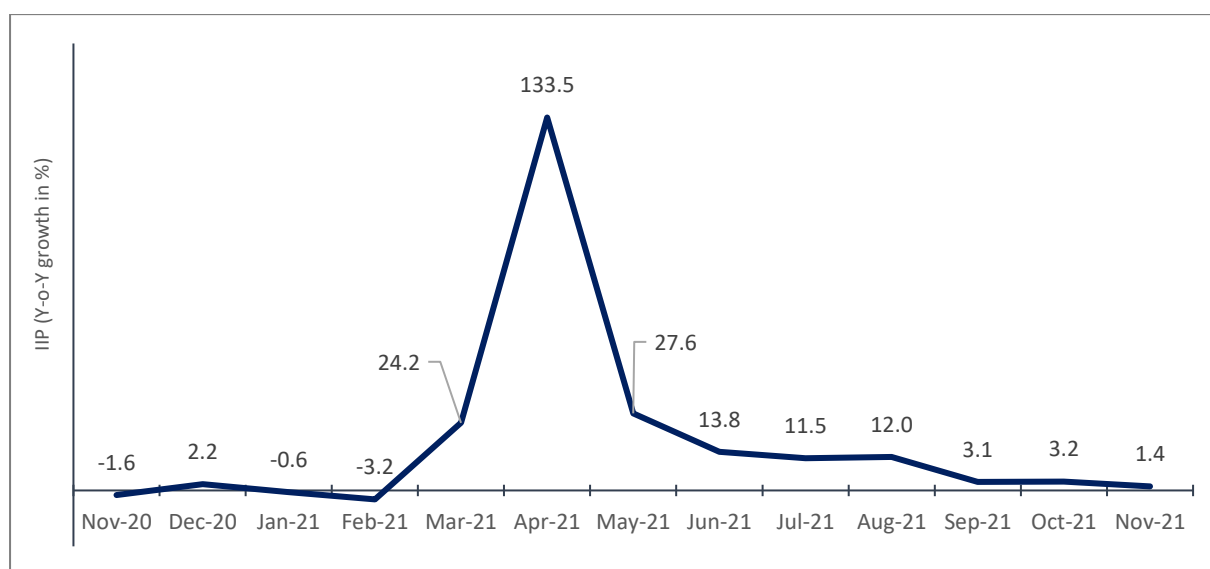
Industrial Growth

Industrial output growth eased to low of 1.4% in November'21 compared with 4% growth in the previous month. There has been a broad-based slowdown in growth momentum across sectors. All sectors except mining and consumer non-durables, performed poorly compared with the previous month.

The muted industrial output growth number indicates the loss of momentum in industrial production viz. manufacturing. It also indicates the fading of the pent-up demand.

Lingering virus concerns have dampened the consumer sentiments. This adds to the already existing issues of elevated input costs and raw material shortages. As per CareEdge Economics Research Report, the outlook for the overall industrial activities appears feeble and will depend largely on the severity of the new virus variant and waning base effect will continue to pull the growth number down.

Chart 2 : Y-o-Y growth in IIP (in %)



Source: Ministry of Statistics and Programme Implementation, CareEdge Ratings Economics Research report

Concluding Remarks

The Reserve Bank of India (RBI) at its fifth bi-monthly monetary policy meeting for FY22 concluded on 8th December 2021, maintained the repo rate at a record low of 4% and continued with its accommodative policy stance. RBI reiterated its emphasis on growth and economic revival.

The central bank's focus on supporting economic growth prevailed at the just announced policy review, as in its assessment even though economic recovery is gaining traction it is not yet strong enough to be self-sustaining and durable. It has reiterated that the accommodative monetary policy stance would be maintained for as long as necessary for reviving and sustaining economic growth. At the same time the RBI continues to move towards gradual normalization of policy support. It did not announce any fresh liquidity infusion measures and indicated that it would keep rebalancing and fine-tuning the liquidity surplus in the banking system.

In its latest monetary policy meet, the RBI has kept CPI inflation target unchanged at 5.3% for the financial year 2022. However, the upward revision of CPI estimate for Q3 FY22 to 5.1% from 4.5% earlier is indicative of price pressures build up in the near term. Soaring vegetable prices, hike in telecom tariffs along with lower statistical base are expected to push retail inflation print closer to the upper limit of the RBI's target band. Also, any plausible supply chain disruptions from Covid-19 latest variant could dilute the impact of reduced fuel duties on CPI.

Going ahead, higher prices of edible oils, metals and crude oil in the international markets is likely to pressure domestic retail inflation. The pass-through of high international oil prices to the transport sector could indirectly

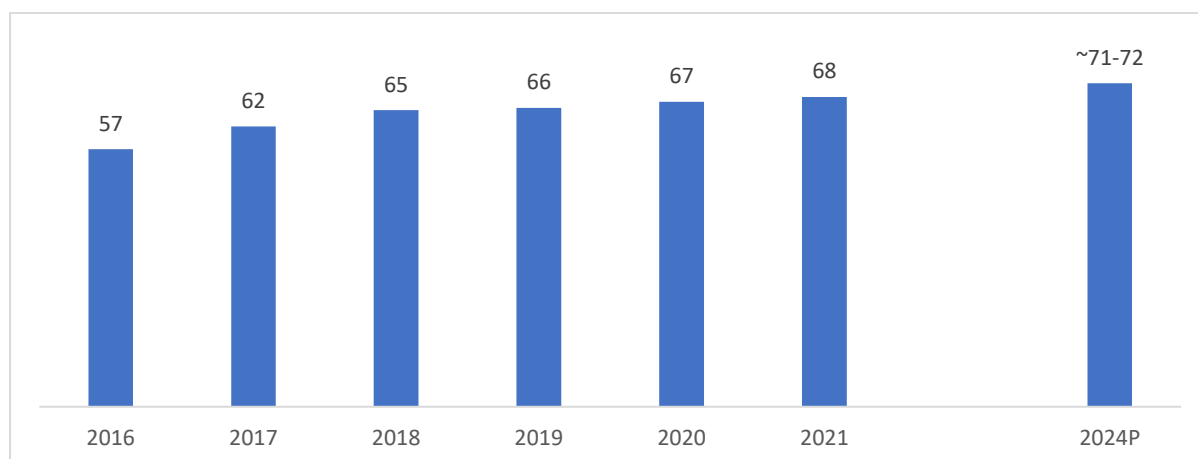
impact other commodity prices. Food inflation is expected to be benign on the back of deflation in vegetable prices, good kharif output and adequate buffer stock of food grains. Retail inflation reading over the coming months could benefit from a helpful base and lower food inflation.

GLOBAL PESTICIDES INDUSTRY

Trend in Global Pesticides Industry

During the six-year period 2016-2021, the global pesticides market grew at a Compounded Annual Growth Rate (CAGR) of 3.8% from USD 57 billion in 2016 to USD 68 billion in 2021.

Chart 2: Trend in global pesticides market (USD billion)



Source: CareEdge Research based on industry sources

P is projected

Note: 2020 and 2021 data is estimate

Pesticides also called agrochemicals are used in agriculture to support the growth and safety of plants, to protect crops from pests and are used for auguring the yields of crops. They also prevent crops from insects, diseases and weeds. These pests when not controlled affects the volume and quality of food crops. The mentioned benefits are the primary reasons that have supported the growth of this industry globally over the years. In addition to this, sufficiency of global food production in the world to meet the requirements of increase in world population has also been supporting the market of pesticides industry globally.

The above mentioned factors are expected to continue to provide support to the global pesticides industry and thus this market is estimated to grow at a CAGR of around 1.6%-1.8% during the period 2022-2024 and is likely to reach approximately USD 71-72 billion by 2024.

Outlook

Asia Pacific will continue to be the largest market for global pesticides industry and is expected to grow at the fastest CAGR of 3.4%-3.7% by 2024 among all the regions of the industry. This is likely to augment the share of Asia Pacific region in the international market to 33% by 2024 from an estimated share of 31% in 2021.

The other pesticides market Latin America, North America, Middle East and Africa are likely to increase at a CAGR of 1.8%-2.4% by 2024. The pesticides market in Europe, on the other hand, is estimated to decline at a CAGR of 2.8%-2.9% during the forecasted period.

Table 1: Region - wise outlook estimates for global pesticides industry

Region-wise market (USD billion)	2021	2024P	CAGR
Asia Pacific	21	23	3.4%-3.7%
Latin America	20	21	1.9%-2.0%
Europe	12	11	(2.8%) to (2.9%)
North America	12	13	2.2% to 2.4%
Middle East and Africa	3	3	1.8% to 2.0%
Total	68	71	1.6%-1.8%

Source: CareEdge Research estimates based on industry sources

P is projected

Note: 2021 data is estimate

Segments and Structure of Global Pesticides Industry

The global pesticides industry is dominated by herbicides segment followed by fungicides and insecticides segment. Of the global market size of around USD 59 billion in the year 2021, herbicides accounted for the highest share of about USD 25 billion (more than 40% of the industry). The other two major segments fungicides and insecticides contributed approximately USD 17 billion and USD 15 billion, respectively, towards the global pesticides industry during the year. The major three segments of the global pesticides industry are listed in the table below:

Segments of global pesticides industry and its outlook (in USD billion)

Segments (USD billion)	2021	2024P	Outlook CAGR
Crop market			
Herbicides	25	26	1.0%-1.2%
Fungicides	17	18	1.5%-1.7%
Insecticides	15	16	1.6%-1.8%
Others	2	2	1.9%-2.1%
Total crop market	59	62	1.3%-1.5%
Non-crop market	8	10	4.5%-5.0%
Total global pesticides market	68	71	1.6%-1.8%

Source: CareEdge Research estimates based on industry sources

Note: 2021 data is estimate

Apart from crop market, another segment that has a contribution in global pesticides market includes non-crop market. This segment had a market size of about USD 8 billion in 2021.

The non-crop market has increased at a CAGR of around 3.3% in the five-year period 2015-2019. With expected increase in application of these pesticides on account of the benefits offered by them, the global non-crop market is estimated to grow at a faster CAGR compared to that of crop market. The global non-crop market is expected to rise at a CAGR of about 4.5%-5% by 2024 and is estimated to reach the level of approximately USD 10 billion.

Types of pesticides and their Application

The Indian agrochemicals industry can be primarily divided into the following types: a. Insecticides b. Fungicides c. Herbicides.

a. Insecticides:

Insecticides enable protection of the crops from insects by either preventing their attack or destroying them. They help in controlling the pest population below a desired threshold level. They can be further classified based on their mode of action:

- Contact insecticides: Insects get killed on direct contact of these insecticides and they leave marginal residual activity which affects environment minimally.
- Systemic insecticides: Plant tissues absorb these insecticides and destroy insects when the insects feed on plants. These are generally related with long term residual activity.

b. Fungicides:

Fungicides find their application in fruits, vegetables and rice and they are vital to contract post-harvest losses in vegetables and fruits. Fungicides are used to prevent fungi attack on crops and to handle diseases on crops. Protectants and eradicants are two types of fungicides. Protectants protect or hinder fungal growth and eradicants destroy the diseases on usage. This thus results in better productivity, contraction in crop blemishes and raises storage life.

c. Herbicides:

Herbicides also known as weedicides are used to destroy unwanted plants. Unavailability of cheap labour leads to major usage of herbicides in rice and wheat crops. The demand for herbicides is seasonal as they develop in damp, warm climate and perish in cold spells. They are of two types depending on the way of action, selective and non-selective. Selective herbicides destroy specific plants not harming the desired crop and non-selective herbicides are used for widespread ground clearance to handle weeds pre-crop planting.

Based on the usage, there are three types of herbicides. 1. Application prior to sowing of the crop (pre-emergence) 2. Application post developing of weeds (post-emergence) 3. Application right away subsequent to sowing (early post-emergence).

d. Bio-pesticides:

These are the new age agrochemicals produced from substances of nature like plants, animal waste, bacteria and minerals. Bio-pesticides have a small share in agrochemicals market in India which is expected to grow backed by government support and increase in awareness about pesticides that are eco- friendly. These pesticides are easy to use and are environment friendly.

e. Others:

This primarily comprises fumigants, bio stimulants, nematocides, rodenticides. They prevent crops from attack of the pests at the time of crop storage.

INDIAN PESTICIDES INDUSTRY

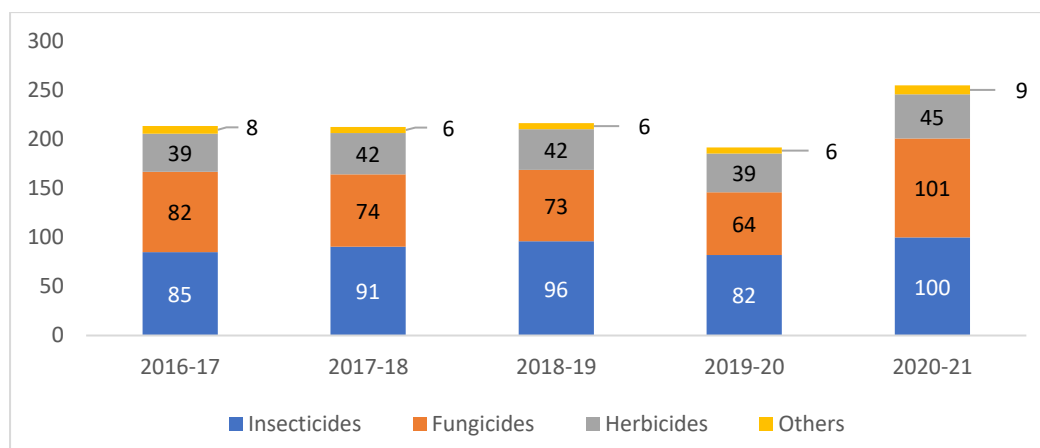
In the global agrochemicals market, India is the 4th largest producer led by USA, Japan and China. Also, India is a net exporter of agrochemicals and has emerged as the 13th largest exporter of pesticides globally. To understand the trend better, details on Indian agrochemicals market is provided below.

Pesticides Production

3. Review

The output of pesticides in India (which includes 42 technical grades) increased at a CAGR of 4.5% from 214 thousand tonnes in 2016-17 to 255 thousand tonnes in 2020-21.

Trend in production of pesticides in India ('000 tonnes)



Source: Directorate of Plant Protection, Quarantine & Storage

Note: The production data includes quantity of technical grades only

During the year 2020-21, the production of pesticides grew by a strong 33% y-o-y to 255 thousand tonnes despite Covid-19 affecting other segments of the chemicals industry. It is important to note that the growth rate posted by pesticides segment was the highest among all the other segments of the overall chemicals industry during the year. The demand for pesticides from agriculture (which was not much affected by Covid-19 in 2020-21) and low-base effect are believed to have supported the output of pesticides in 2020-21.

During the first seven months of FY22 (April-October 2021), pesticides and insecticides output increased by 30.7% y-o-y to 180 thousand tonnes as per the Department of Chemicals and Petrochemicals.

4. Outlook

The upward momentum in pesticides industry output is expected to continue going forward backed by a growth in food consumption in domestic market amid an expected increase in population, government support towards agriculture, demand from export markets, horticulture and floriculture market among others. The penetration of pesticides and agrochemicals in India is low and this poses an opportunity for growth for agrochemical producers. In addition to this, the government's aim to reduce dependency on China and improve self-sufficiency is expected to support industry's backward integration and thus its growth.

These factors are estimated to increase the pesticides industry output at a CAGR of 3.5%-4.0% by 2023-24 (Refer table below).

Estimates of pesticides production by 2023-24 (thousand tonnes)

Segments	2020-21	2023-24P	CAGR
Insecticides	100	113	4.0%-4.5%
Fungicides	101	107	2.0%-3.0%
Herbicides	45	51	4.5%-5.5%
Others	9	11	5.0%-5.5%
Total	255	283	3.5%-4.0%

Source: Directorate of Plant Protection, Quarantine & Storage, CareEdge Research estimates based on industry sources

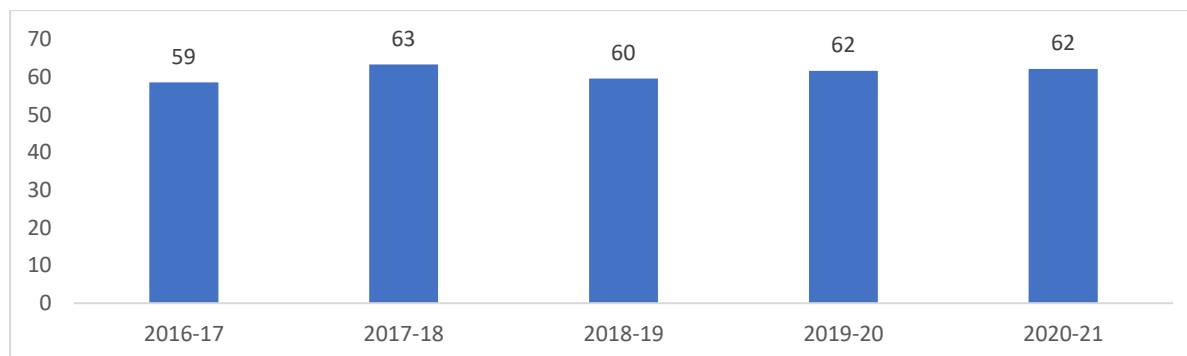
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Pesticides Consumption

Trend in chemical pesticides consumption

The domestic consumption of chemical pesticides grew at a CAGR of 1.5% from 59 thousand tonnes in 2016-17 to 62 thousand tonnes in 2020-21. It is to be noted that the growth reported by chemical pesticides consumption is much slower compared to the pesticides production CAGR of 4.5%.

Chart: Trend in chemical pesticides consumption in India (technical grade) ('000 tonnes)



Source: Directorate of Plant Protection, Quarantine & Storage

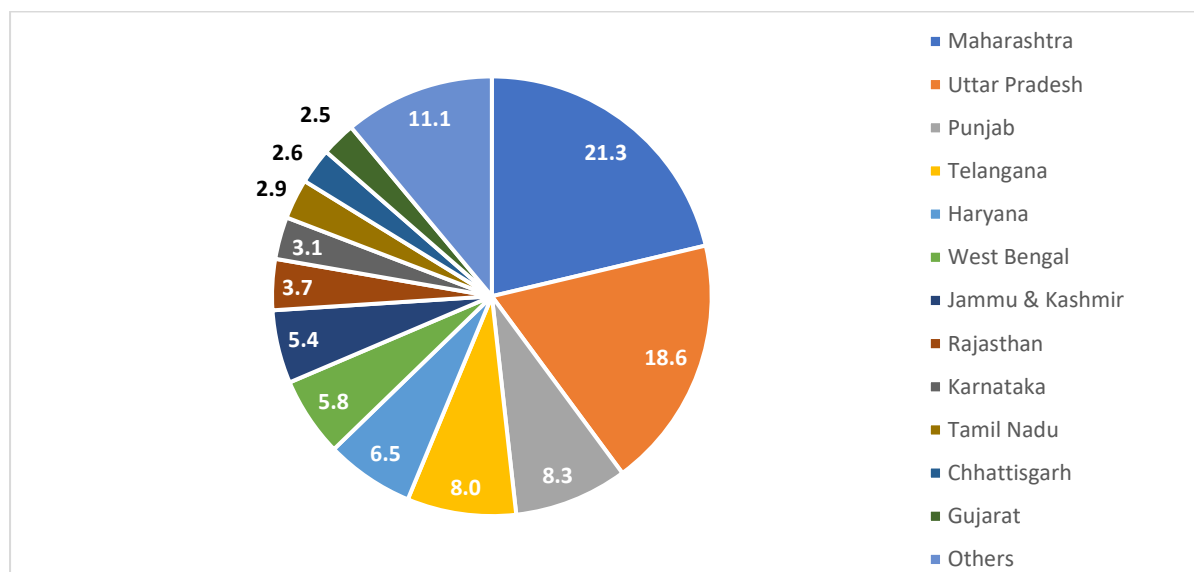
Note: This do not include data on the states/UTs that have not reported pesticides consumption. Also, figures of 2019-20 for Haryana, Jammu and Kashmir, Tripura, Pondicherry, Goa and Nagaland have been taken from inputs provided by the States/UTs during Zonal Conference (PP) for Rabi, 2020-21 Season.

State-wise Consumption of Chemical Pesticides in India

The top ten states and UTs that reported chemical pesticides consumption accounted for around 86.4% of the total chemical pesticides domestic consumption in India during 2020-21.

Of the total, Maharashtra and Uttar Pradesh contributed to the significant share of 21.3% and 18.6%, respectively. Punjab and Telangana each accounted for around 8% in overall chemical pesticides consumption. Following this, Haryana, West Bengal and Jammu & Kashmir contributed in the range of around 5%-6.5% while Rajasthan, Karnataka, Tamil Nadu and Chhattisgarh held a share of around 2.5%-4%. Others (which includes remaining states and UTs) accounted for 13.6% of the total chemical pesticides consumption during the year 2020-21.

State-wise consumption of chemical pesticides in India during 2020-21 (technical grade) (in%)

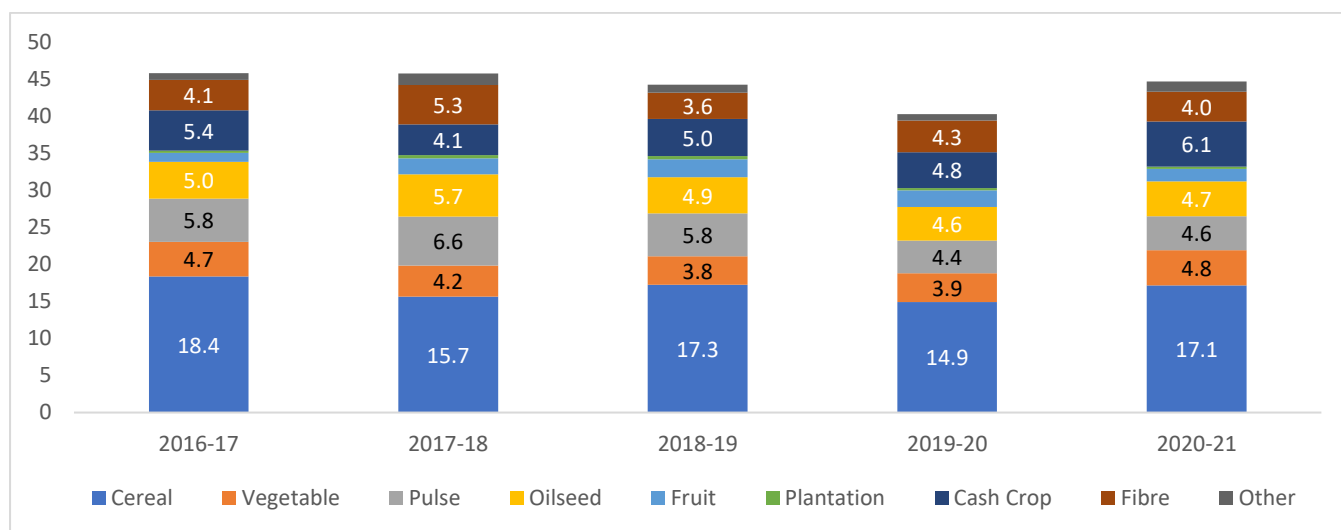


Source: Directorate of Plant Protection, Quarantine & Storage

Commodity-wise Consumption Of Chemical Pesticides

Pesticides are used and applied across a variety of commodities which includes cereals, vegetables, pulses, oilseeds, fruits, plantation, cash crops, fibre and others.

Commodity-wise consumption of chemical pesticides (technical grade) ('000 tonnes)



Source: Directorate of Plant Protection, Quarantine & Storage

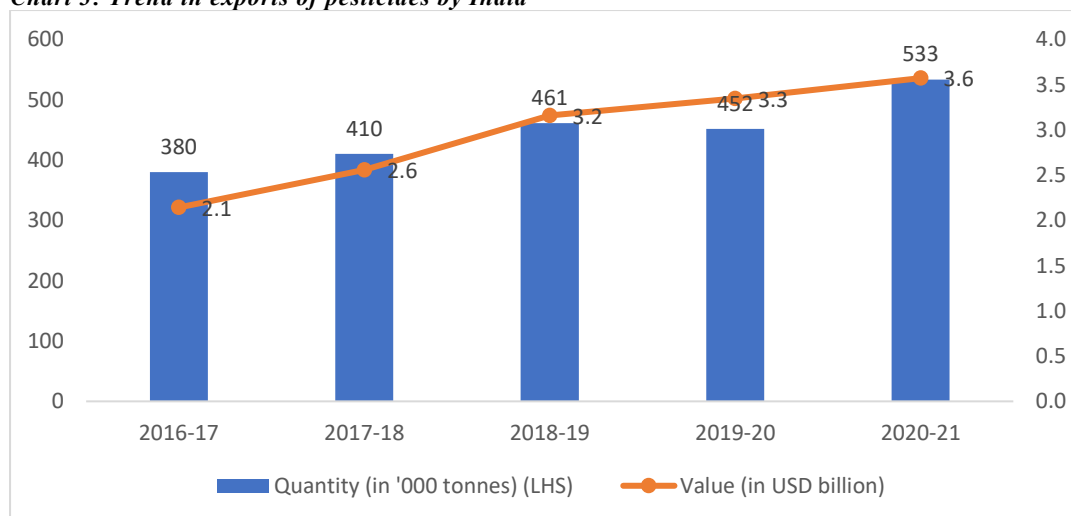
Of the total commodities covered by pesticides, cereals account for majority of the share contributing around 38% on an average during the five-year period 2016-17 to 2020-21. Following this, pulses, cash crops, oilseeds, vegetables and fibres contributed in the range of about 10%-12% on an average. The other commodities that have a small share includes fruits (4%), plantation (1%) and others (3%).

Pesticides Exports

Trend in pesticides export by India

India is net exporter of pesticides and the outbound shipments account for a significant share of the total market size of the Indian agrochemicals industry. Exports of pesticides (technical and formulations both) grew at a CAGR of 8.8% from 380 thousand tonnes in 2016-17 to 533 thousand tonnes in 2020-21, the highest exports made so far by India. It is to be noted that export CAGR increased at a faster pace compared to that of production, which grew at a CAGR of 4.5%. Moreover, the export value of pesticides grew at a relative higher CAGR of 13.6% from USD 2.1 billion (Rs.144 billion) in 2016-17 to USD 3.6 billion (Rs.265 billion) in 2020-21.

Chart 3: Trend in exports of pesticides by India



Source: Directorate of Plant Protection, Quarantine & Storage

Note: This includes data on both technical and formulations

India exports pesticides to various countries across the world. Of all the nations, the key export destination for India is Brazil that held a dominant share of 17.7% in 2020-21 followed by USA, Bangladesh and Vietnam that accounted for 10.4%, 6% and 5.8%, respectively. The other countries to which exports from India ranged between 2.2%-3.4% included Australia, France, Indonesia and China.

Volume-wise top 10 export-destinations of pesticides for India 2020-21

Country	Share	Country	Share
Brazil	17.7%	France	2.8%
USA	10.4%	Indonesia	2.4%
Bangladesh	6.0%	China	2.2%
Vietnam	5.8%	Argentina	1.9%
Australia	3.4%	Netherlands	1.3%

Source: CMIE

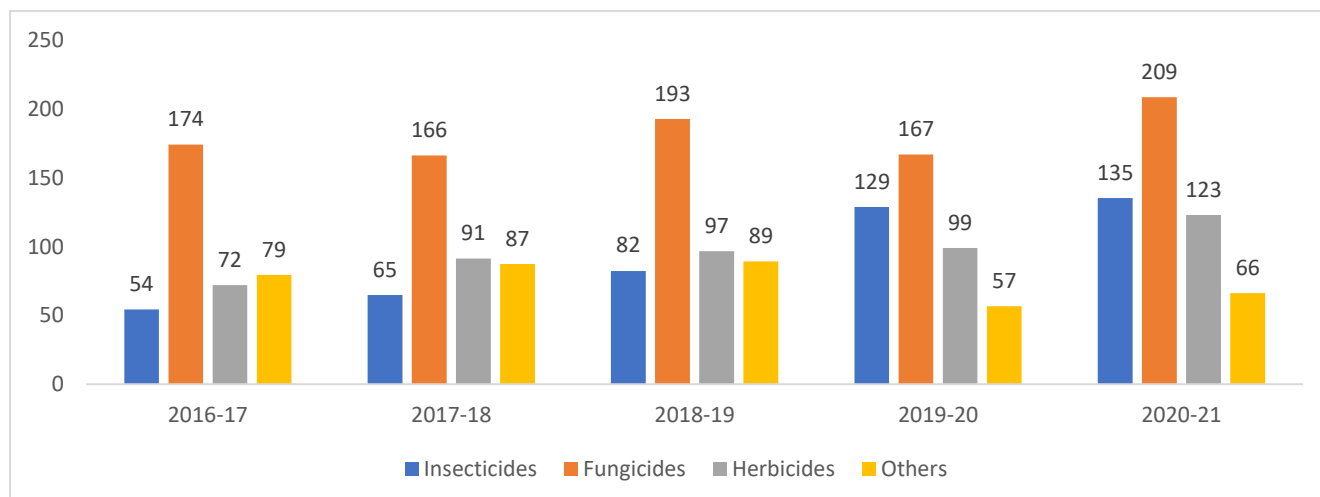
Trend in Segment-wise Pesticides Export

Segment-wise Export Volume

Of all the pesticides segments, fungicides accounted for the largest share of about 41% on an average over the five-year period 2016-17 to 2020-21 in terms of volume. This was followed by herbicides, insecticides and others that contributed 22%, 21% and 17%, respectively, towards total pesticides exports.

In terms of CAGR, the largest segment – fungicides, increased at a CAGR of 4.6% slower than the CAGR of insecticides (25.7%) and herbicides (14.3%) segments. The remaining segment, others, however, declined at a CAGR of 4.4% during the five-year period.

Segment - wise pesticides export volume ('000 tonnes)



Source: Directorate of Plant Protection, Quarantine & Storage

Segment-wise Export Volume (Outlook)

An increase in Indian pesticides exports is expected to continue going forward backed by demand from the international market. The pesticide export volumes are estimated to grow at a CAGR of 5%-6% by 2023-24 with the fastest pace of rise likely to be witnessed by insecticides segment (9%-10%) followed by herbicides (6.5%-7.5%) and fungicides (3%-4%).

Outlook for export volumes of pesticides (segment-wise) ('000 tonnes)

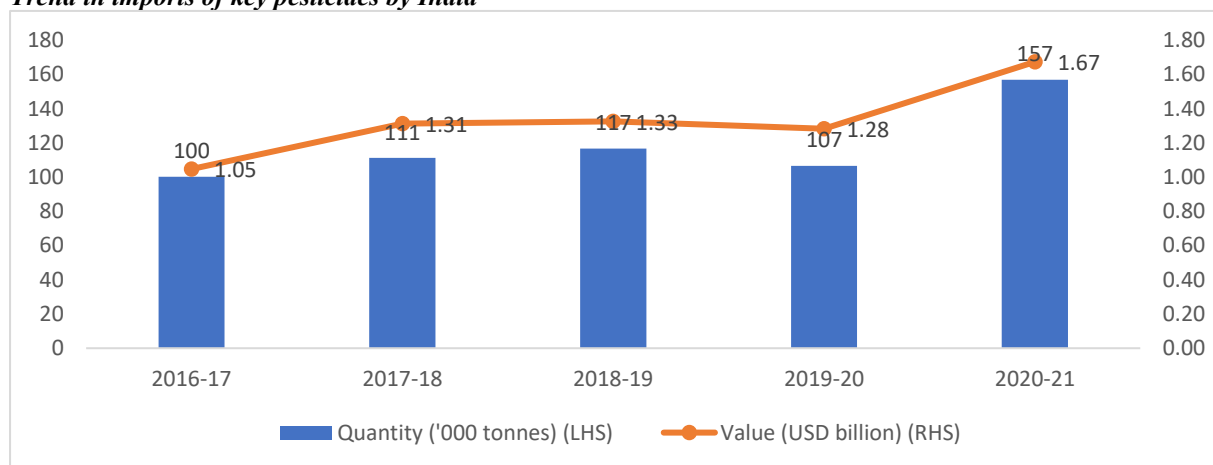
Segments	2020-21	2023-24P	CAGR
Insecticides	135	178	9.0%-10%
Fungicides	209	228	3.0%-4.0%
Herbicides	123	150	6.5%-7.5%
Others	66	60	(-3.5%)-(4.0%)
Total	533	615	5.0%-6.0%

Source: Directorate of Plant Protection, Quarantine & Storage, CareEdge Research estimates bases on industry sources
P is projected

Trend in Pesticides Imports by India

The quantity of pesticides imported by India is quite less compared to that of the pesticides exports. However, the quantity of pesticides imported by India has increased at a faster CAGR of 11.9% compared to that of exports during the period 2016-17 to 2020-21. The imports increased to 157 thousand tonnes in 2020-21 from 100 thousand tonnes in 2016-17. The value of imports grew at a higher CAGR of 12.4% from USD 1.05 billion (Rs.70 billion) in 2016-17 to USD 1.67 billion (Rs.124 billion) in 2020-21.

Trend in imports of key pesticides by India



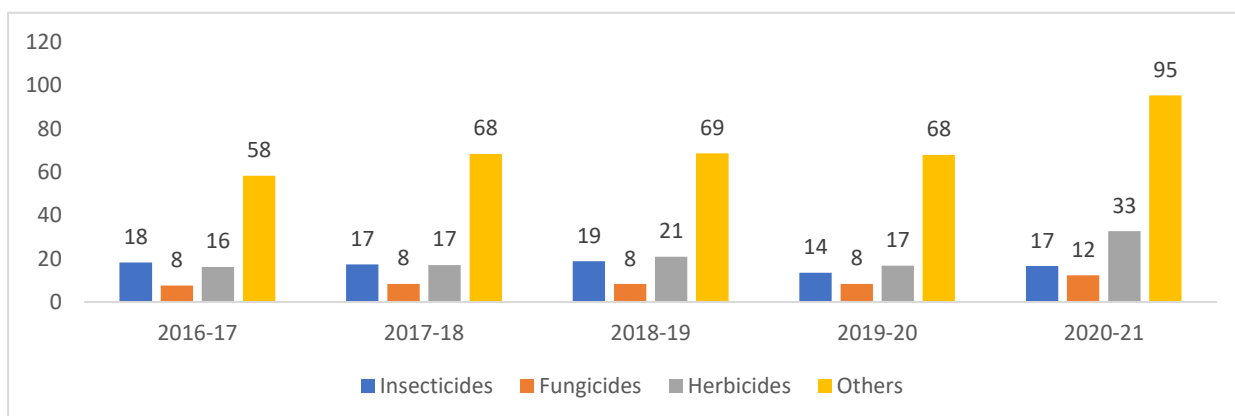
Source: Directorate of Plant Protection, Quarantine & Storage

China is the major source of pesticides imports and accounted for more than half of India's total imports with a share of 55.2% during 2020-21. This was followed by Taiwan, USA, and Israel contributing 10.7%, 10.4% and 4.6%, respectively. Other countries from which pesticides were imported included Germany (share of 3%), while Singapore, Japan and Belgium each accounted for 2% of the total pesticides imports by India.

Segment-wise Import Volume

Of all the pesticides segment imported by India, herbicides accounted for 17.5% followed by insecticides and fungicides with a share of 14.3% and 7.6%, respectively, on an average during 2016-17 to 2020-21. In terms of CAGR, while herbicides and fungicides grew in the range of around 13%-19%, the quantity of insecticides imported declined by a CAGR of 2.3% during 2016-17 to 2020-21.

Chart 15: Segment - wise pesticides import volume ('000 tonnes)



Source: Directorate of Plant Protection, Quarantine & Storage

Note: Others include fumigants, plant growth regulators and miscellaneous (where miscellaneous comprises disinfectants, paper impregnated, repellent for insect, weedicides and weed killing agents etc.)

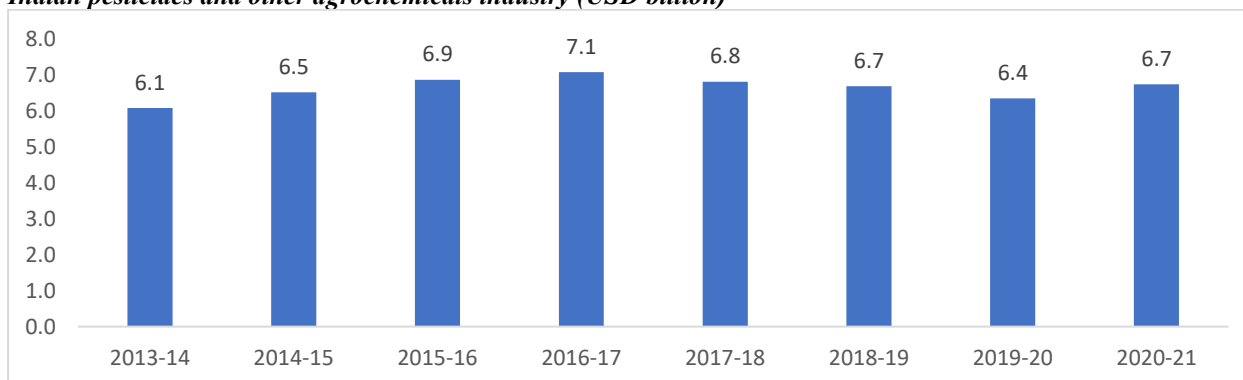
Trend in Growth of Indian Pesticides and Other Agrochemicals industry

Review

The overall Indian pesticides and other agrochemicals market grew at a CAGR of 4.5% from Rs.368 billion in 2013-14 to Rs.439 billion in 2017-18. In terms of USD, the Indian market increased at a CAGR of 2.9% from USD 6.1 billion in 2013-14 to USD 6.8 billion in 2017-18.

In the following period 2018-19 to 2020-21, while domestic pesticides consumption (in volume terms) grew at a CAGR of 2.1%, exports that account for a large chunk of India's agrochemicals market rose at a higher CAGR of 7.5%. These factors are thus believed to have supported the pesticides and other agrochemicals industry in these three years.

Indian pesticides and other agrochemicals industry (USD billion)

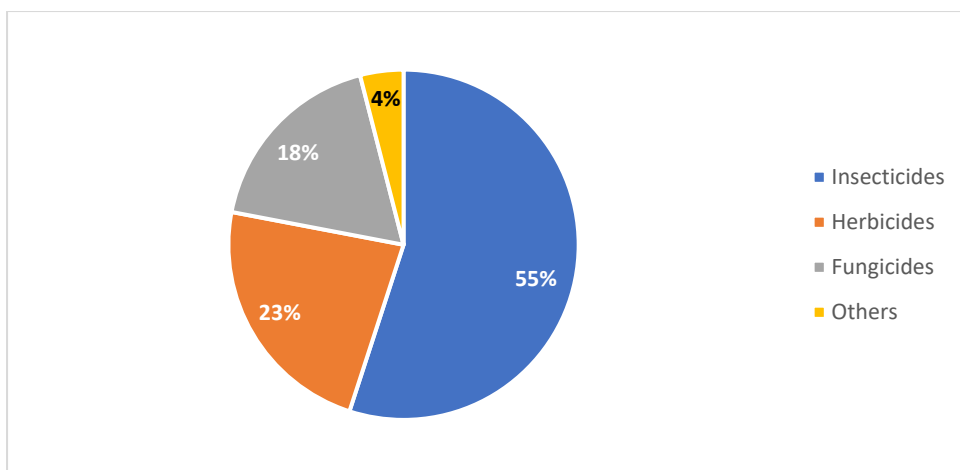


Source: Department of Chemicals and Petrochemicals

Note: The market size of industry for years 2018-19, 2019-20 and 2020-21 are CareEdge Research estimates

The Indian pesticides industry can be primarily divided into the following types: a. Insecticides b. Fungicides c. Herbicides. Insecticides account for a major share of around 55% followed by herbicides and fungicides with an approximate share of 23% and 18%, respectively.

Segment-wise share of agrochemicals in Indian market (in %)



Source: CareEdge Research estimates based on industry sources

Outlook

The overall Indian pesticides and other agrochemicals industry is estimated to increase at a CAGR of 5.2%-5.7% by 2023-24 on account of an upward growth expected in the international market and a likely increase in domestic usage of pesticides in India.

Outlook for Indian pesticides and other agrochemicals industry (USD million)

Segment	2020-21	2023-24P	Outlook CAGR
Insecticides	3,705	4,301	4.8%-5.3%
Herbicides	1,549	1,830	5.5%-5.9%
Fungicides	1,213	1,440	5.6%-6.0%
Others	269	323	5.9%-6.4%
Total	6,736	7,894	5.2%-5.7%

Source: CareEdge Research estimates based on industry sources

Note: 2020-21 data is estimate and P is projected

While demand for India pesticides is likely to remain high, India aims to strengthen the process of backward integration for industry. This is because India is dependent on China for some of the technical insecticides and thus any disruptions at this source destination (like chemical plant shutdown in China to reduce pollution) has the potential to affect India's supply chain. While such situations also provide an opportunity to India to increase the exports of pesticides, it does impact the supply chain of the industry. To avoid such instances, the Indian government said that it is considering to increase the scope of the Production Linked Incentive (PLI) scheme to include the domestic manufacturing of agrochemicals. If implemented, the scheme will result in increased competitiveness of domestic producers, and given the reliance on exports, benefits will help India increase its market share in the global agrochemicals markets. The scheme will also help the industry become self-sufficient and will be able to integrate backward to produce its own technical grade ingredients instead of relying on China for supplies.

Moreover, many countries across the world are looking forward to 'China plus one strategy' to avoid excess dependence on China. The adoption of this strategy internationally will benefit India, as the countries that import pesticides from China may now opt for India, which is the 4th largest producer and 13th largest exporter of agrochemicals globally.

While the above mentioned factors will support the Indian pesticides industry going forward, it is worth to mention that the Indian pesticides industry remained resilient even during the pandemic year (2020-21) as exports from the Indian pesticides industry increased by a healthy 18% to 533 thousand tonnes and grew by 11.7% to Rs.265 billion on a y-o-y basis.

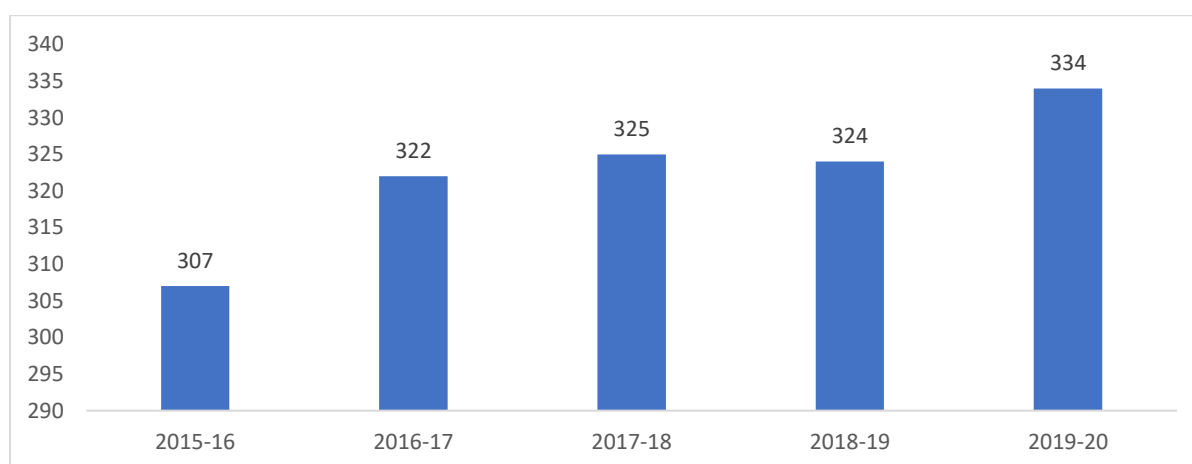
In addition to this, India has competitive edge in terms of low labour cost and has support towards chemical clusters, which will also aid the growth of agrochemicals industry in the coming years.

Pesticides production capacity in India

The pesticides production capacity in India meets the domestic and export requirements of the nation. Over the years, the production capacity in India has increased at a CAGR of 2.1%. It has increased from 307 thousand tonnes in 2015-16 to 334 thousand tonnes in 2019-20.

It can be seen that the pesticides production capacity has grown in each of the years for the above mentioned period except for 2018-19 where the capacity declined by a marginal 0.3% to 324 thousand tonnes. It is important to note that the industry's capacity utilisation on an average has been around 64% in these last five years.

Trend in production capacity of pesticides in India ('000 tonnes)



Source: Department of Chemicals and Petrochemicals

Note: The capacity refers only to technical grade

Industry Growth Drivers

- **Agriculture:**

Agriculture is the primary source of livelihood for about 58% of India's population. As a result, the share of agriculture and allied sector to total economy's Gross Value Added (GVA) has been significant and has increased over the years as shown here in the table.

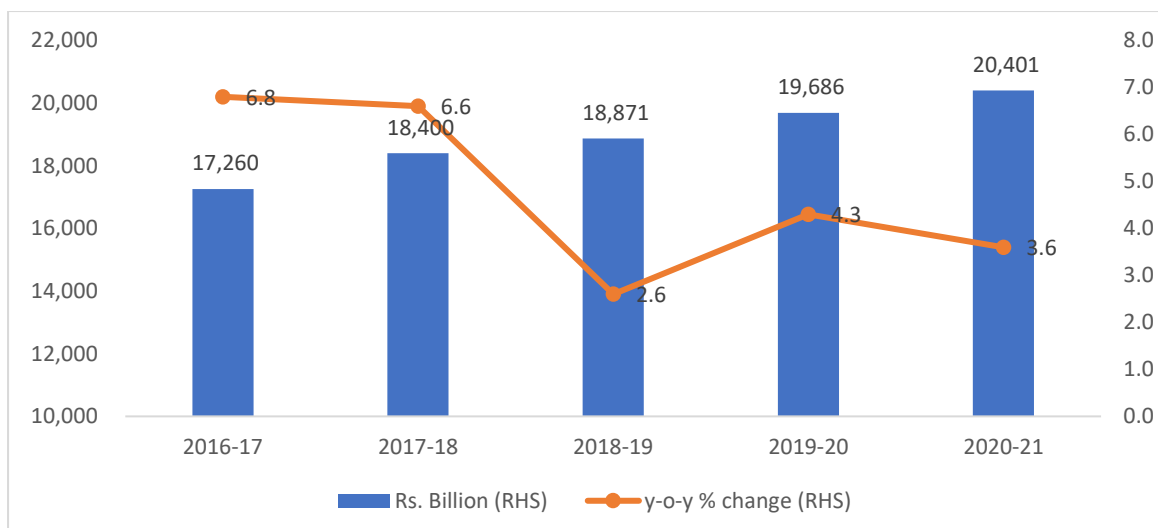
Percentage share of GVA of agriculture and allied sector to total economy

Year	% share
2018-19	17.6
2019-20	18.4
2020-21	20.2

Source: PIB release

The expansion in share of agriculture and allied sector's GVA is backed by an upward trend in the GVA of agriculture activities. During the five year period 2016-17 to 2020-21, the GVA for agriculture increased at a CAGR of 4.3% from Rs.17,260 billion in 2016-17 to Rs.20,401 billion in 2020-21.

Trend in agriculture GVA at constant prices (Rs. billion)



Source: CMIE

The growth in agriculture GVA has been supported by various measures on credit, market reforms and food processing. Moreover, in addition to several measures aimed at increasing productivity and improving marketing of agricultural produce, the government also carries out a large food management programme with a significant financial implication in terms of food subsidy. The growth in agriculture sector is expected to result in more demand of agrochemicals in India thus aiding its overall production and consumption.

- **Government support:**

The government provides aid to the rural economy through various budget announcements that aim at reviving rural areas and raising farmer's income. In addition to this, growth in credit facilities to farmers through institutional credit mechanisms and low interest rate farm loans are likely to motivate farmers towards usage of pesticides that helps increase the productivity and yields of crops. Besides, increase in minimum support price (MSP) of crops also may contribute to pesticides usage. Moreover in the recent Union Budget 2022-23, the government promoted the concept of natural and organic farming thereby encouraging the usage of environment friendly agrochemicals.

- **Growth in food demand:**

With expected increase in population, the demand for food grain in India is likely to rise. These consumption requirements are to be met with decreasing arable land and small holdings of land. Thus, raising farm productivity becomes important and this can be done with optimal usage of products like agrochemicals. It is to be noted that per hectare consumption of pesticides in India is one of the lowest in the world.

- **Increase in demand of horticulture and floriculture:**

Fruits and vegetables have a significant share of around 90% in the Indian horticulture output. With increase in consumption of healthy and nutritive food, demand of fruits and vegetables is likely to augment. This, in turn, is expected to support higher consumption of fungicides which helps in contracting post-harvest losses in fruits and vegetables.

- **Increase in awareness of Bio-pesticides:**

Increase in awareness with respect to environment friendly usage of agrochemicals and the use of integrated pest management (IPM) mechanism are expected to encourage the application of bio-pesticides. The bio-pesticides market in India constitutes a small proportion, which provides an opportunity to the segment to grow moving forward.

- **Off-patent molecules:**

Any pesticide that goes off-patent provides an opportunity to the Indian industry to develop generic molecules. Such an event thus opens up opportunity for Indian manufacturers to increase their exports. As per industry sources,

an opportunity amounting over USD 4.2 billion comprising around 19 technicals are estimated to go off-patent between 2019 to 2026. This is likely to support pesticide exports from India going forward.

- **Export markets:**

The outbound shipments account for a major share of the Indian agrochemicals market and has grown at a CAGR of around 8.8% over the five year period 2016-17 to 2020-21 thus driving the overall agrochemicals industry. These exports have not just supported the agrochemicals industry but also the overall chemical exports from India as the contribution of pesticides has been significant. Pesticides exports accounted for about 45% of the chemical exports value during 2019-20. To support the ambition of making India a USD 5 trillion economy by 2025, the Indian agrochemical industry is estimated to make outbound shipments of around Rs.385 billion by 2025. This target is also likely to encourage agrochemical/pesticides exports from India.

Challenges Faced by Industry

- **Research & Development (R&D) costs:**

The companies are required to invest in R&D to develop new molecules that usually involves high cost. Also, developing a new molecule takes around 9 years on an average. While R&D is important to introduce innovation, the investment and time it demands restricts the development of R&D.

- **Distribution systems:**

The weak distribution system hinders the reach of agrochemicals to each and every remote area of the country. This, in turn, restricts its availability to the users that are spread at the remotest location of India. The industry requires efficient distribution through retailer to enhance its availability.

- **Spurious products:**

Unavailability of pesticides at different locations gives an opportunity to spurious products to make their way. The usage of these counterfeit products, in turn, may also affect the crops besides being effective thus harming the honor of agrochemicals industry and its sales. Unawareness among farmers also contribute towards the growth of such products.

- **Lack of awareness:**

There is lack of awareness among farmers with respect to optimum and proper application of pesticides which is affecting the growth of agrochemicals industry. The companies however have been working towards increasing awareness about the usage of pesticides in farmers. Also, companies have been educating the farmers about the benefits of agrochemicals and its safe usage. This is expected to increase the demand for pesticides.

Companies are educating farmers on aspects such as right quantity, right use, right application method for usage of pesticides. Besides, farmers are also trained with respect to appropriate chemicals that are to be used for identified pest problems.

- **Genetically Modified (GM) seeds:**

GM seeds have the potential to decrease the application of pesticides. These seeds introduce pest avoidance qualities in high yielding crops. GM seeds thus have immunity developed in them which tends to prevent them from vagaries of nature. This quality of GM seeds thus have the potential to affect the demand of agrochemicals.

- **Organic farming:**

With growing health-consciousness among people, there has been an increase in demand of organic food and thus organic farming. Thus, there is need for agrochemicals industry to consider these concerns and work towards addressing the same thus preventing the impact of such concerns on industry growth.

Industry Regulations and Government Initiatives

The Pesticide Management Bill 2020

The Insecticides Act, 1968 (the Act) was enacted to regulate the import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animals. In the said Act, there is a lack of sufficient deterrence against violations and there is no stricter penalty to safeguard the farmers interest. There is also no mechanism to regulate pricing and disposal in an environmentally sound manner. Further, the Act is more than fifty years old and its provisions are inadequate to meet the multi-dimensional management and administration of pesticides in present times. It is also important to align India's obligations with various International forums.

In view of the above, stricter penalties are required for safeguarding the interest of farmers, which is jeopardised by the rampant availability of the pesticides which are of dubious and deceptive identity, composition and source. Representation of farmers and greater participation of States in formulation of technical standards for holistic management of pesticides is required. It is also pertinent to strike a balance amongst all stakeholders' aspirations.

In this background, a need was felt to bring a new legislation providing for better management of pesticides. With this in view, it is proposed to replace the Insecticides Act, 1968 by a new legislation, namely, the Pesticide Management Bill, 2020.

The proposed Bill, inter alia, provides for the following, namely:

- (i) to ensure transparency and effective implementation of the provisions of the proposed legislation and also to enable the Central Government to make rules relating to the manner in which the powers and functions of the Registration Committee would be exercised;
- (ii) provision has been made for encouraging indigenous manufacturing;
- (iii) provision has also been made for promoting pesticides that are biological and based on traditional knowledge;
- (iv) while registering a pesticide, the Registration Committee apart from evaluating its safety and efficacy, would also be guided by factors like necessity, end use, risk involved and availability of safer alternatives;
- (v) fixation of maximum residue limits for pesticides have been made mandatory;
- (vi) provision has been made for review, suspension and cancellation of registration and ban on pesticides;
- (vii) the State Governments may prescribe qualifications for Licencing Officer, Pesticide Inspector and Pesticide Analyst to be appointed by them;
- (viii) provision has been made to constitute an authority to exercise such powers and perform such functions relating to regulating the price of pesticides;
- (ix) provision has been made for deemed revocation of licences in case of cancellation of registration of a pesticide;
- (x) the Central Government may, by notification, specify ordinary use pesticides in respect of which a licence to sell or stock will not be required;
- (xi) empowering the Central Government and the State Governments to accredit private laboratories to carry out any or all functions of a Pesticide Testing Laboratory on compliance of prescribed standards;
- (xii) offences have been categorised separately in terms of the degree of severity like 'punishment for obstruction', 'punishment on violations of conditions of registration and licensing', 'punishment for activities related to import and export of pesticides', 'punishment for activities involving unregistered and unlicensed pesticides', 'punishment for activities involving falsified pesticides', 'punishment for activities involving banned pesticides', 'punishment for causing hurt, grievous hurt or death', etc.;
- (xiii) to deter the subsequent offences, a provision has been made for imposing a fine of not less than twice the fine that was imposed at the time of the first conviction, in case of subsequent offences, irrespective of the maximum fine provided for such offence;
- (xiv) it has also been provided that if a person is convicted for third time or more for violations of conditions of registration and licencing, he shall be liable to imprisonment for a term extending up to one year;

- (xv) provision has been made to empower the Central Government to constitute a fund, inter alia, for making ex gratia payments to persons or their legal heirs, as the case may be, who have suffered hurt, grievous hurt or have died in the course of poisoning due to occupational exposure to pesticide;
- (xvi) to enable the Central Government to give directions to a State Government, the Central Pesticide Board and in case of exigency, to the Registration Committee for carrying out all or any of the provisions of the proposed legislation or rules made thereunder.

The Bill seeks to achieve the above objectives.

The Pesticide Management Bill 2020 was under assessment by the Parliamentary Standing Committee on Agriculture. The government had asked for public inputs. The Committee has recently submitted its report in December 2021 where it suggested several measures to further strengthen the Pesticide Management Bill, 2020 and to inculcate sufficient safety provisions for farmers and introduce a system of checks and balances against possible misuse of power by pesticide inspectors. Also, the Committee rejected the pesticides industry's demand on three key issues – price control, criminalization and data protection.

The bill was presented in Rajya Sabha in 2008 with an aim to upgrade the act of 1968. In 2017, the act was upgraded and presented as a draft. The bill was introduced by the Agriculture Minister in the Rajya Sabha in 2020.

The bill is expected to protect farmers from spurious brands and will promote pesticides that are biological in nature.

Central Insecticides Board and Registration Committee

All the provisions of the Insecticides Act were brought into force with effect from 1st August, 1971. In the Act and the Rules framed there under, there is compulsory registration of the pesticides at the central level and licence for their manufacture, formulation and sale are dealt with at the state level. With the enforcement of the Insecticides Act in the country pesticides of very high quality are made available to the farmers and general public for household use, for protecting the agricultural crops from the ravages of their pests, humans from diseases and nuisance caused by public health pests and the health hazards involved in their use have been minimised to a great extent. For the effective enforcement of the Insecticides Act, the two bodies have been constituted at the Central level viz. Central Insecticides Board and Registration Committee.

Central Insecticides Board - established Under Section 4 of the Insecticides Act, 1968

Objectives

- a. The Central Insecticides Board advises the Central Government and State Governments on technical matters arising out of the administration of this Act and to carry out the other functions assigned to the Board by or under this Act.
- b. The matters on which the Board may advise includes :
 - the risk to human being or animals involved in the use of insecticides and the safety measures necessary to prevent such risk;
 - the manufacture, sale, storage, transport and distribution of insecticides with a view to ensure safety to human beings or animals.

Functions

- a. Advise the Central Government on the manufacture of insecticides under the Industries (Development and Regulation) Act, 1951 (65 of 1951).
- b. Specify the uses of the classification of insecticides on the basis of their toxicity as well as their being suitable for aerial application.
- c. Advise tolerance limits for insecticides residues and establishment of minimum intervals between the application of insecticides and harvest in respect of various commodities.
- d. Specify the shelf-life of insecticides.

- e. Suggest colourisation, including colouring matter which may be mixed with concentrates of insecticides, particularly those of highly toxic nature.
- f. Carry out such other functions as are supplemental, incidental or consequential to any of the functions conferred by the Act or the Rules.

By laws have been framed for Central Insecticides Board. The by laws require Central Insecticides Board to meet at least once in 6 months.

Registration Committee - established under Section 5 of the Insecticides Act, 1968

Objectives

- a. To register insecticide after scrutinizing their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human being and animals; and
- b. To perform such other functions as are assigned to it by or under this Act.

Functions

The Registration Committee shall, in addition to the functions assigned to it by the Act, perform the following functions, namely

- a. Specify the precautions to be taken against poisoning through the use or handling of insecticides
- b. Carry out such other incidental or consequential matters necessary for carrying out the functions assigned to it under the Act or these rules.

Registration Committee meets normally once in a month to transact its business. It meets fortnightly exclusively for registration for export, if required.

Proposal to ban some pesticides

The government considering the demands of nations that imports from India have banned certain pesticides to avoid the loss of exports from India. For example, pesticide residue problems affected the exports of Basmati rice to the European Union (EU) following strict rules imposed by the EU on usage of chemicals. Similarly, Saudi Arabia also insisted on tightening norms on the minimum residue levels of pesticides on Basmati rice imported from India. Punjab, which accounts for close to half of the exported rice from India, then announced a ban on the usage of 9 chemicals during the kharif season 2020.

The Union government also reviewed 66 contentious pesticides for their toxicity. While 18 of these were banned in 2018, the government, in January 2021, had appointed an expert panel to review the agrochemicals industry's objections to the proposed ban on 27 widely used pesticides.

The list of 18 pesticides that were banned in 2018 and the list of 27 pesticides for proposed ban is given below.

List of 18 pesticides

Sr. No.	Pesticides	Sr. No.	Pesticides	Sr. No.	Pesticides
1	Alachlor	7	Fenthion	13	Sodium Cyanide
2	Benomyl	8	Linuron	14	Thiometon
3	Carbaryl	9	Methoxy Ethyl Mercury Chloride	15	Triazophos
4	Diazinon	10	Methyl Parathion	16	Tridemorph
5	Dichlorovos	11	Phorate	17	Trichlorfon
6	Fenarimol	12	Phosphamidon	18	Trifluralin

Source: Government notifications and releases

List of 27 pesticides

Sr. No.	Pesticides	Sr. No.	Pesticides	Sr. No.	Pesticides
1	Acephate	10	Deltamethrin	19	Oxyfluorfen
2	Atrazine	11	Dicofol	20	Pendimethalin
3	Benfuracarb	12	Dimethoate	21	Quinalphos
4	Butachlor	13	Dinocap	22	Sulfosulfuron
5	Captan	14	Diuron	23	Thiodicarb
6	Carbendazim	15	Malathion	24	Thiophanat emethyl
7	Carbofuran	16	Mancozeb	25	Thiram
8	Chlorpyrifos	17	Methomyl	26	Zineb
9	2,4-D	18	Monocrotophos	27	Ziram

Source: Government notifications and releases

Government initiatives

Agriculture being a state subject, the State Government is primarily responsible for the growth and development of agriculture sector and developing perspective plans for their respective states and ensuring effective implementation of the programmes/schemes. However, Government of India supplements the efforts of the State Governments through various schemes / programmes. The details of various schemes, reforms and policies are given below:

- Unprecedented enhancement in budget allocation
- Fixing of MSP at one-and-a half times the cost of production
- Increase in procurement from farmers
- Income support to farmers through PM KISAN
- Pradhan Mantri Fasal Bima Yojana (PMFBY)
- Institutional credit for agriculture sector
- Providing Soil Health Cards to farmers
- Promotion of organic farming in the country
- Neem Coating of Urea
- Agri Infrastructure Fund
- Promotion of FPOs Scheme
- National Bee and Honey Mission (NBHM)
- Pradhan Mantri Krishi Sinchai Yojana (PMKSY)
- Micro Irrigation Fund
- Agricultural Mechanization
- Changes in Disaster Relief Standards
- Setting up of E-NAM extension Platform
- Improvement in farm produce logistics, Introduction of Kisan Rail

- Creation of a Start-up Eco system in agriculture and allied sector

Government has taken several steps for increasing investment in agriculture sector such as enhanced institutional credit to farmers; promotion of scientific warehousing infrastructure for increasing shelf life of agricultural produce; setting up of Agri-tech Infrastructure Fund for making farming competitive and profitable; developing commercial organic farming etc.

Government is implementing various schemes for supply of farm inputs, like seeds, fertilizers, agricultural machinery and equipments, irrigation facilities, institutional credit, etc., at subsidized rates to the farmers in the country. Government has recently taken several steps for increasing investment and growth in agriculture sector which include creation of Long Term Irrigation Fund (LTIF), Micro Irrigation Fund for water use efficiency, promotion of commercial organic farming, etc. The details of such major schemes /steps are given below.

Government of India has launched the Central Sector Scheme of financing facility under Agriculture Infrastructure Fund (AIF) to boost Agriculture Infrastructure relating to post harvest management and community farming assets. Under this scheme entities such as farmers, agri entrepreneurs, startups, Central/ State agency or local body sponsored public private partnership projects etc. can take benefit for setting up eligible infrastructure projects.

Rashtriya Krishi Vikas Yojana (RKVY)

Under Rashtriya Krishi Vikas Yojana (RKVY) Scheme of Ministry of Agriculture, grants-in-aid is given to state governments on the basis of the projects approved in State Level Sanctioning Committee Meeting (SLSC). States can take up projects for the development of Agriculture and allied sector in Public Private Partnership (PPP) for Integrated Agriculture Component.

Mission for Integrated Development of Horticulture (MIDH)

Under Mission for Integrated Development of Horticulture (MIDH) of this Ministry financial assistance in the range of 35% to 55% of eligible projects cost is available in the form of credit linked back ended for creation of Post-Harvest management infrastructure like Pack Houses, Pre-cooling units, Integrated pack houses, Refrigerator van, Primary/mobile Processing unit, cold storage etc farm gate level to consumption level.

The post-harvest component is demand/entrepreneurs-driven from among entrepreneurs, private companies, cooperatives, farmers groups etc. through commercial ventures for which assistance is available through respective State Horticulture Mission.

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme

The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme is being implemented with a view to provide income support to all landholding farmer families across the country, to enable them to take care of expenses related to agriculture and allied activities as well as domestic needs. The Scheme, effective from 1.12.2018, aims to provide a payment of Rs.6000/- per year for the farmers' families with cultivable land holding, subject to certain exclusions. The financial benefit of Rs.6000/- is being released by the Central Government in three 4-monthly instalments of Rs.2000/- over the year directly into the bank accounts of the eligible farmers under Direct Benefit Transfer mode.

Further, Government of India has launched the Aatmanirbhar Bharat Abhiyan (ABA) to strengthen Infrastructure, Logistics, Capacity Building, Governance and Administrative Reforms for Agriculture.

In addition to this, the government has been working towards doubling farmers income by 2022. With respect to this, the government had constituted an Inter-ministerial Committee in April 2016 to examine issues relating to "Doubling of Farmers Income" (DFI) and recommended strategies to achieve the same. The committee submitted its report to the government in September 2018 containing the strategy for doubling of farmers' income by the year 2022.

The DFI strategy as recommended by the Committee include seven sources of income growth viz;

- (i) improvement in crop productivity;
- (ii) improvement in livestock productivity;
- (iii) resource use efficiency or savings in the cost of production;
- (iv) increase in the cropping intensity;
- (v) diversification towards high value crops;
- (vi) improvement in real prices received by farmers; and
- (vii) shift from farm to non-farm occupations.

COMPETITIVE LANDSCAPE

Bhagiradha Chemicals & Industries Ltd:

Bhagiradha Chemicals & Industries Limited (BCIL) is a professionally organized public limited company based at Hyderabad, India and dedicated to the manufacture of high quality pesticides that includes various technical grade of insecticides, herbicides and fungicides. The company is also capable of manufacturing liquid and powder formulations using their technical grade pesticides conforming to international standards. Also, the company manufactures specialty intermediates.

The company is one of the leading manufacturers of azoxystrobin (fungicide) and fipronil (insecticide) and is engaged in the manufacturing of products such as chlorpyrifos, triclopyr, imidacloprid, diafenthiuron and others. BCIL's manufacturing unit is located near the eastern coastal town of Ongole with three production blocks, 300 kms north of Chennai. Exports account for about 50% of the company's sales in general.

Bhagiradha Chemicals & Industries Ltd

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	3,840	2,457	3,179
y-o-y % change	109.5	-36.0	29.4
Operating margin (PBIDTM) (in %)	10.9	7.6	15.0
Net margin (in %)	4.8	2.6	7.4
Return on Capital Employed (ROCE) (in %)	22.0	8.3	20.7
Total debt (Rs. million)	465	422	614

Source: CareEdge Research

Segment-wise competitors of Bhagiradha Chemicals & Industries Ltd are given below:

a. Segment: Fungicides

Best Agrolife Ltd:

Incorporated in 1992, Best Agrolife Ltd. has been servicing the agrochemical industry of India and international markets, with its niche product offerings. The company has a wide range of product offerings starting from technicals, intermediates & novel formulations in the form of insecticides, herbicides, fungicides, plant-growth regulators, and public health products. The company's products are accessible in 30 plus countries across the globe and pan-India.

The company manufactures fungicides like azoxystrobin TC, picoxystrobin TC, validamycin TC, insecticides like diflufenuron TC, ethion TC, herbicides like pinoxaden TC, metribuzin TC, plant growth regulators like forchlorfenuron (CPPU) TC, paclobutrazol TC. The company's manufacturing units are located at Gajraula in Uttar Pradesh and Jammu in Jammu & Kashmir. The company has a formulation, research & development centre at Greater Noida.

Best Agrolife Ltd

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	6,630	6,899	9,054
y-o-y % change	413.2	4.1	31.2
Operating margin (PBIDTM) (in %)	2.0	2.6	5.9
Net margin (in %)	0.7	1.1	3.8
Return on Capital Employed (ROCE) (in %)	9.3	10.8	42.1

Total debt (Rs. million)	392	323	266
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Source: CareEdge Research

UPL Ltd:

UPL Ltd. is a global provider of sustainable agriculture products and solutions. Through OpenAg, UPL is focused on facilitating progress for the entire agricultural value chain. The company is building a network that redefines the way an entire industry thinks and works as the company strives to make every single food product more sustainable.

As one of the largest agriculture solutions companies worldwide, the company's portfolio consists of biologicals and traditional crop protection solutions with more than 13,600 registrations. The company is present in more than 130 countries and has 43 manufacturing sites. The company is involved into crop protection fungicides like azoxystrobin / mancozeb, tebuconazole / captan, herbicides like metolachlor, glufosinate ammonium, insecticides like bifentazate, propargite among others.

UPL Ltd

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	86,600	96,410	1,13,450
y-o-y % change	19.2	11.3	17.7
Operating margin (PBIDTM) (in %)	16.8	15.9	13.5
Net margin (in %)	4.7	4.3	1.7
Return on Capital Employed (ROCE) (in %)	7.8	8.7	8.3
Total debt (Rs. million)	16,380	10,300	11,940

Source: CareEdge Research

b. Segment: Insecticides

Bharat Rasayan Ltd:

Bharat Rasayan (belongs to Bharat Group) was set up as a backward integration project to manufacture technical grade pesticides and intermediates in compliance to international standards. Bharat Rasayan has established its strong presence in domestic market offering range of products catering to different business areas.

The group's agri-input solutions ranges from insecticides, fungicides, herbicides and intermediates. Bharat group has two state of art technical manufacturing plants situated at Mokhra, Haryana and at Dahej, Gujarat. Both the plants have in-house R&D as well as pilot plant facilities. The group is involved in manufacturing of insecticides like fipronil, imidacloprid, diafenthiuron, herbicides like diuron, metribuzin, fungicides like tebuconazole, difenoconazole, intermediates like meta phenoxy benzylalcohol, para chloro benzyl cyanide.

Bharat Rasayan Ltd.

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	9,922	12,150	10,920
Net sales (y-o-y % change)	24.8	22.5	-10.1
Operating margin (PBIDTM) (in %)	19.2	20.3	22.7
Net margin (in %)	11.2	13.0	15.1
Return on Capital Employed (ROCE) (in %)	31.7	33.7	30.5
Total debt (Rs. million)	2,470	939	584

Source: CareEdge Research

Sumitomo Chemical India Ltd:

Sumitomo Chemical India manufactures, imports and markets products for crop protection, grain fumigation, rodent control, bio pesticides, environmental health, professional pest control and feed additives for use in India. The company offers insecticides such as fipronil, imidacloprid, diafenthiuron, chlorpyrifos, fungicides such as azoxystrobin, difenoconazole, herbicides such as bispyribac sodium, glyphosate among others. The company has five manufacturing facilities in Gujarat and Maharashtra at Bhavnagar, Gajod, Tarapur, Vapi and Silvassa. Exports accounted for 17% of the company's revenue during FY21.

Sumitomo Chemical India Ltd.

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	22,230	24,234	26,427
Net sales (y-o-y % change)	16.3	9.0	9.0
Operating margin (PBIDTM) (in %)	13.4	14.3	19.2
Net margin (in %)	7.5	8.5	13.1
Return on Capital Employed (ROCE) (in %)	26.2	24.2	33.6
Total debt (Rs. million)	197	0	0

Source: CareEdge Research

Tagros Chemicals India Ltd:

Established in 1992, Tagros Chemicals India Ltd is a flagship company of the Jhaver group. Based in Chennai, the company nurtures a business relationship with over 90 countries across the world. The company has three state-of-the-art manufacturing sites in Dahej, Panoli (Gujarat) and Cuddalore (Tamil Nadu).

The company is into the business of crop protection and offers insecticides like cypermethrin, fipronil, fungicides like hexaconazole, propiconazole, herbicides like sulfentrazone, dicamba among others and is engaged in other businesses like environmental science, intermediates, industrial chemicals, biorational crop solutions, contract manufacturing service.

Tagros Chemicals India Ltd.

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	12,980	17,107	19,897
Net sales (y-o-y % change)	43.4	31.8	16.3
Operating margin (PBIDTM) (in %)	23.9	25.7	40.2
Net margin (in %)	2.3	9.0	15.2
Return on Capital Employed (ROCE) (in %)	7.2	13.8	32.1
Total debt (Rs. million)	3,988	5,653	6,576

Source: CareEdge Research

c. Segment: Herbicides

Aimco Pesticides Ltd:

AIMCO – An abbreviation for 'All India Medical Corporation', is a Global Entity which has its roots in the agrochemicals industry. The company is in the field of agrochemical manufacturing, formulations and marketing. The company is into the business of herbicides like triclopyr, atrazine, insecticides like fipronil, chlorpyrifos, imidacloprid, emamectin benzoate, fungicides like hexaconazole, difenoconazole

among others. It also operates in business of combinations, rodenticides and fumigant, plant growth regulators.

The company has presence across 42 plus countries and exports accounted for around 58% of the sales during FY21. The company has manufacturing facility located at Lote Parshuram.

Aimco Pesticides Ltd.

Financial indicators	FY19	FY20	FY21
Net sales (Rs. million)	1,971	1,841	1,757
Net sales (y-o-y % change)	80.5	-6.6	-4.6
Operating margin (PBIDTM) (in %)	6.9	6.9	5.7
Net margin (in %)	4.0	3.0	1.3
Return on Capital Employed (ROCE) (in %)	36.7	24.2	15.8
Total debt (Rs. million)	0	94	104

Source: CareEdge Research

Gharda Chemicals Ltd:

Gharda Chemicals Ltd established in 1967, is a research-based company with four manufacturing in Jammu & Kashmir and has a plant and registered office in Ankleshwar in Gujarat. The company has presence across the globe.

The company is into operations of plant protection products that includes herbicides like triclopyr butoxy ethyl ester, anilofos, insecticides like fipronil, chlorpyrifos, indoxacarb, fungicides like carbendazim. In addition to this, the company is also in the business of public health products, veterinary products, intermediates, high performance polymers and pigments.

Gharda Chemicals Ltd.

Financial indicators	FY18	FY19	FY20
Net sales (Rs. million)	24,447	27,592	25,931
Net sales (y-o-y % change)	40.6	12.9	-6.0
Operating margin (PBIDTM) (in %)	33.8	33.5	29.1
Net margin (in %)	20.0	19.6	17.2
Return on Capital Employed (ROCE) (in %)	38.0	33.5	21.0
Total debt (Rs. million)	558	183	37

Source: CareEdge Research

OUR BUSINESS

SUMMARY

Our Company incorporated in 1993 and commenced its manufacturing operations in 1995. Initially, our Company manufactured a single product viz., Chlorpyrifos. Currently, our Company operations have significantly broadened and operate in the agrochemicals industry and manufacturing a large number of products primarily related to crop protection. Our Company's business operations are largely concentrated on the manufacture of technical grade pesticides and specialty intermediates through chemical synthesis i.e., the creation of complex chemical compounds from simpler chemical compounds. Technical grade pesticides are used in the preparation of formulation for end use in the agricultural industry. Our Company has proven capabilities to manufacture the following kinds of pesticides and specialty intermediates (**Products**).

Pesticides are broadly classified into insecticides, fungicides, and herbicides. Set out below is a brief description of our Product segments.

- (i) **Insecticides** – Insecticides are pesticides that are formulated to kill, harm, repel or mitigate one or more species of insect. Insecticides work in different ways. Our Company manufactures broad spectrum insecticides i.e., insecticides that eliminate many different kinds of insects. Some of the insecticides that our Company manufactures include Chlorpyrifos, Chlorpyrifos-Methyl, Diafenthiuron and Fipronil.
- (ii) **Fungicides** – Fungicides are pesticides that eliminate, or prevent the growth of parasitic fungi and fungal spores. Fungicides can be used to control fungi that damage plants, including rusts, mildews, and blights. Our Company manufactures Azoxystrobin, a fungicide with protectant, eradicant, translaminar and systemic properties. Our Company is also one of India's leading manufacturers of Azoxystrobin, a fungicidal product.
- (iii) **Herbicides** – Herbicides are pesticides that control the growth and spread of weeds. Our Company manufactures Triclopyr Butyl, a selective herbicide used for control of broad leaf weeds in crops and it has non-agricultural applications such as turf maintenance, weed control in grazing lands, defoliant in wooded areas, etc. Other herbicides manufactured include: (i) Clodinafop Propargyl, a selective herbicide used for control of annual and perennial grasses, broad leaf weeds in wheat; and (ii) Cloquinticet Methyl, an herbicide/herbicide safener which is used along with selective herbicides to prevent damage to target crops due to phytotoxic effects.

In addition to pesticides, we also manufacture specialty intermediates. Specialty intermediates are chemicals that are used as raw materials for the manufacture of other products. Among specialty intermediates that we are currently manufacturing, the more prominent are organic chemical compounds such as 2,6-Dichloroaniline and 4-Amino-2,5-Dimethoxypyrimidine. These specialty intermediates are used in the manufacture of herbicides such as Diclosulam, and Penoxsulam. Our other specialty intermediates include 2-(ethylsulfonyl)imidazo[1,2-a]pyridine-3-sulfonylamine which is a key starting raw material used in the manufacture of herbicide, Sulfosulfuron. We are capable of manufacturing specialty intermediates in the insecticide and fungicide product segments too. Additionally, we have also, in the past, manufactured bulk formulations at the request of certain key customers.

Our Company has manufactured around 28 different Products including specialty intermediates and formulations which are sold in India, and since 1 April 2017, we have exported our Products to 23 countries including Argentina, Australia, Brazil, Egypt, Germany, Indonesia, Israel, Portugal, the United Kingdom and the USA.

Our Company's manufacturing facility is located at Ongole, Prakasam District, in Andhra Pradesh, India (**Manufacturing Facility**). The Manufacturing Facility has an aggregate installed capacity of 3,250 MT per annum. Set out below are details of our Company's capacity utilisation in Fiscal 2021 and for the nine month period ended December 31, 2021.

Particulars	Nine month period ended December 31, 2021	Fiscal 2021
Installed capacity (MT per annum)*	3,044.80	3,076.20
Actual production (MT) [@]	1,917.76	2,220.86
Capacity utilisation (%) [@]	62.98	72.19

*As per the certificate dated March 25, 2022 provided by the Chartered Engineer.

@As per the certificate dated [●] provided by the Statutory Auditor.

Raw materials used in the manufacture of our Products include specialty intermediates, chlorinating agents, oxidizing agents, gases, petrochemical products, organic and inorganic catalysts, inorganic salts, acetic acid, derivatives, etc. Most of the chemicals, other than specialty chemicals, are sourced domestically from manufacturers, their marketing associates, indenting agents, traders, etc. Specialty intermediates are mostly imported from other countries, majorly from China. Out of the materials purchased during the nine month period ended December 31, 2021, approximately 27.52% were sourced from China. In the previous financial year, the share of imports was 34.83% of total cost of materials procured. Our Company does not maintain long term contracts for the supply of raw materials. Instead, it relies on sourcing raw materials through purchase orders on a need-based model.

Our total income and our profit after tax on an audited consolidated basis for the Fiscal 2021 were ₹31,853.58 lakh and ₹2,331.88 lakh, respectively. Our total income and our profit after tax on the basis of limited review for the 9 month period ended December 31, 2021, were ₹29,845.98 lakh and ₹2,486.77 lakh, respectively.

Key Performance Indicators

Set out below certain key GAAP and non-GAAP financial metrics that we use to evaluate our business.

(Amount in ₹ lakh, except EPS and Ratios)

Particulars	Nine months period ended December 31, 2021	Financial Year ended March 31, 2021
Total Revenue	29,845.98	31,853.58
EBIT	3,866.50	3,698.34
EBIT (%) of Total Revenue	12.95%	11.61%
PAT	2,486.77	2,331.88
PAT (%) of total revenue	8.33%	7.32%
CAGR (4-year sales)	2.72%	14.23%
Debt Equity Ratio	0.40	0.39
EBITDA	4,464.54	4,451.05
EBIDT (%) of total revenue	14.96%	13.97%
EPS	29.93	28.06
Interest Coverage	11.59	9.19
Asset Coverage Ratio	2.88	3.00
Asset Turnover Ratio	0.95	1.17

Formula for computation of ratios and their reconciliation.

Ratios	Computation Formula
EBIT	Profit before tax + Interest cost
EBITDA	Profit before tax + depreciation and amortization expenses and Interest cost +share of profit from associates-other income
Debt Equity Ratio	Total Debt (Current + Non-current Borrowings)/ (Equity Share Capital + Reserves)
EPS	Profit after tax / No of weighted average shares outstanding during the year
Interest Coverage Ratio	EBITDA/ Interest Cost
Asset Coverage Ratio	((Total Assets – Intangible assets) – (Current Liabilities – Current Borrowings))/ Total Debt
Assets Turnover Ratio	Sales / Total Assets

COMPETITIVE STRENGTHS

Presence across all pesticide segments and a diverse bouquet of Products

Our Company is engaged in the manufacture of technical grade pesticides and specialty intermediates. Pesticides are broadly classified into insecticides, fungicides, and herbicides, and we are present across all the product segments in pesticides. In addition to pesticides, we also manufacture specialty intermediates.

We commercially manufactured a diverse range of 28 products across insecticides, fungicides, herbicides and specialty intermediates and formulations since inception. During the past 5 years nine month period, we have manufactured and sold more than 20 products. Further, within each Product segment we manufacture a wide range of Products that address different agricultural needs including as preventive pesticides and eradicant pesticides i.e., pesticides that eliminate / eradicate pests. Each of our Products is registered with the Central Insecticides Board & Registration Committee.

Well established and long-term relationships with customers

Our Company commenced operations in 1995 as a manufacturer of a single product viz., Chlorpyrifos. Over the years, our Company has commercialized 28 products including certain specialty intermediates with process technology developed in-house and has established itself as a supplier of quality agrochemical products. We believe that one of the key elements of our ability to build long-term relationships is our customer centric approach that has borne fruit and is reflected in our customer retention.

Our Company's products are used primarily by the agricultural industry, and we count several prominent domestic and international companies amongst our customers. Our customers include Helm AG (Germany), Ascenza Agro S.A. (Portugal), JT Agro Limited (United Kingdom), NACL Industries Limited, Safex Chemicals (India) Ltd, Nichino Chemical India Private Limited and Sumitomo Chemical India Limited. While our customer base has increased with time, we have established a long standing relationships with several of our customers. Our Company's top 10 customers during the nine month period ended December 31, 2021, and Fiscal 2021, contributed to ₹ 17,642.59 lakh and ₹ 21,621.60 lakh, constituting 59.11% and 67.88%, respectively, of our total revenue from operations. The aforesaid top ten customers have been the customers of our Company for an average duration of over five years.

Further, during the same period our top five customers across our pesticide product segments contributed the following revenues and were our customers for the average durations set out below.

(₹ in lakh)

Top 5 customers	Nine month period ended December 31, 2021	Fiscal 2021	Average duration of relationship
Insecticide segment	3,564.70	5,203.24	Over five years
Fungicides	3,527.83	5,012.49	Over five years
Herbicides and herbicide intermediate	2,066.00	3,232.56	Over five years

Our order book, as on December 31, 2021, contained orders worth ₹7,208.08 lakh of which orders from our top 5 customers constituted 69.99% of the total order placed.

We believe that the long standing nature of our relationship with our customers is a testimony to our consistent adherence to the exacting quality standards that are expected by our customers and our ability to timely deliver the products.

Established supply chain through long standing relationship with key suppliers

The raw materials used by us in the manufacture of our Products comprise solvents and their derivatives, organic and inorganic catalysts, gases, chlorinating agents, petrochemical derivatives, and organic chemicals. The key raw materials used by our Company include 4,6-Dihydroxypyrimidine, trimethylorthoformate, ethyl-2,3-dicyanopropionate which are sourced from China and O,O-diethyl thiophosphoryl chloride, trichloroacetyl chloride, phosphorous trichloride, phosphorous oxychloride, caustic soda, potassium fluoride etc., are sourced from the domestic market. A large number of the raw materials used in our manufacturing operations are used across industries and are not industry or product specific, and, we have identified multiple suppliers from whom we source our raw materials. While we seek to source our raw materials domestically, certain key raw materials and intermediates are imported, particularly from China.

We do not execute long term contracts for the procurement of raw materials, and we procure raw materials required for our manufacturing operations on a need basis. Our ability to consistently manufacture quality products is

predicated on a continual supply of viable raw materials at commercially acceptable prices. Therefore, in the absence of long-term contracts, we have developed long term relations with key suppliers of raw materials to ensure that we do not face a short fall in raw material supply.

In the nine month period ended December 31, 2021, and Fiscal 2021, we procured raw materials aggregating ₹20,227.89 lakh and ₹19,321.44 lakh, respectively, from vendors with whom we have had a relationship of an average duration of over five years. We also have nurtured our relationship with certain suppliers who have been supplying raw materials such as caustic soda lye, trichloroacetyl chloride, and acetonitrile for over five years.

Proven manufacturing capabilities with well-defined processes

Our Manufacturing Facility is spread across 29.00 hectares and has 3 production blocks and 4 process lines for manufacture of insecticides, fungicides, and herbicides and specialty intermediates. Our Company commenced manufacturing with a modest annual capacity of 300 metric tonnes, which has grown manifold over the years. Currently, our aggregate permitted capacity in accordance with the environmental clearance obtained from the Ministry of Environment and Forests & Climate Change (**MoEF**) is 3,250 MT per annum. As per the latest consent obtained from APPCB, our Company can manufacture 4 different products at any point of time, with daily capacity not exceeding 12 MT and annual capacity not exceeding 3,250 MT per annum. The installed capacity varies according to the selection of products considered for manufacturing at any point of time. Our Company constantly interacts with customers to understand changing requirements and invests in the required technologies to stay relevant in the market.

Our manufacturing infrastructure is complemented by our stringent quality and safety standards and processes. To maintain the exacting standards that our customers expect, we have well-defined and documented procedures which begin with sourcing of our ingredients and raw materials and extend to safety standards.

Quality assurance is an integral part of manufacturing operations, and our Company has adopted ISO quality management practices. The quality of our manufacturing process is demonstrated, *inter alia*, by the following certifications such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and RC 14001:20015.

Our Manufacturing Facility has its own effluent treatment plant within the factory premises with modern equipment and our Company has adopted a zero liquid discharge system.

Technically qualified and experienced Promoters and skilled management team

Our Company has, since inception, had the benefit of strong and technically qualified promoters.

Singavarapu Chandrasekhar, the Managing Director of our Company, has been at the helm of affairs since June 2012. He holds a master's degree in chemical engineering from the University of Illinois, Chicago. He joined the R&D department of our Company on completion of his education in the year 2003. He has been instrumental in developing / improving a significant number of our non-infringing processes. In addition, the members of our Board of Directors are subject matter experts with rich experience across diverse fields including chemicals, banking and finance, accounts, and international marketing.

Our Company's Promoters and Board are ably supported by experienced and qualified key management team including our CEO, Arvind Kumar holds a master's degree of Science by Research from IIT, Madras and has experience in dealing with various facets of chemical and pharmaceutical manufacturing plans. Our CFO, Krishna Mohan Rao has experience in corporate and banking and project finance, and is a member of the Indian Institute of Banking & Finance.

Proven R&D capabilities resulting in high quality Products

Constant product development and continually improving our Product efficiency have been the hallmarks of our Company and we have continually placed great emphasis on R&D which forms the core of our Company's business development strategy. Our Company's R&D department has developed and practiced a library of reactions over a period of time which form the crux for future developments. Our Company, in line with the scientific background of some of the founders, places great emphasis on R&D and has set up an R&D unit in Hyderabad under the aegis of Dr. M. Pardhasaradhi, a retired scientist of CSIR-IICT, Hyderabad. Our Company's R&D unit is recognized by the DSIR, Ministry of Science & Technology, Government of India and started functioning within the Manufacturing Facility. The R&D facility is currently led by Mr. Sivarami Reddy under the

overall direction of our Company's Managing Director. Our R&D team continually strives to develop new processes for generic agrochemicals products and to improve the processes for all the products commercialized by our Company. In their effort to regularly launch new products, our R&D team works on process development of commercially viable generic molecules on an ongoing basis. During the past three years, three products viz. Fipronil and Pymetrozine (insecticides) and Mesosulfuron (herbicide) were commercialized. In the nine month period ended December 31, 2021 and Fiscal 2021, we spent ₹88.72 lakh and ₹128.44 lakh, respectively, towards research and development (including capital expenditure and salaries and wages paid).

STRATEGIES

Continuing to focus on augmenting our R&D capabilities to broaden our Product portfolio

We are recognised as an R&D driven company and R&D is an integral part of our business strategies. Our Company has consistently leveraged its R&D proficiency in implementing agile development practices which helped our Company to adapt to various business challenges and in meeting the expectations of our customers. Evolutionary development, adaptive planning, continual improvements, and perseverance form the core around which our Company has modelled its R&D. A robust product portfolio, prominent customer base and a diverse revenue mix are a testament to our R&D capabilities. Further, we believe that in order to maintain our competitive edge and remain an important player in the markets in which we operate, we must broaden our Product portfolio. We propose to harness our R&D capabilities to develop non-infringing processes for products which become off-patent i.e., a product which is no longer protected by a 'product patent' – it is imperative to commercially launch a new product which is off-patent for which a strong R&D base is a pre-requisite.

We have, in the past, witnessed significant progress in broad basing our revenue mix which has also enabled us to add new customers and venture into new geographies. We believe that broadening our Product portfolio will enable us to accelerate our revenue growth and, in certain instances, also enable us to realise better margins. Further, the diversification in revenue stream would help us to mitigate any headwinds in respect of any Product or Product segment.

We believe that augmenting our R&D capabilities will be vital to our growth plans which can be achieved by optimising our existing product profile or developing novel synthesis pathways for new generic processes. We have developed processes for such few potential products including for Dinotefuran, Ethiprole, Pinoxaden on a pilot scale and these are lined up for commercialisation.

Enhancing manufacturing capabilities through proposed new plant

Our Company currently operates one manufacturing plant located at Cheruvukommupalem, Ongole, Prakasam District of Andhra Pradesh, which is a non-industrial zone. The location of the facility limits the scope for further capacity expansion.

In order to meet the increasing demand for existing products and to cater new products to the customers, our Company has set up a subsidiary by name Bheema Fine Chemicals Private Limited (**Subsidiary**). Our Subsidiary has taken land measuring 13.72 hectares for lease for a period of 99 years from the Karnataka Industrial Area Development Board (**KIADB**) to set up a manufacturing facility for producing 9,000 metric tonnes of agrochemical active ingredients and their intermediates. Environment clearance has been obtained for setting up the aforementioned manufacturing facility from the MoEF in November 2021.

We propose to implement the project in phases and currently approvals are being sought from Karnataka Pollution Control Board. The augmented capacity will enable us to ramp up our production capabilities and will also enable us to further expand our customer reach. All these should enable us to maintain our Company's growth.

Improving cost efficiency including through debt reduction

We consistently strive to improve our cost efficiency through multiple means including improving our operational efficiency and reducing debt, where feasible. One of the areas we have identified towards improving our operational efficiency is enhancing our pollution control measures and ensuring optimum deployment of resources. We also continually strive to streamline our production process. Our focus is to continue to develop sustainable technologies and eco-friendly practices, increase usage of alternative raw material and fuels, and waste utilization technologies, to further improve the quality of our Products and optimize our production costs.

Further, we believe that reducing our outstanding debt is important to be able to improve our profitability. Moreover, reducing our debt will also have the benefit of making available additional resources to deploy into our business operations. One of the main objects of this Issue is to reduce our debt by ₹1,300.00 lakh. We will continue to evaluate options to improve our cost efficiency.

BUSINESS OPERATIONS

Products

We have over the years manufactured 28 pesticide and specialty intermediate products at our Manufacturing Facility. Our Manufacturing Facility is equipped to manufacture up to 4 Products at the same time.

Amongst all our Product segments, insecticides constitute our largest source of revenue. We are a leading manufacturer of Azoxystrobin, a fungicide, in India. Further, the number and variety of Products we manufacture vary greatly depending on the demand from customers and the margin derived by us from the specific Product. In addition, the choice of the Product manufactured will also have an impact on our installed capacity and actual capacity utilisation, since each Product may result in us being able to use our Manufacturing Facility to varying degrees and, consequently, our production metrics for each Product varies. Generally, we manufacture between 6-10 Products annually including agrochemical active ingredients and agrochemical intermediates.

Our Company generates a significant component of its total income from the export of our Products. During the period from April 1, 2021 to December 31, 2021, our Company has exported its Products to 8 countries including to Argentina, Australia, Brazil, Israel, Portugal, the United Arab Emirates, the United Kingdom, and the United States of America.

Set out below is a list of our key Products and their applications.

Sr. No.	Product	Nature	Application / usage
INSECTICIDES – pesticides that are formulated to kill, harm, repel or mitigate one or more species of insects			
1.	Chlorpyrifos	Broad spectrum, organophosphate	Used over a wide range of crops and pests.
2.	Chlorpyrifos-methyl	Organophosphate	Used on stored grains and in public health care.
3.	Fipronil	Broad spectrum, belonging to the family of phenylpyrazole	Used to control a wide range of pests in crops. It also finds application in seed and soil treatment and has a domestic household application.
4.	Pymetrozine	Systemic	Used to control brown plant hopper in rice (paddy).
5.	Diafenthiuron	Broad spectrum	Used for control of sucking pests in cotton, vegetables, and oil seed crops.
FUNGICIDES – pesticides that eliminate, or prevent the growth of, parasitic fungi and fungal spores.			
6.	Azoxystrobin*	Strobilurin fungicide	Used for the control of pathogens such as Erysiphe graminis, Puccinia spp., Leptosphaeria nodorum, and Septoria tritici.
HERBICIDES			
7.	Triclopyr Butotyl	Selective herbicide	Used for the control of broad leaf weeds in crops. It also finds non-agricultural application such as for turf maintenance, weed control in grazing lands and as a defoliant in wooded areas.
8.	Clodinafop Propargyl	Selective herbicide	Used for control of annual and perennial grasses, broad leaf weeds in wheat.
9.	Cloquinticet Mexyl	Herbicide / herbicide safener	Used along with selective herbicides to prevent damage to target crops due to phytotoxic effects.

* Azoxystrobin is extensively co-formulated with other fungicides such as Tebuconazole, Propiconazole, Difenconazole, Mancozeb and Prothioconazole.

Apart from the above, we manufacture specialty intermediates which are used for making various pesticides.

Set out below is a map setting out the countries to which we have exported our Products over the years.

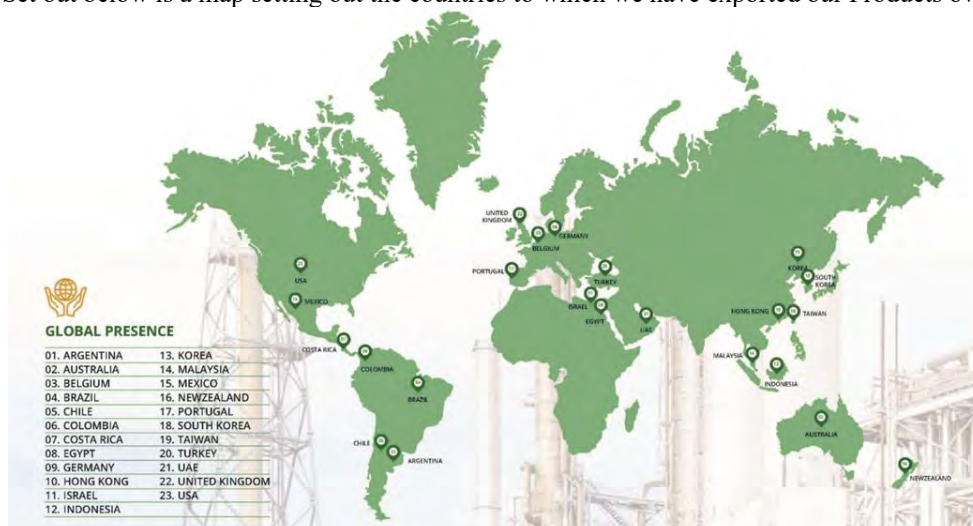


Fig: This map is for representational purposes only and is neither to scale nor is intended to be a world map.

Set out below is a break-up of the revenue generated from our various Product segments from sales in India and in our export market.

(₹ in lakh)

Product segment	Nine month period ended December 31, 2021				Fiscal 2021			
	Export revenue	% of total revenue	Domestic revenue	% of total revenue	Export revenue	% of total revenue	Domestic revenue	% of total revenue
Insecticides	955.79	3.22	14,380.60	48.44	805.79	2.54	16,431.80	51.75
Fungicides	5,522.10	18.60	6,090.56	20.52	4,134.98	13.02	5,932.34	18.68
Herbicides and herbicide intermediates	243.43	0.82	2076.47	7.00	2,211.06	6.96	1,318.03	4.15
Others*	-	-	415.98	1.40	-	-	917.13	2.89
TOTAL	6,721.32	22.64	22,963.61	77.36	7,151.83	22.52	24,599.30	77.48

* comprises of raw material sales and other income.

Raw Materials

The manufacture of each Product involves multiple stages and several raw materials. On an average more than 50 different kinds of raw materials go into the production process every year. These raw materials include, solvents such as methanol, acetonitrile, N-methylpyrrolidine, acetic acid and its derivatives such as acetic anhydride, trichloroacetylchloride, chloromethylacetate, etc., organic and inorganic catalysts such as cuprous chloride, tertabutyl ammonium bromide, 4-dimethylaminopyridine, Raney-nickel, palladium on carbon, gases such as chlorine, hydrogen, chlorinating reagents such as thionyl chloride, phosphorous trichloride, phosphorous oxychloride, petrochemical derivatives such as aniline, acrylonitrile, toluene, xylene, ethylene dichloride, key intermediates such as O,O-diethyl thiophosphoryl chloride, trimethylorthoformate, 4,6-dihydroxypyrimidine, 2,6-dichloro-4-trifluoromethyl aniline, salicylamide, ethyl-2,3-dicyanopropionate, orthochlorobenzylcyanide, cyanamide, methyl formate, inorganic chemicals such as potassium carbonate, potassium fluoride, sodium carbonate, sodium bicarbonate, caustic soda, sodium nitrite, sodium meta bisulphate and oxidizing agents such as hydrogen peroxide.

We source our raw materials domestically and from international markets, in particular China, as and when the need arises on spot-price basis. In India, we primarily procure raw materials from Gujarat, Maharashtra, Telangana and Andhra Pradesh. We also maintain an inventory of certain key raw materials such as caustic soda, Methanol, and Toluene that are used across all our production processes.

The table below sets out the countries from where we procure our key raw materials.

Raw Material	Country
4,6-dihydropyrimidine	China
trimethyl orthoformate	China
ethyl-2,3-dicyanopropionate	China
O,O-diethyl thiophosphoryl chloride	India
trichloroacetyl chloride	India
phosphorous trichloride	India
phosphorous oxychloride	India
caustic soda	India
acetonitrile	India
potassium fluoride	India

MANUFACTURING FACILITIES AND MANUFACTURING PROCESS

Manufacturing facilities

Our Manufacturing Facility has a permitted capacity of 3,250 MT per annum and is located in an area admeasuring 29.00 hectares. Our Manufacturing Facility is located approximately 300 km from the port city of Chennai in Tamil Nadu and is connected by a National Highway (viz. NH-16).

Set out below is a break-up of our manufacturing capacity across Product segments.

Product segment	Particulars	Nine month period ended December 31, 2021	Fiscal 2021
Insecticides	<i>Installed capacity (MT per annum)*</i>	2,290.00	2,280.00
	<i>Actual production (MT)@</i>	1,469.35	1,710.74
	<i>Capacity utilisation (%)@</i>	64.16	75.03
Fungicides	<i>Installed capacity (MT per annum)*</i>	495.00	495.00
	<i>Actual production (MT)@</i>	351.76	305.18
	<i>Capacity utilisation (%)@</i>	71.06	61.65
Herbicides	<i>Installed capacity (MT per annum)*</i>	259.80	301.20
	<i>Actual production (MT)@</i>	96.66	204.95
	<i>Capacity utilisation (%)@</i>	37.20	68.04

*As per the certificate dated March 25, 2022 provided by the Chartered Engineer.

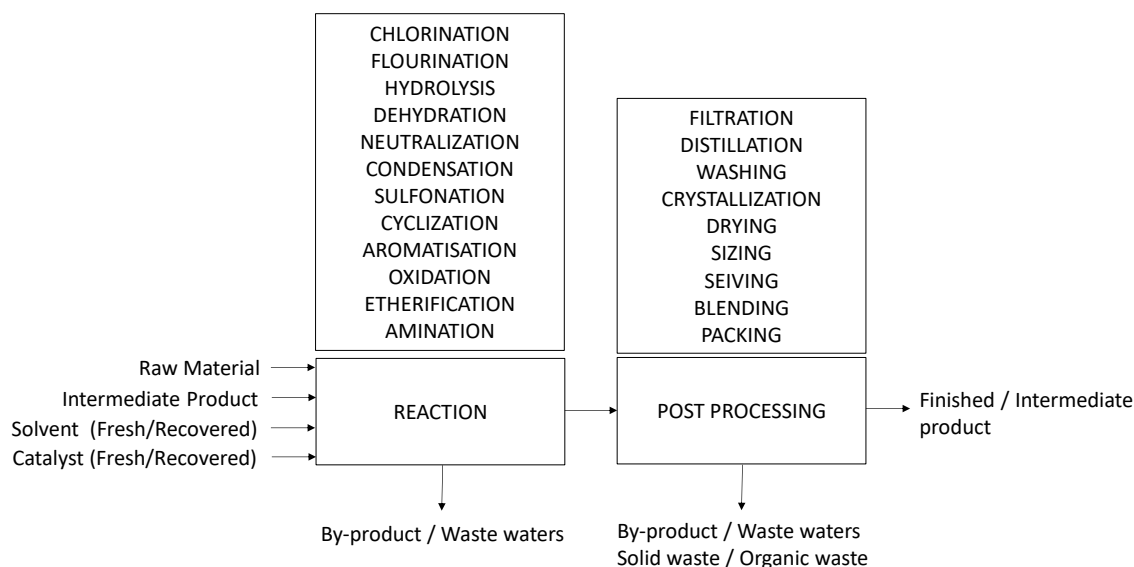
@As per the certificate dated [●] provided by the Statutory Auditor.

Our Manufacturing Facility consists of 3 production blocks for manufacturing technical grade pesticides and its intermediates. The production blocks are equipped with stainless steel and glass lined reactors for conducting various process operations, stainless steel, mild steel, glass lined and graphite tanks for collection and storage of various process streams obtained during the production process, stainless steel and graphite condensers used in recovery of products, by-products, solvents etc, agitated nutsche filter (ANF) dryers, filter press, centrifuges for separation of solids, fluidized bed reactors for drying of powders, pumps for transfer of fluids, powder transfer systems for closed handling of powder and fibre reinforced plastic (FRP).

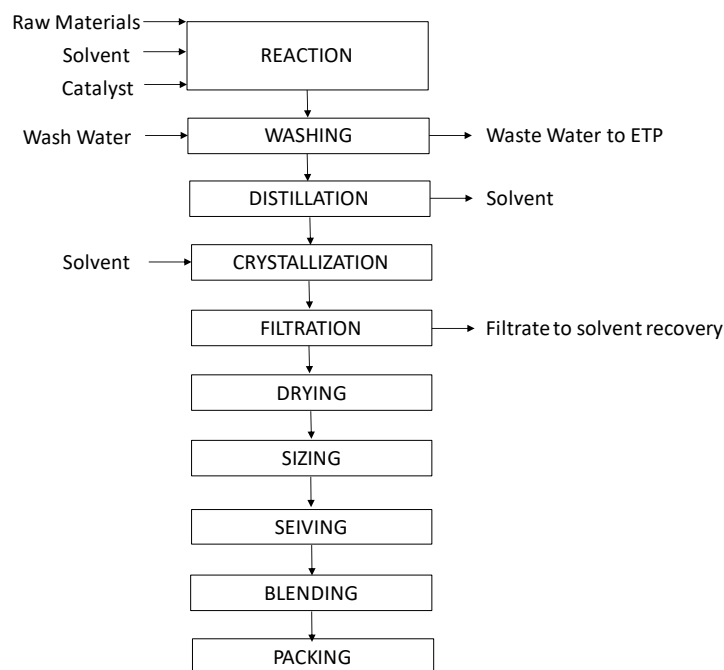
Manufacturing process

Manufacturing of a product can happen in a single process stage or a series of stages. A typical manufacturing process stage consists of a reaction step followed by a post processing step. Raw materials are introduced at various stages of the processing. In the reaction step, the raw materials undergo a chemical change usually in the presence of solvent resulting in the formation of product and impurities, waste products or by-products. In case the reaction step generates gaseous waste, such gases are scrubbed in a multi stage scrubber resulting in by-product or waste water generation. Various types of chemical reactions are involved in the Products manufactured by our Company including chlorination, fluorination, hydrolysis, dehydration, neutralization, condensation, sulfonation, cyclization, aromatisation, oxidation, etherification, and amination. These reaction steps are carried out in stainless steel or glass lined reactors.

Post processing consists of physical processing steps which are used for recovery of solvents, catalysts, or isolation of the target product. The isolated product could be a finished product or a raw material that is used in another stage of production, in which case it is typically referred to as an intermediate product. These processing steps may result in isolation of by-products, generation of waste waters, inorganic solid waste, or organic waste. The post processing steps may consist of one or more processes such as filtration, distillation, washing, crystallization, drying, sizing, sieving, blending, packing. Filtration is carried out in equipment's such as ANF dryer, centrifuge, and filter press. Distillation is carried out in atmosphere pressure or under vacuum in a batch distillation system consisting of a reaction vessel, series of condenser, collection tanks, optionally a distillation column. The washing step is typically carried out in reaction vessels. Crystallization is carried out in equipment specifically designed for the purpose or in reaction vessels. Drying is carried out in an ANF dryer, rotary vacuum dryer, tray dryers or fluidized bed dryers. Sizing is done in equipment such as co-mill, multi-mill. Sieving is done in sieve shakers. Powder blending is done in ribbon blenders. Packing of finished product is done in fibreboard drums, big bags steel drums, etc. as per the standard or customer specification. A generic process flow of the production process is given below.



A typical process flow for the last stage of one of the product manufactured by our Company is given below.



QUALITY CONTROL, ASSURANCE AND MONITORING

Our Company has well-established quality control (QC) and quality assurance (QA) practices. The primary functions of QC are analysis of raw material, in-process, and finished products. The QC team supervises the entire manufacturing process and QC checks are undertaken at each stage of the manufacturing process. The QC process commences with the issue of QC approved raw materials to the production facility from the raw material stores and culminates with packing of QC approved Product to the finished goods stores.

The QC team also undertakes analytical standard preparation, analytical method development, calibration of analytical instrument and control sample management. Our QC facility comprises modern / advanced analytical instrumentation including high performance liquid chromatography and gas chromatography.

QA is an integral part of the manufacturing and allied activities of our Company. Our well defined processes are ISO certified and our facilities have ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and RC 14001:2015 certifications.

As on February 28, 2022, our QC and QA teams comprised 26 qualified and experienced members who are our permanent employees.

RESEARCH AND DEVELOPMENT

Our R&D facility is recognized by the DSIR. Our R&D teams focus on, *inter alia*, process development activity for Products proposed to be commercialized by our Company, safety and scale up studies for new processes, optimizing existing manufacturing processes for reduction in cost of manufacturing and minimization of waste and intellectual property development. The new products to be manufactured /introduced in the market are decided by the top management of our Company based on several criteria such as market potential, volume, price, target pests, geographies of usage, customer requirements etc. The R&D team provides its technical input in the decision making process. The technical inputs include but are not limited to complexity of chemistry, scalability, technology strength, competitive process etc.

We also have a pilot plant facility, where we increase the scale at which we manufacture a Product that has been successfully developed / improved upon in the R&D facility prior to launching full scale commercial production. This pilot plant is located within the premises of the Manufacturing Facility.

Our R&D and pilot plant facility are equipped with in-house quality control lab, glassware, and equipment for synthesis of products from gram to kilo scale.

As on February 28, 2022, our R&D team comprised 13 qualified employees who are our permanent employees.

CUSTOMERS

Our Company caters to a large number of multi-national agrochemical companies, other agrochemicals manufacturing companies in India and overseas, and agrochemical formulation manufacturing and agrochemical distribution companies, trading, and distribution companies. Some of our more prominent customers include Helm AG (Germany), Ascenza Agro S.A. (Portugal), JT Agro Limited (United Kingdom), NACL Industries Limited,, Safex Chemicals (India) Ltd, Nichino Chemical India Private Limited, Sumitomo Chemical India Limited.

MARKETING

Our marketing department is overseen by a whole time director stationed in Mumbai who has varied experience in agrochemical business. He is supported by a dedicated team of 3 employees including an assistant general manager who are based at our registered office in Hyderabad.

Our Company has been operating in the agrochemical industry for more than 25 years and has over the years developed its marketing network in India and overseas in the countries to which our Company exports its products. Our Company continually evaluates potential new opportunities across geographies.

EMPLOYEES

As on February 28, 2022, we employed 424 persons spread across our Manufacturing Facility, our registered office and R&D unit. Set out below is a break-up of our employees by function.

Department	Number of employees (as on February 28, 2022)
Senior management including our MD, CEO and CFO	5
Sales and marketing	3
Production	175
R&D	13
QA and QC	26
Accounts and finance	6
Maintenance	121
Human resource	3
Purchase and sourcing	21
Other (administrative, regulatory affairs, IT, etc.)	51
Total	424

In addition, as on February 28, 2022, 134 employees were engaged by our Company on contract labour basis.

ENVIRONMENTAL REGULATIONS

Our Company has obtained the necessary clearances and consents for establishing and operating the Manufacturing Facility. Our Company complies with the necessary central and state environmental laws.

HEALTH AND SAFETY

The health and safety of our employees are a matter of priority for our Company. Accordingly, our Company has adopted many measures to ensure health and safety of our employees, especially the workers at the factory. Some of the measures adopted include provision of pharmaceutical dispensary, para-medical staff and a qualified part-time doctor, pre-medical check-up at the time of recruitment, periodic medical check-up, installation of safety equipment including personal protective equipment for employees handling chemicals.

Further, towards ensuring minimal exposure to chemicals, all the chemicals are handled in closed loop by providing transfer pumps for liquids and powder transfer system for solid handling. All vents of the equipment are connected to scrubbers to control fugitive emissions.

COMPETITION

Our company faces intense competition in each of its products segment in India and overseas. While we compete against several domestic and international manufacturers of agro-chemical products, set out below are some of our segment wise competitors.

Segment	Competitors
Insecticides	a. Bharat Rasayan Limited b. Sumitomo Chemical India Limited c. Tagros Chemicals India Limited
Herbicides	a. Aimco Pesticides Limited b. Gharda Chemicals Limited
Fungicides	a. Best Agrolife Limited b. UPL Limited

INTELLECTUAL PROPERTY RIGHTS

While our Company does not own any trade marks, it had applied for and been granted 3 patents. In addition, our Company has made 5 applications for patents which are under process. Set out below are details of granted patents.

Sr No.	Class	Application date	Patent no.	Application no.	Status (as on February 28, 2022)	Valid upto
1.	Process Patent	January 28, 2011	296394	IN276/CHE/2011	Granted	January 28, 2030
2.	Process Patent	June 24, 2016	378314	IN201641021818	Granted	June 24, 2035
3.	Process Patent	September 27, 2016	373930	IN201641032890	Granted	September 27, 2035

INSURANCE

Our Company purchases and maintains necessary insurance coverage. In particular, we maintain an industrial all risk policy which covers all perils including fire and allied perils, business interruption loss, machinery break down, etc. for an aggregate insured sum of ₹41,650.00 lakh and works on an exclusion basis. In addition, we also maintain policies for risks like public liability, broad form liability, directors & officers liability, marine insurance cover, etc.

Further, all employees, their spouses and 2 dependent children are covered under a group health insurance policy on floater basis.

PLANT AND MACHINERY

List of the key plant and machinery of our Company with a brief description of the nature and purpose of each.

Equipment	Capacity range	Quantity	Purpose
Reactor	2 – 16 KL	141	Used for reaction, distillation, crystallization, and other process operations
Vertical storage tank	20 – 50 KL	17	Storage of solvents, liquid raw materials, and effluent waste
Horizontal storage tank	17.5 – 20 KL	8	Storage of solvents
Distillation column	300 – 500 mm	35	For separation of liquid mixtures
Condenser	6 – 50 m ²	196	For condensation of vapours
Tank	0.1 – 20 KL	341	Storage of in-process fluids
Centrifuge	48"	15	Filtration of solids from mother liquor
Agitated Nutsche Filter	3 – 5 KL	11	Filtration of solids from mother liquor and for drying of solids
PP filter press	36"x26" and 24"x24"	9 and 4, respectively	Filtration of solids
Crystallisers	5 – 10 KL	8	Product purification
Process pump	6 – 15 m ³ /hr	254	Transfer of fluids
Dry vacuum pump	160 m ³ /hr	22	Generation of vacuum
Water ring vacuum pump	170 m ³ /hr	6	Generation of vacuum
Steam jet ejector	3 stage	11	Generation of vacuum
Scrubbers	3 KL & 600 mm diameter to 10 KL & 1,000 mm diameter	33	For control of fugitive emissions and scrubbing of gases generated during reaction
Blowers	1,500 Nm ³ /hr	16	
Fluidized bed dryer	300 kg	1	For drying of solids
Blender	1 KL	2	For blending of solids
Miller	200 kg/hr	2	For sizing solids
Sifter	200 kg/hr	2	Sieving

Equipment	Capacity range	Quantity	Purpose
Power transfer system	PTS	12	Automated transfer of powders

Further, we also operate a large number of utility equipment and safety equipment, and other plant and machinery including at our effluent treatment plant.

Set out below is a list of equipment used for our QC process:

QC analytical equipment	Quantity
Gas chromatography	7
High performance liquid chromatography	4
Digital PH (potential of hydrogen) meter	1
Melting point apparatus	1
Karl Fischer (KF) digital titrator	1
Conductivity meter	1
Hot air oven	1
Cod digester	1
Analytical weighing balance	4
Water bath	1
Ultrasonic bath	1
Laboratory distilled water equipment	1
Vacuum pump	1

Set out below is a list of equipment used at our R&D facility:

R&D Laboratory Equipment	Quantity
Gas chromatography	2
High performance liquid chromatography	1
Digital PH meter	1
Melting point apparatus	1
KF digital titrator	1
Analytical weighing balance	1

PROPERTY

Set out below are details of the property owned or leased by our Company:

Sr. No.	Location	Address	Owned / Leased / Rented
1.	Cheruvukommupalem Ongole	Cheruvukommupalem Village, Ongole Mandal, Prakasam District, Pin-523272	Owned. Factory Land and abutting green belt area of 29 hectares.
2.	Hyderabad	Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad, Telangana 500034	Leased

In addition, our Subsidiary has taken land measuring 13.72 hectares for lease for a period of 99 years from the KIADB.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Our Company has been regularly spending on social welfare and philanthropic activities in the communities in which it is operating, even when it did not fall under the purview of its CSR obligation. Our Company has constituted a CSR committee in compliance with applicable law. Our Company's total spending on CSR for Fiscal 2021 was ₹ 25.87 lakh constituting 3.98 % of the net profit our Company during Fiscal 2020. Our Company spent an amount of ₹ 31.15 lakh as on December 31, 2021 against the obligation of ₹46.89 lakh during Fiscal 2022.

COVID IMPACT

During the first wave of Covid-19 pandemic, our manufacturing operations were shut down for approximately 10 days. Our Company has diligently adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. All our employees have been double vaccinated.

The impact of the COVID-19 pandemic may be different from what we have considered for estimating our future performance. We will continue to closely monitor any material changes that may occur due to the vagaries of the pandemic and adapt our policies and strategies keeping in view the prevalent circumstances.

OUR MANAGEMENT

Board of Directors

As on the date of this Letter of Offer, we have 8 Directors on our Board, which comprises of 2 Executive Directors, 5 Independent Directors including 1 woman Independent Director and 1 Non-Executive Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act and the SEBI Listing Regulations.

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

S.No.	Name, designation, address, occupation, nationality, term, period of directorship and DIN	Age (years)	Other Directorships
1.	<p>Name: Singavarapu Chandrasekhar</p> <p>Designation: Managing Director</p> <p>Date of Birth: December 19, 1977</p> <p>DIN: 00159543</p> <p>Address: 8-3-318/11/20VS/403, Jaya Prakash Nagar, Near State Home, Yellareddy guda, Hyderabad – 500 073, Andhra Pradesh</p> <p>Occupation: Managing Director of our Company</p> <p>Nationality: Indian</p> <p>Current Term: 5 years effective from June 1, 2020</p> <p>Period of Directorship: Director since July 27, 2010</p>	44	<ul style="list-style-type: none"> Bheema Fine Chemicals Private Limited Advance Transformation Facility Private Limited
2.	<p>Name: Ketan Chamanlal Budh</p> <p>Designation: Whole-time Director</p> <p>Date of Birth: March 6, 1971</p> <p>DIN: 01740025</p> <p>Address: B/302 Silver Oak CHSL, Hiranandani Gardens, Powai Iit, Mumbai – 400 076, Maharashtra</p> <p>Occupation: Whole time director of our Company</p> <p>Nationality: Indian</p> <p>Current Term: 3 years effective from May 14, 2019</p> <p>Period of Directorship: Director since May 14, 2019</p>	50	<ul style="list-style-type: none"> Agnova Chemicals Private Limited Bheema Fine Chemicals Private Limited
3.	<p>Name: Singavarapu Lalitha Sree</p>	44	<i>Nil</i>

S.No.	Name, designation, address, occupation, nationality, term, period of directorship and DIN	Age (years)	Other Directorships
	<p>Designation: Non-Executive Director</p> <p>Date of Birth: January 3, 1978</p> <p>DIN: 06957985</p> <p>Address: 8-3-318/11/20VS/403, Jaya Prakash Nagar, Near State Home, Yellareddy Guda, Hyderabad – 500 073, Andhra Pradesh</p> <p>Occupation: Self Employed</p> <p>Nationality: Indian</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since August 11, 2014</p>		
4.	<p>Name: Kanumuru Satyanarayana Raju</p> <p>Designation: Chairman, Independent Director</p> <p>Date of Birth: June 29, 1950</p> <p>DIN: 00008177</p> <p>Address: 1-60/1, Survey No. 197 and 207, IDA Bolaram Road, Miyapur, Hyderabad – 500 050, Andhra Pradesh</p> <p>Nationality: Indian</p> <p>Occupation: Business</p> <p>Current Term: 3 years with effect from December 14, 2021</p> <p>Period of Directorship: Director since July 29, 2005</p>	71	<ul style="list-style-type: none"> • KLR Green Biologicals Private Limited • Nagaarjuna Shubho Technologies Private Limited • Nagarjuna Oil Refinery Limited • Kanumuru Properties and Images Private Limited • Global Horizon Urban Infra Private Limited • Himagiri Hydro Energy Private Limited • Himagiri Enterprises Private Limited
5.	<p>Name: Sudhakar Kudva</p> <p>Designation: Independent Director</p> <p>Date of Birth: December 6, 1950</p> <p>DIN: 02410695</p> <p>Address: Flat No. 405, Penta Heights, 5th Main Indrali, Udupi – 576 102, Karnataka</p> <p>Occupation: Chartered Accountant</p> <p>Nationality: Indian</p> <p>Current Term: 5 years with effect from August 9, 2019</p>	71	<ul style="list-style-type: none"> • NACL Industries Limited

S.No.	Name, designation, address, occupation, nationality, term, period of directorship and DIN	Age (years)	Other Directorships
	Period of Directorship: Director since October 31, 2008		
6.	<p>Name: Krishnarao S V Gadepalli</p> <p>Designation: Independent Director</p> <p>Date of Birth: November 2, 1957</p> <p>DIN: 08199210</p> <p>Address: Flat No.204, My Home Gardenia, Ameerpet, Opp. Hotel Green Park, Ameerpet, Secunderabad, Hyderabad – 500 016, Andhra Pradesh</p> <p>Occupation: Professional</p> <p>Nationality: Indian</p> <p>Current Term: 5 years with effect from November 13, 2018.</p> <p>Period of Directorship: Director since November 13, 2018</p>	64	<i>Nil</i>
7.	<p>Name: Kishor Shah</p> <p>Designation: Independent Director</p> <p>Date of Birth: February 6, 1964</p> <p>DIN: 00193288</p> <p>Address: 701 Casa Grande, Senapati Bapat Marg, Opp. Peninsula Corporate Park, Lower Parel, , Mumbai – 400 013, Maharashtra, India</p> <p>Occupation: Chartered Accountant</p> <p>Nationality: Indian</p> <p>Current Term: 5 years with effect from September 14, 2020</p> <p>Period of Directorship: Director since September 14, 2020</p>	57	<ul style="list-style-type: none"> • GKW Limited • Aamara Capital Private Limited • Ehaat Limited
8.	<p>Name: G Aruna</p> <p>Designation: Independent Director</p> <p>Date of Birth: January 1, 1961</p> <p>DIN: 08978947</p> <p>Address: 3023 Maple, Sobha Forest View Apts, 100 ft Vajarahalli Road, BSK 6th Stage Extn. Thalaghattapura, Bangalore – 560 062,</p>	61	<i>Nil</i>

S.No.	Name, designation, address, occupation, nationality, term, period of directorship and DIN	Age (years)	Other Directorships
	Karnataka Occupation: Self Employed Nationality: Indian Current Term: 5 years with effect from December 4, 2020 Period of Directorship: Director since December 4, 2020		

Confirmations

None of our Directors is, or was a director of any listed company during the last 5 years preceding the date of filing of this Letter of Offer, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company except as mentioned below:

Kanumuru Satyanarayana Raju, one of our independent directors in chairman category is also a director on the board of Nagarjuna Oil Refinery Limited (**NORL**) since November 16, 2010. Equity shares of NORL were suspended from trading on December 26, 2019 (closing hour of trading on December 24, 2019) pursuant to an order bearing no. IA No. 852/2019 in CP (IB) 48/7/HDB/2019 passed by National Company Law Tribunal, Hyderabad Bench.

None of our Directors is or was 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, in the last 10 years immediately preceding the date of filing of this Letter of Offer, except as mentioned below:

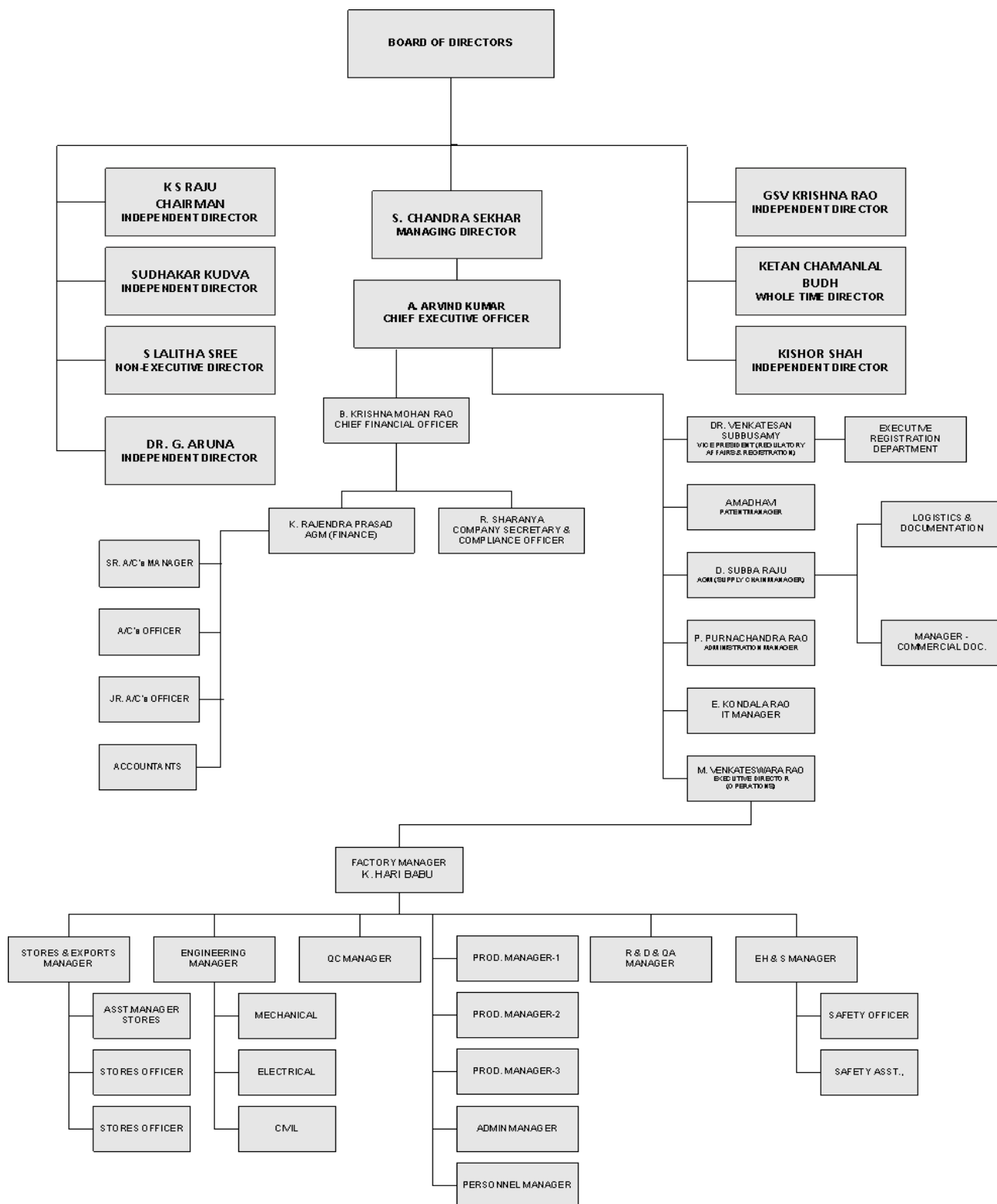
Kanumuru Satyanarayana Raju, one of our independent directors in chairman category is also a director on the board of NORL since November 16, 2010. Equity shares of NORL were delisted with effect from February 24, 2021 in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, Section 21A of the Securities Contract (Regulations) Act, 1956 read with Securities Contract (Regulations) Rules, 1957 and Bye-Laws of SEBI. Presently, liquidation proceedings are undergoing against NORL.

Details of key management personnel and senior management personnel

Sr. No	Name of key management personnel and senior management personnel	Designation	Date of appointment (or re-appointment as the case may be)
Key Management Personnel			
1.	Singavarapu Chandrasekhar	Managing Director	June 1, 2012
2.	Ketan Chamanlal Budh	Whole-time Director	May 14, 2019
3.	Arvind Kumar Anegondi	Chief Executive Officer	December 1, 2014
4.	Bandhakavi Krishna Mohan Rao	Chief Financial Officer	August 14, 2018
5.	R Sharanya	Company Secretary and Compliance Officer	February 26, 2022
Senior Management Personnel			
6.	Dr Venkatesan Subbu Samy	Vice President (Regulatory Affairs & Registration)	April 19, 2021
7.	Siva Rami Reddy	Asst Vice President (R&D)	September 04, 2010

8.	K Hari Babu	Factory Manager	February 02, 1997
9.	M Venkateswara Rao	Executive Director (Operations)	August 08, 1996

Organizational Structure of our Company



SECTION V: FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1.	Audited Consolidated Financial Statements of our Company as at and for the financial year ended March 31, 2021.	109
2.	Unaudited Consolidated Financial Statements of our Company as at and for the nine month period ended December 31, 2021.	161



Independent Auditor's Report

To
The Members
of Bhagiradha Chemicals & Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Bhagiradha Chemicals & Industries Limited** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in

equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sl. No	Key Audit Matter	Auditor's Response
1	<p>Net Realisable value of Finished Goods</p> <p>Finished goods inventory are valued at lower of cost or net realizable value. Considering that there is always a volatility in the Selling price of the Agro-Chemicals, which is dependent upon various market conditions, determination of net realizable value for these chemicals involves significant management judgement and therefore has been considered as a key audit matter.</p> <p>The total value of finished goods (Agro chemicals) as at 31st March, 2021 is ₹ 20,23,36,625/- which is in accordance with the accounting policies referred to in Note no. 2.10(c).</p>	<p>1. Evaluated the design of internal controls relating the management judgments and estimates relating to quantity, purity, fair value less costs to sell and also tested the operating effectiveness of the aforesaid controls.</p> <p>2. Obtained an understanding of the significant management judgements applied in determination of the quantity, purity and their fair value and assessed and tested the reasonableness of these judgements.</p> <p>3. Obtained the market information for the fair values and compare them with the rates considered by the management in determining the fair values.</p> <p>4. Assessed the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.</p>



08/05



Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

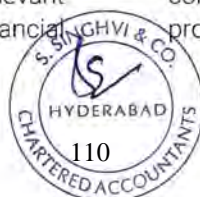
The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.





Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

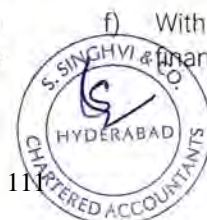
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Boards of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the



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operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.



For S Singhvi & Co.
Chartered Accountants
Firm Regi. No. 003872S

Shailendra Singhvi
Proprietor

Place : Hyderabad

Dated : 04.05.2021

Membership No. 023125/ICAI

UDIN No. : 21023125AAAABA7741





Annexure "A" to the Independent Auditor's Report of Even Date on the Financial Statements of Bhagiradha Chemicals & Industries Limited

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Bhagiradha Chemicals & Industries Limited** (hereinafter referred to as the "Company") and its subsidiary companies, incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

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expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.



For S Singhvi & Co.
Chartered Accountants
Firm Regi. No. 003872S

Shailendra Singhvi
Proprietor

Place : Hyderabad

Dated : 04.05.2021

Membership No. 023125/ICAI

UDIN No. : 21023125AAAA7741





Consolidated Balance Sheet

AS AT 31ST MARCH, 2021

(in ₹)

PARTICULARS	NOTE	AS AT 31-03-2021	AS AT 31-03-2020
ASSETS			
Non-current assets			
Property, Plant & Equipment	3	1,518,816,792	1,382,362,705
Right of use assets	4	2,246,492	-
Capital Work in Progress	5	15,779,219	31,045,526
Intangible Assets	6	2,707,821	464,521
Intangible Assets under development	7	1,702,076	5,128,076
Financial Assets			
Investments	8	-	-
Loans	9	22,492,624	22,442,624
Deposits & Others	10	23,976,297	4,750,816
Deferred tax assets (Net)	11	-	16,452,853
Other Non Current Assets	12	3,132,222	4,299,012
Total Non Current Assets		1,590,853,543	1,466,946,133
Current assets			
Inventories	13	503,754,423	562,541,183
Financial Assets			
Trade receivables	14	596,578,174	114,925,818
Cash and cash equivalents	15	3,507,909	27,489,321
Other bank balances	16	2,609,190	9,724,515
Deposits & Others	17	1,943,584	1,915,767
Current Tax Assets (Net)	18	1,533,815	1,533,815
Other Current Assets	19	30,953,675	67,569,990
Total Current Assets		1,140,880,770	785,700,409
Total Assets		2,731,734,313	2,252,646,541
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	20	83,342,500	83,342,500
Other Equity	21	1,473,523,738	1,239,107,069
Total Equity		1,556,866,238	1,322,449,569
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	22	192,192,765	74,271,938
Other Financial Liabilities	23	15,878,078	15,247,154
Provisions	24	-	9,648,490
Deferred tax Liabilities (Net)	25	15,567,804	-
Total Non Current Liabilities		223,638,648	99,167,582
Current Liabilities			
Financial Liabilities			
Borrowings	26	386,663,366	315,766,480
Trade payables	27	476,903,394	241,672,059
Other Financial Liabilities	28	80,936,174	269,988,611
Other current liabilities	29	4,155,320	3,602,240
Provisions	24	1,676,188	-
Current Tax Liabilities	30	894,985	-
Total Current Liabilities		951,229,427	831,029,390
Total Liabilities		1,174,868,075	930,196,972
Total Equity & Liabilities		2,731,734,313	2,252,646,541

Summary of Significant Accounting Policies

1 to 2

The accompanying notes are an integral part of the standalone financial statements 3 to 54

As per our report of even date

For S Singhvi & Co.,

Chartered Accountants

Firm Reg. No.: 003872S

Shailendra Singhvi

Proprietor

Membership No.: 023125/ICAI

Place: Hyderabad

Date: 04.05.2021



For and on behalf of the Board of Directors

Bhagiradha Chemicals & Industries Limited

K S Raju

Chairman

DIN NO. 00008177

A Arvind Kumar

Chief Executive Officer

S Chandra Sekhar

Managing Director

DIN NO. 00159543

B Krishna Mohan Rao

Chief Financial Officer

Saheli Banerjee

Company Secretary

Consolidated Statement of Profit & Loss

FOR THE YEAR ENDED 31ST MARCH, 2021

(in ₹)

SI. No.	PARTICULARS	NOTE	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
I.	Income:			
	Revenue from Operations	31	3,178,977,052	2,456,715,343
	Other Income	32	6,381,394	16,706,244
	Total Revenue (I)		3,185,358,446	2,473,421,587
II.	Expenses:			
	Cost of Materials Consumed	33	1,961,095,166	1,517,236,097
	Change in inventories of finished goods and Work in progress	34	47,529,386	78,841,819
	Employee benefits expense	35	194,273,988	188,935,196
	Financial costs	36	82,705,570	54,846,209
	Depreciation expense	3	81,652,939	66,601,877
	Other expenses	37	507,222,483	502,437,368
	Total Expenses (II)		2,874,479,532	2,408,898,566
III.	Profit/(Loss) Before Exceptional Items and Tax (I-II)		310,878,914	64,523,021
	Exceptional Items	39	10,540,197	24,704,216
IV.	Profit/(Loss) After Exceptional Items and Before Tax		321,419,111	89,227,237
V.	Tax expense:	40		
	Current tax		56,715,252	14,071,085
	MAT Credit Entitlement		(43,726,845)	(14,071,085)
	Deferred tax charge/ (credit)		75,242,717	22,181,249
	Earlier years Tax		-	1,975,224
			88,231,123	24,156,473
VI.	Profit/(Loss) for the year		233,187,988	65,070,765
	Other Comprehensive Income	41		
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	Remeasurement on employees defined benefit plan		1,733,466	(4,928,863)
	Deferred tax credit on above		(504,785)	1,371,210
	Total other Comprehensive Income, net of tax		1,228,681	(3,557,653)
	Total Comprehensive Income, net of tax		234,416,669	61,513,112
	Earning per equity share of ₹ 10/- each fully paid:	42		
	Basic (₹)		28.06	7.83
	Diluted (₹)		28.06	7.83
	Summary of Significant Accounting Policies	1 to 2		

The accompanying notes are an integral part of the standalone financial statements 3 to 54

As per our report of even date

For S Singhvi & Co.,
Chartered Accountants
Firm Regi. No.: 003872S

Shailendra Singhvi
Proprietor
Membership No.: 023125/ICAI

Place : Hyderabad
Date : 04.05.2021



For and on behalf of the Board of Directors
Bhagiradha Chemicals & Industries Limited

K S Raju
Chairman
DIN NO. 00008177

A Arvind Kumar
Chief Executive Officer

S Chandra Sekhar
Managing Director
DIN NO. 00159543

B Krishna Mohan Rao
Chief Financial Officer

Saheli Banerjee
Company Secretary



Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST MARCH, 2021

PARTICULARS	(in ₹)	
	AS AT 31-03-2021	AS AT 31-03-2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit Before Tax	321,419,111	89,227,237
Adjustments for :		
Depreciation	81,652,939	66,601,877
Loss on sale of fixed assets	2,813,026	-
Interest Paid	48,414,664	41,917,327
Interest income & Notional Income	(4,065,569)	(3,823,443)
Provision for bad & doubtful debts	337,363	57,348
Exchange Differences on translation of assets & liabilities	(1,728,388)	(4,886,457)
Gratuity & Compensated absence	4,761,164	4,217,620
Operating profit before working capital changes	453,604,310	193,311,510
Adjustments for movement in working capital :		
(Increase)/Decrease in Inventories	58,786,760	12,603,279
(Increase)/Decrease in Trade Receivables	(481,652,356)	727,381,484
(Increase)/Decrease in Other Financial & Non Financial Assets	25,595,133	64,248,884
Increase/(Decrease) in Trade Payables	235,231,335	(583,343,678)
Increase/(Decrease) in Other Financial, non financial liabilities & provisions	(194,242,869)	99,569,267
Cash generated from operations	97,322,312	513,770,745
Direct taxes paid (Net of refund)	(55,914,584)	(32,170,126)
Net cash flow from operating activities (A)	41,407,728	481,600,619
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant & Equipments (Tangible & Intangible)	(213,960,327)	(388,299,563)
Proceeds from sale of property, plant & equipments	3,816,790	-
Investments in Subsidiary Company	-	-
Interest received	2,540,853	2,298,727
Net cash flow used in investing activities (B)	(207,602,684)	(386,000,836)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds/(Repayment) of long term borrowings (Net)	117,920,827	7,622,880
Proceeds/(Repayment) of short term borrowings (Net)	70,896,886	(38,807,641)
Dividend Paid	-	(20,035,569)
Interest paid	(46,604,170)	(40,004,688)
Net cash used in financing activities (C)	142,213,544	(91,225,019)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(23,981,412)	4,374,764
Cash and cash equivalents at the beginning of the year	27,251,369	22,876,605
Cash and cash equivalents at end of the year	3,269,957	27,251,369
Cash and cash equivalents include		
Cash on hand	141,539	169,401
Balances with banks in current accounts	3,128,418	27,081,968

The above cash flow statement has been prepared using the 'Indirect Method' as set out in the IND AS - 7 on Cash Flow Statement as notified by the Central Government under the Companies Act, 2013

As per our report of even date

For S Singhvi & Co.,
Chartered Accountants
Firm Reg. No.: 003872S

Shailendra Singhvi
Proprietor
Membership No.: 023125/ICAI

Place : Hyderabad
Date : 04.05.2021



For and on behalf of the Board of Directors
Bhagiradha Chemicals & Industries Limited

K S Raju
Chairman
DIN NO. 00008177

A Arvind Kumar
Chief Executive Officer

S Chandra Sekhar
Managing Director
DIN NO. 00159543

B Krishna Mohan Rao
Chief Financial Officer

Saheli Banerjee
Company Secretary



Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31ST MARCH, 2021

a Equity Share Capital

PARTICULARS	AS AT 31.03.2021		AS AT 31.03.2020	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
As at April 01, 2020	8,309,700	83,097,000	8,309,700	83,097,000
Add: Forfeited Shares (amount originally paid up)	-	245,500	-	245,500
Add: Issued during the year	-	-	-	-
As at March 31, 2021	8,309,700	83,342,500	8,309,700	83,342,500

b Other Equity

PARTICULARS	Security Premium Reserve	General Reserve	Retained Earnings	(in ₹) Total
As at April 01, 2019	552,476,000	90,273,859	554,879,668	1,197,629,527
Add: Profit for the year	-	-	65,070,765	65,070,765
Add: Issued during the year	-	-	-	-
Less : Equity Dividend (₹ 2/ per equity Share)			(16,619,400)	(16,619,400)
Less : Corporate Tax on Equity Dividend			(3,416,169)	(3,416,169)
Add: Other Comprehensive Income for the year :				
Remeasurement of employees defined benefit plans	-	-	(4,928,863)	(4,928,863)
Deferred tax on above	-	-	1,371,210	1,371,210
As at March 31, 2020	552,476,000	90,273,859	596,357,210	1,239,107,069
As at April 01, 2020	552,476,000	90,273,859	596,357,210	1,239,107,069
Add: Profit for the year	-	-	233,187,988	233,187,988
Remeasurement of employees defined benefit plans	-	-	1,733,466	1,733,466
Deferred tax on above	-	-	(504,785)	(504,785)
As at March 31, 2021	552,476,000	90,273,859	830,773,879	1,473,523,738

As per our report of even date

For S Singhvi & Co.,
Chartered Accountants
Firm Reg. No. 003872S

Shailendra Singhvi
Proprietor
Membership No. 023125/ICAI

Place : Hyderabad
Date : 04.05.2021



For and on behalf of the Board of Directors
Bhagiradha Chemicals & Industries Limited

K S Raju
Chairman
DIN NO. 00008177

A Arvind Kumar
Chief Executive Officer

S Chandra Sekhar
Managing Director
DIN NO. 00159543

B Krishna Mohan Rao
Chief Financial Officer

Saheli Banerjee
Company Secretary



Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

1. OVERVIEW OF THE COMPANY

Bhagiradha Chemicals & Industries Limited (herein referred to as 'the Parent Company' or the 'the Company') together with its subsidiaries (together referred to as 'the Group') carries on the business of manufacturing and sales of Agro Chemicals. It is incorporated under the Companies Act and its shares are listed on the Bombay Stock Exchange. The registered office of the Company is at 8-2-269/3/A, Plot No 3, Sagar Society, Road No 2, Banjara Hills, Hyderabad - 500 034 (TS)

PRINCIPLES OF CONSOLIDATION

1.1 Business Combination

In accordance with Ind AS 103, the group accounts for these business combinations using the acquisition method when control is transferred to the group. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss. If a business combination is achieved in stages, any previously held equity interest in

the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Subsidiary companies considered in the Consolidated Financial Statements are as follows:

Name of the Company	Bheema Fine Chemicals & Industries Limited
Country of incorporation	India
% age voting power held as at 31 March 2021	100%
% age voting power held as at 31 March 2020	N.A

1.3 Non Controlling Interests

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement profit or loss.

08/08/21



Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation & compliance with IND AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The financial statements of the company are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS.

- Certain financial assets and liabilities are measured at fair value (Refer accounting policy on financial instruments)
- Defined benefit and other long term Employee Benefits.
- Current versus non current classification: All the assets and liabilities have been classified as current and non current as per the Company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

2.2 Uses of Estimates & judgments

The preparation of Consolidated Financial Statements in conformity with the generally accepted accounting principles requires management to make estimates and

assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements and reviewed on an ongoing basis. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Measurement of Fair Values

The accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted price included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)





Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

- Level 3 - Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.4 Property, Plant and Equipment and Depreciation

- a) Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.
- b) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.
- c) Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.
- d) Expenditure during construction period: Expenditure (direct & indirect) incurred during the construction period which are attributable to acquisition / construction of fixed assets, will be capitalized with the respective Plant, Property & Equipment at the time of commissioning of such assets.

- e) The estimated useful life of assets are as follows:

Building	30 - 60 Years
Plant and equipment	20 - 25 Years
Plant and equipment - R & D	10 Years
Furniture and fixtures	10 Years
Vehicles	8 Years
Office equipment	5 Years
Computer and data processing equipment	3 Years

- f) Leasehold improvements and leasehold land are amortized over the lease term except for lease hold land acquired under perpetual lease.
- g) Depreciation on tangible fixed assets (property, plant and equipment) has been provided on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.
- h) Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately under other current assets in the financial statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- i) An item of property, plant and equipment is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the consolidated Statement of Profit and Loss.

2.5 Intangible Assets

- a) Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- b) Subsequent expenditure related to an item of intangible assets is added to its book value, only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

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Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

- c) In respect of Intangible fixed assets amortised on straight line basis - Technical know how @ 5.28 % p.a., computer software over a period of useful life of 3 years and product development expenses are to be amortised over a period of their useful life of 4 years.
- d) An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of fixed assets carried at cost are recognised in the Statement of Profit and Loss.

2.6 Impairment of Property, Plant and Equipment

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists.

2.7 Borrowing Costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue and recognized as an expense in the Consolidated Statement of Profit and Loss.

2.8 Research and Development Cost

Research and development costs incurred for development of products are expensed as incurred, except for development costs that relate to the design and testing of new or improved materials, products or processes, which are recognized as an intangible asset to the extent that it is technically feasible to complete the development of such asset and future economic benefits are expected to be generated from such assets. Capital expenditure on research and development is included as part of assets and depreciated on the same basis as other assets.

2.9 Non Current Assets held for Sale

Non-current assets are classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through

continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised as profit or loss. Once classified as held-for-sale they are no longer amortised or depreciated.

2.10 Inventories

- a) Inventories are valued at lower of cost or net realizable value on an item-by-item basis.
- b) Cost of finished goods, traded goods and work in progress is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location. Cost of raw materials, packing materials and consumables is determined on weighted average basis.
- c) Cost of Finished goods and work in progress : Cost includes cost of direct materials, labour and other related costs incurred in bringing the inventories to their present condition & location.
- d) Goods in transit are valued at cost which represents the cost incurred up to the stage at which the goods are in transit.

2.11 Cash and Cash Equivalents

Cash comprises of cash at bank and on hand and cash equivalents comprise of short-term bank deposits with an original maturity of three months or less.

2.12 Cash Flow Statement

Cash flows are reported using indirect method as set out in IND AS 7, "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and deferrals of accruals of past or future cash receipts or payments. The cash flows from operating, Investing and financing activities of the Group are segregated based on the available information.





Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

2.13 Leases

A lease is classified at the inception date as finance lease or an operating lease. Leases under which the Group assumes substantially, all the risk and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of Profit and loss. Other leases are treated as operating leases, with payments recognised as expenses in the statement of profit and loss on a straight line basis over the lease term.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method

from the commencement date to the earlier of the end of the useful life of the right of-use asset or the end of the lease term.

The estimated useful lives of right of-use assets are determined on the same basis as those of property and equipment/primary period of lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method.

The Group has used number of practical expedients when applying Ind AS 116: - Short term leases, leases of low-value assets and single discount rate.

The Group has elected not to recognise right of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

2.14 Revenue Recognition

- a) Sale of goods is recognized as revenue when the significant risks and rewards of ownership of the goods have been passed on to the buyer. Revenues are recognized when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods is measured at the fair value of the consideration received or

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receivable, net of returns and allowances, trade discounts and volume rebates.

- b) Income from services rendered is recognized based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service.
- c) Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of exports made.
- d) Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable. For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate method to the net carrying amount of the financial assets.

2.15 Income Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and Minimum Alternate Tax (MAT) credit entitlement.

a) Current Tax

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

"Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and liabilities are offset only if: a) The entity has a legally





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enforceable right to set off current tax assets against current tax liabilities; and b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity"

c) **Minimum Alternate Tax**

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the statement of profit & loss and is considered as (MAT credit entitlement). The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period. MAT credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

2.16 Employee Benefits

Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

I. **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group contributes to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services. Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India (LIC) and the contribution is charged to Statement of profit and loss, when the contribution to the Fund is due.

II. **Defined benefit plans**

The Group provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC). The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance

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of leave available over and above the maximum accumulation allowed as per the company's policy.

2.17 Foreign Currency Transactions

- a) Initial recognition-Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount, the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- b) Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.18 Provisions and Contingencies

- a) A provision is recognised, if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.
- b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible

obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

2.19 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.20 Earnings per Share

Basic EPS is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.21 Operating Cycles

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/ activities of the Group, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.22 Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's board of directors.



Notes to Consolidated Financial Statements

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2.23 Financial Instruments

a) Financial Assets

i) Recognition and initial measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss.

ii) Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.

Financial assets at fair value through profit (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any

interest or dividend income, are recognised in the statement of profit and loss.

Financial instruments measured at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

iv) Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables.

The application of simplified approach does not require the Group to track





changes in credit risk. Rather, It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

b) Financial Liabilities

i) Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial liability is initially measured at fair value, in case of financial liability which is recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the issue of a financial liability.

ii) Subsequent measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held- for- trading, or as a derivative or if designated as such on initial recognition. Financial liabilities 'at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability is extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv) Setting off financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.





Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

3. PROPERTY, PLANT & EQUIPMENT

Particulars	Freehold land	Lease Hold Land	Buildings	Plant and equipment	Electrical Installations	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Total Property, plant and equipment
(in ₹)										
Gross carrying value										
Balance as at April 01, 2019	27,182,917	-	184,798,602	1,174,107,557	113,682,846	3,380,186	4,632,389	3,687,192	6,316,249	1,517,787,938
Additions	19,405,070	-	14,714,957	317,431,943	35,685,726	465,625	832,886	1,215,012	805,371	390,556,589
Deductions / Adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	46,587,987	-	199,513,559	1,491,539,499	149,368,572	3,845,811	5,465,275	4,902,204	7,121,620	1,908,344,527
Accumulated Depreciation										
Opening Accumulated depreciation	-	-	47,568,948	334,683,562	63,041,203	2,380,926	3,537,802	2,716,265	5,715,505	459,644,211
Depreciation charge during the year	-	-	5,764,426	49,593,239	9,438,830	145,282	402,065	565,054	428,715	66,337,611
Disposal/Adjustments	-	-	-	-	-	-	-	-	-	-
Closing Accumulated depreciation	-	-	53,333,374	384,276,801	72,480,033	2,526,208	3,939,867	3,281,319	6,144,220	525,981,822
Net Carrying amount as at 31.03.2020	46,587,987	-	146,180,185	1,107,262,698	76,888,539	1,319,603	1,525,408	1,620,885	977,400	1,382,362,705
Gross carrying value										
Balance as at April 01, 2020	46,587,987	-	199,513,559	1,491,539,499	149,368,572	3,845,811	5,465,275	4,902,204	7,121,620	1,908,344,527
Additions	968,000	74,272,050	1,368,914	131,719,590	14,191,653	118,346	373,776	665,365	-	223,677,694
Deductions / Adjustments	-	-	-	11,180,801	-	-	-	2,182,787	-	13,363,588
Balance as at March 31, 2021	47,555,987	74,272,050	200,882,473	1,612,078,288	163,560,225	3,964,157	5,839,051	3,384,782	7,121,620	2,118,658,633
Accumulated Depreciation										
Opening Accumulated depreciation	-	-	53,333,374	384,276,801	72,480,033	2,526,208	3,939,867	3,281,319	6,144,220	525,981,822
Depreciation charge during the year	-	209,651	6,002,266	61,406,054	11,643,654	153,873	403,881	678,774	95,638	80,593,791
Disposal/Adjustments	-	-	-	4,660,127	-	-	-	2,073,645	-	6,733,772
Closing Accumulated depreciation	-	209,651	59,335,640	441,022,728	84,123,687	2,680,081	4,343,748	1,886,448	6,239,858	599,841,841
Net Carrying amount as at 31.03.2021	47,555,987	74,062,399	141,546,833	1,171,055,560	79,436,539	1,284,076	1,495,303	1,498,334	881,762	1,518,816,792

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4. RIGHT OF USE ASSETS

		(in ₹)
Particulars		AS AT 31.03.2021
Land		
Balance as at April 01, 2020		
Additions		2,252,940
Deductions / Adjustments		-
Balance as at March 31, 2021		2,252,940
Accumulated Depreciation		
Opening Accumulated depreciation		
Depreciation charge during the year		6,448
Disposal/Adjustments		-
Closing Accumulated depreciation		6,448
Total		2,246,492

5. CAPITAL WORK IN PROGRESS (Assets under installation)

					(in ₹)
Particulars	Civil Works	Plant and equipment	Preoperative Expenses	Total Capital Work in progress	
As at April 01, 2019	3,611,350	30,241,202	-	33,852,552	
Additions	11,103,607	347,567,213	-	358,670,820	
Deductions / Capitalised	14,714,957	346,762,889	-	361,477,846	
As at March 31, 2020	-	31,045,526	-	31,045,526	
As at April 01, 2020	-	31,045,526		31,045,526	
Additions	3,907,520	126,933,823	1,172,507	132,013,850	
Deductions / Capitalised	1,368,914	145,911,243	-	147,280,157	
As at March 31, 2021	2,538,606	12,068,106	1,172,507	15,779,219	

6. INTANGIBLE ASSETS

					(in ₹)
Particulars	Computer Software Purchased	Technical Know How	Product Registration	Total Intangible Assets	
Gross carrying value					
Balance as at April 01, 2019	178,715	4,070,000	914,800	5,163,515	
Additions	-	-	-	-	
Disposals	-	-	-	-	
As at March 31, 2020	178,715	4,070,000	914,800	5,163,515	
Amortisation					
As at April 01, 2019	136,028	4,070,000	228,700	4,434,728	
Charge for the year	35,566	-	228,700	264,266	
Disposal	-	-	-	-	
As at March 31, 2020	171,594	4,070,000	457,400	4,698,994	
Net Carrying amount as at 31.03.2020	7,121	-	457,400	464,521	



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Particulars	Computer Software Purchased	Technical Know How	Product Registration	(in ₹) Total Intangible Assets
Gross carrying value				
Balance as at April 01, 2020	178,715	4,070,000	914,800	5,163,515
Additions	-	-	3,296,000	3,296,000
Disposals	-	-	-	-
As at March 31, 2021	178,715	4,070,000	4,210,800	8,459,515
Amortisation				
As at April 01, 2020	171,594	4,070,000	457,400	4,698,994
Charge for the year	-	-	1,052,700	1,052,700
Disposal	-	-	-	-
As at March 31, 2021	171,594	4,070,000	1,510,100	5,751,694
Net Carrying amount as at 31.03.2021	7,121	-	2,700,700	2,707,821

7. INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible Assets under development	Product Registration	(in ₹) Total Capital Work in progress
As at April 01, 2019	4,578,076	4,578,076
Additions	550,000	550,000
Deductions	-	-
As at March 31, 2020	5,128,076	5,128,076
As at April 01, 2020	5,128,076	5,128,076
Additions	-	-
Deductions	3,426,000	3,426,000
As at March 31, 2021	1,702,076	1,702,076

8. INVESTMENTS

PARTICULARS	AS AT 31-03-2021	(in ₹) AS AT 31-03-2020
INVESTMENT IN Equity Instruments (Unquoted)		
Investments in Subsidiary (Valued at cost unless stated otherwise)	-	-
Total	-	-

9. FINANCIAL ASSETS - LOANS

PARTICULARS	AS AT 31-03-2021	(in ₹) AS AT 31-03-2020
Non Current		
(Unsecured considered good unless otherwise stated)		
Security Deposit	22,492,624	22,442,624
Total	22,492,624	22,442,624



Notes Forming Part of the Consolidated Financial Statements

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10. OTHER FINANCIAL ASSETS

(in ₹)

PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Non Current		
Balances with Banks:		
On term deposits with original maturity of more than 12 months	21,857,904	3,507,247
Interest accrued on deposits	2,118,393	1,243,569
Total	23,976,297	4,750,816

11. DEFERRED TAX ASSETS (NET)

(in ₹)

PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Deferred tax assets relating to:		
Unused tax losses/depreciation	-	57,295,065
Expenses allowable on payment basis	-	5,371,513
Relating to Ind AS adjustments	-	-
Total deferred tax assets	-	62,666,577
Deferred tax liabilities relating to:		
Accumulated depreciation for tax purposes	-	134,210,920
Relating to Ind AS adjustments	-	3,801,049
Total deferred tax liabilities	-	138,011,969
Deferred tax assets (Net)	-	(75,345,392)
Add: MAT credit entitlement	-	91,798,244
Total deferred tax assets (net)	-	16,452,853

11.1 DEFERRED TAX ASSETS/(LIABILITIES)

For the year ended March 31, 2020

(in ₹)

PARTICULARS	Opening Balance	Recognised In Profit & Loss	Recognised In Other Comprehensive Income	Closing Balance
Accelerated depreciation for tax purpose	(101,406,515)	(32,804,406)	-	(134,210,920)
MAT credit Entitlement	77,727,159	14,071,085	-	91,798,244
Unused tax losses/depreciation	47,827,481	9,467,584	-	57,295,065
Expenses allowed on payment basis	4,394,347	977,166	-	5,371,512
Other items giving rise to temporary differences	(5,350,666)	178,408	1,371,210	(3,801,049)
	23,191,807	(8,110,163)	1,371,210	16,452,853





Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

12. OTHER NON CURRENT ASSETS

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Unsecured - considered good unless otherwise stated		
Capital Advances	3,132,222	4,299,012
Total	3,132,222	4,299,012

13. INVENTORIES

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Valued at Cost or net realisable value whichever is lower		
Raw Material	175,545,630	181,960,347
Raw Material in bonded ware house	6,706,979	3,176,558
Work in progress	93,848,291	89,494,277
Finished Goods	202,336,625	254,220,025
Packing Materials	2,134,529	1,663,059
Coal & Fuel	8,038,654	29,746,079
Stores, spares & consumables	15,143,715	2,280,838
Total	503,754,423	562,541,183

14. TRADE RECEIVABLES

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Unsecured - Considered good	596,578,174	114,925,818
Unsecured - Considered doubtful	-	-
Unsecured - Considered Bad	337,363	57,348
	596,915,537	114,983,166
Less: Bad debts Written off	337,363	57,348
Total	596,578,174	114,925,818

14.1 No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or Private companies in which a director is interested as on 31.03.2021. As on 31.03.2020, a receivable amount of ₹ 0.86 Cr was due under this category.(Refer note 49)

15. CASH & CASH EQUIVALENTS

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Balances with banks in current accounts	2,747,698	24,055,524
Balances with banks in EEFC accounts	380,720	592,897
Balances with banks in unclaimed dividend accounts	237,952	237,952
Deposits with original maturity of less than three months	-	2,433,547
Cash in hand	141,539	169,401
Total	3,507,909	27,489,321





Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

16. OTHER BANK BALANCES

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Deposits with original maturity of more than 3 months but less than 12 months	2,609,190	9,724,515
Total	2,609,190	9,724,515

17. FINANCIAL ASSETS - DEPOSITS & OTHERS

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Current (Unsecured - considered good unless otherwise stated)		
Advances recoverable in cash	863,516	835,700
Accrued Interest	1,080,068	1,080,067
Total	1,943,584	1,915,767

18. CURRENT TAX ASSETS (NET)

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Income tax paid (Net of provision)	1,533,815	1,533,815
Total	1,533,815	1,533,815

19. OTHER CURRENT ASSETS

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Current (Unsecured - considered good unless otherwise stated)		
Advances recoverable in kind	1,284,862	10,941,915
Advance towards expenses	4,007,877	1,496,548
Prepaid Expenses	12,831,886	2,830,593
Balance with statutory/Government Authorities	12,829,050	52,300,935
Total	30,953,675	67,569,990

20. EQUITY SHARE CAPITAL

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Authorised		
10,000,000 Equity Shares of ₹ 10/- each	100,000,000	100,000,000
Total	100,000,000	100,000,000
Issued & Subscribed		
83,58,800 Equity Shares of ₹ 10/- each,		
Fully Paid up	83,588,000	83,588,000
	83,588,000	83,588,000
Paid up		
83,09,700 (Previous Year 83,09,700) Equity Shares of ₹ 10/- each with Voting Rights		
Fully Paid up	83,097,000	83,097,000
Less: Forfeited shares (amount originally paid up)	245,500	245,500
Total	83,342,500	83,342,500





Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

20.1 RECONCILIATION OF NUMBER OF SHARES:

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Number of Equity Shares at the beginning of the year	8,309,700	8,309,700
Add: Number of shares issued during the year	-	-
Number of Equity Shares at the end of the year	8,309,700	8,309,700

20.2 RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

20.3 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES

PARTICULARS	AS AT 31-03-2021		AS AT 31-03-2020	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Equity shares of ₹ 10/- each held by:				
Sri S Chandra Sekhar	1,287,300	15.49%	1,287,300	15.49%
Ratnabali Investment Private Limited	1,159,140	13.95%	1,159,140	13.95%
Sri R Venkata Narayana	627,230	7.55%	608,087	7.32%
Rajasthan Gum Private Limited	509,543	6.13%	500,000	6.02%
Sri Mukul Mahavir Agarwal	400,000	4.81%	425,178	5.12%

20.4 The Company has not allotted any equity shares as fully paid up without receiving cash or as bonus shares or bought back any equity shares.

20.5 Proposed Dividend

The Board of Directors has not recommended any payment of Dividend for the financial year ended March 31, 2021 (March 31, 2020 ₹ Nil per share).

21. OTHER EQUITY

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Share Warrants		
Opening Balance	-	-
Add: amount received on issue of share warrants	-	-
Less: conversion of share warrants into share capital	-	-
	-	-
Securities Premium		
Opening Balance	552,476,000	552,476,000
Add: received on shares issued during the year	-	-
Less: Utilised during the year	-	-
	552,476,000	552,476,000

2020



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

(in ₹)

PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
General Reserve		
Opening Balance	90,273,859	90,273,859
Surplus in the Statement of Profit & Loss		
Opening Balance	596,357,210	554,879,668
Less : Equity Dividend (₹ 2/ per equity Share)	-	16,619,400
Less : Corporate Tax on Equity Dividend	-	3,416,169
Add: Profit for the year	233,187,988	65,070,765
Other Comprehensive Income net of tax	1,228,681	(3,557,653)
Closing Balance	830,773,879	596,357,210
Total	1,473,523,738	1,239,107,069

22. FINANCIAL LIABILITIES - BORROWINGS

(in ₹)

PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Non Current Borrowings		
Term Loan (Secured)		
From Axis Bank Ltd	116,727,062	54,138,334
From State Bank Of India (CECL)	2,209,954	-
From State Bank Of India (GECL 2.0)	29,195,855	-
From Axis Bank Ltd (GECL 2.0)	17,952,278	-
Other Loans		
Sales tax deferment (Unsecured)	18,423,827	16,748,933
Loan from Inter corporates	21,798,406	1,543,643
Loan from directors	28,864,381	40,530,460
	235,171,763	112,961,371
Current Maturities of non current borrowings		
Term Loan (Secured)		
From Axis Bank Ltd	33,800,000	31,794,868
From State Bank Of India (GECL 2.0)	604,167	-
From Axis Bank Ltd (GECL 2.0)	497,222	-
Other Loans		
Sales tax deferment (Unsecured)	6,219,702	5,615,611
Loan from Inter corporates	298,406	48,493
Loan from directors	1,559,501	1,230,460
	42,978,998	38,689,432
Total	192,192,765	74,271,938



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

22.1 Details of Indian Rupee Term Loan from banks are as under:

(in ₹)

Name of the Bank/Others	Amount	Number of Installments	Commencement of Installments	Effective Interest Rate
From Axis Bank Ltd				
Term Loan I				
Sanction Amount	100,000,000	20 Structured stepped up quarterly installments First 4 - 0.25 Cr. Each, next 12 - 0.50 Cr. Each & last 4 - 0.75 Cr. Each	December 2015	As on 31.03.2021 MCLR of 7.40% plus spread 1.85% p.a. (March 31, 2020: MCLR of 8.20% plus spread 3.50%)
Outstanding As on 31-03-2021	-			
Outstanding As on 31-03-2020	13,044,868			
Term Loan II				
Sanction Amount	75,000,000	16 Quarterly installments of 0.47 Cr. Each	October 2018	As on 31.03.2021 MCLR of 7.40% plus spread 1.85% p.a. (March 31, 2020: MCLR of 8.20% plus spread 3.50%)
Outstanding As on 31-03-2021	22,118,925			
Outstanding As on 31-03-2020	41,093,466			
Term Loan III (Fresh Term Loan)				
Sanction Amount	100,000,000	20 Structured stepped up quarterly installments First 4 - 0.25 Cr. each, next 12 - 0.50 Cr. Each & last 4 - 0.75 Cr. Each	November 2020	As on 31.03.2021 MCLR of 7.40% plus spread 1.85% p.a.
Outstanding As on 31-03-2021	94,608,137			
Outstanding As on 31-03-2020	-			
From State Bank Of India (GECL 2.0)				
Sanction Amount	29,000,000	48 Monthly Installments of 0.06 Cr. Each after a Moratorium of 12 Months	March 2022	As on 31.03.2021 MCLR of 6.95% plus spread 1.0% p.a.
Outstanding As on 31-03-2021	29,195,855			
Outstanding As on 31-03-2020	-			
From Axis Bank Ltd (GECL 2.0)				
Sanction Amount	17,900,000	36 Monthly Installments of 0.05 Cr. Each after a Moratorium of 12 Months	March 2022	As on 31.03.2021 MCLR of 7.45% plus spread 0.8% p.a.
Outstanding As on 31-03-2021	17,952,278			
Outstanding As on 31-03-2020	-			

2021



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

22.2 Term loans I, II & III sanctioned by Axis Bank Ltd are secured by exclusive first charge on fixed assets created out of the term loans extended by the term lender and pari passu first charge on the movable fixed assets (Except vehicles) and immovable fixed assets of the Company (including EM of the Company land and buildings but excluding agricultural lands lying in the name of the Company not charged to any bank) along with other lenders except assets funded out of term loans I, II & III and personal guarantee of Sri S Chandra Sekhar, Managing Director of the Company & Smt. S Lalitha Sree, Director of the Company and pledge of 6,66,000 shares of the promoters exclusively in favour of Axis Bank Ltd. However, pledge of 6,66,000 shares of promoters stood released as on 31.03.2021.

22.3 Term Loans sanctioned under GECL 2.0 of ₹ 2.90 Cr & ₹ 1.79 Cr by State Bank of India & Axis Bank Ltd, respectively are secured by extension of charge / security interest (both primary & collateral) currently secured to the banks for their existing credit facilities on a second ranking basis.

22.4 Government of Andhra Pradesh vide letter No.20/2/6/1369/ID dated 08-10-1996 and letter No.30/1/2002/0300/0300/FD dated 10-04-2002 had sanctioned sales tax deferment for an amount of ₹ 9,18,54,000/- and ₹ 5,14,50,510/- respectively for a period of 14 years to the Company in respect of Chlorpyrifos plant. The sanction of ₹ 9,18,54,000/- under letter No.20/2/6/1369/ID dated 08-10-1996 has expired its utilization on 28th February, 2010 and sanction of ₹ 5,14,50,510/- under letter No.30/1/2002/0300/0300/FD dated 10-04-2002 has expired its utilisation on 14th February, 2016. The Company has availed an aggregate deferment loan of ₹ 5,63,16,735/- under the above sanctions. The repayment has commenced and an amount of ₹ 2,66,70,167/- has been paid. However, the deferment amount payable for the years 2019-20 & 2020-21 aggregating to ₹ 56,15,611/- was placed in the form of fixed deposits with banks as per orders of the Honourable High Courts of AP & TG. Thus the liability under sales tax deferment reflected is inclusive of the above deposits.

22.5 Loan availed from Inter corporates have been taken with the repayment period of two years from the date of availing such loan. The Interest is paid at the rate of 10% per annum on the principal outstanding.

22.6 Loan availed from Directors have been taken with the repayment period of two years from the date of availing such loan. The Interest is paid at the rate of 10% per annum on the principal outstanding.

23. OTHER FINANCIAL LIABILITIES

PARTICULARS	(in ₹)	
	AS AT 31-03-2021	AS AT 31-03-2020
Other non current liabilities	2,155,640	-
Deferred income on government grants	13,722,438	15,247,154
Total	15,878,078	15,247,154

24. PROVISIONS

PARTICULARS	(in ₹)	
	AS AT 31-03-2021	AS AT 31-03-2020
Non current provisions		
For Gratuity & Compensated Absence	-	9,648,490
Short Term Provisions		
For Gratuity & Compensated Absence	1,676,188	-
Total	1,676,188	9,648,490



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

25. DEFERRED TAX LIABILITIES (NET)

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Deferred tax assets relating to:		
Unused tax losses/depreciation	-	-
Expenses allowable on payment basis	7,008,969	-
Relating to Ind AS adjustments	-	-
Total deferred tax assets	7,008,969	-
Deferred tax liabilities relating to:		
Accumulated depreciation for tax purposes	157,678,032	-
Relating to Ind AS adjustments	423,830	-
Total deferred tax liabilities	158,101,862	-
Deferred tax Liabilities (Net)	(151,092,893)	-
Add: MAT credit entitlement	135,525,089	-
Total deferred tax liabilities (net)	15,567,804	-

25.1 DEFERRED TAX ASSETS/(LIABILITIES)

For the year ended March 31, 2021

(in ₹)				
PARTICULARS	Opening Balance	Recognised In Profit & Loss	Recognised In Other Comprehensive Income	Closing Balance
Accelerated depreciation for tax purpose	(134,210,920)	(23,467,112)	-	(157,678,032)
MAT credit Entitlement	91,798,244	43,726,845	-	135,525,090
Unused tax losses/depreciation	57,295,065	(57,295,065)	-	-
Expenses allowed on payment basis	5,371,512	1,637,456	-	7,008,969
Other items giving rise to temporary differences	(3,801,049)	3,882,004	(504,785)	(423,830)
	16,452,853	(31,515,871)	(504,785)	(15,567,804)

26. FINANCIAL LIABILITIES - BORROWINGS

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Current Borrowings		
Working capital loans (Secured)		
From State Bank of India	104,839,265	162,745,222
From Axis Bank Ltd	139,047,746	-
From RBL Bank Ltd	16,834,387	-
From ICICI Bank LTD	50,000,000	-
From IDFC First Bank Ltd	-	114,434,230
Bill discounting facilities from banks (Unsecured)		
From Shinhan Bank	53,186,213	10,321,288
From RBL Bank Ltd (Foreign Bill Discounting)	22,755,755	23,189,040
HDFC PGSI CARD	-	5,076,700
Total	386,663,366	315,766,480



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

26.1 Details of Indian Rupee Working Capital Loan from banks are as under:

(in ₹)

Name of the Bank	Balance		Effective Interest Rate	
	AS AT 31-03-2021	AS AT 31-03-2020	AS AT 31-03-2021	AS AT 31-03-2020
Loans repayable on demand - Secured				
From State Bank of India	104,839,265	162,745,222	9.50%	9.80%
From Axis Bank Ltd	139,047,746	-	9.25%	-
From RBL Bank Ltd	16,834,387	-	9.05%	-
From ICICI Bank LTD	50,000,000	-	8.15%	-
From IDFC First Bank Ltd	-	114,434,230	-	10.00%
Loans repayable on demand - Unsecured				
From Shinhan Bank	53,186,213	10,321,288	ILC - 6.50% FLC - 2.40%	ILC - 7.70% FLC - 2.40%
From RBL Bank Ltd (Foreign Bill Discounting)	22,755,755	23,189,040	3.80%	5.11%
HDFC PGSI CARD	-	5,076,700	-	10.30%

26.2 Working Capital Facilities :

Working capital facilities extended by State Bank of India, Axis Bank Ltd, RBL Bank Ltd & ICICI Bank Ltd are secured as mentioned below.

1. For Limits sanctioned by SBI, Axis & RBL Banks

i) Primary Security:

Pari Passu first charge on current assets of the Company.

ii) Collateral Security :

Pari passu first charge on movable fixed assets of the Company (both present and future) except vehicles and assets created out of term loans from Axis Bank Ltd and equitable mortgage of the company's factory land and buildings in an extent of 71.68 acres situated at Cheruvukommupalem, Ongole.

Pari Passu Second charge is available to SBI, Axis Bank Ltd & RBL Bank Ltd by way of hypothecation on the movable fixed assets of the Company financed by Axis Bank Ltd.

iii) Personal Guarantee of Sri. S Chandra Sekhar, Managing Director and Smt. S Lalitha Sree Director of the Company.

2. For Limits sanctioned by ICICI Bank Ltd

i) Primary Security:

Second Pari Passu charge on the current assets of the Company.

ii) Collateral Security:

Mortgage of leasehold rights of Industrial Land in Acres 33.90 situated in Kadechur industrial Area (KIADB), Yadgir Dt, Karnataka belonging to Bheema Fine Chemicals Pvt Limited (Wholly owned subsidiary of Bhagiradha Chemicals & Industries Limited); Bheema Fine Chemicals Private Limited is in process of creation of charge in favour of bank.

iii) Personal Guarantee of Sri. S Chandra Sekhar, Managing Director and Smt. S Lalitha Sree Director of the Company.



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

27. TRADE PAYABLES

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Unsecured - considered good:		
Outstanding due to Micro, small & medium enterprises	8,704,834	994,150
Others	468,198,560	240,677,909
Total	476,903,394	241,672,059

27.1 Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Principal amount remaining unpaid	8,704,834	994,150
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the period/year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period/year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at balance sheet date	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
Total	8,704,834	994,150

27.2 The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statements based on information received and available with the Company.

28. OTHER FINANCIAL LIABILITIES

	(in ₹)	
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Current Maturities of long term debts		
Term Loan (Secured)		
From Axis Bank Ltd	33,800,000	31,794,868
From State Bank Of India (GECL 2.0)	604,167	-
From Axis Bank Ltd (GECL 2.0)	497,222	-
Other Loans		
Sales tax deferment (Unsecured)	6,219,702	5,615,611
Loan from Intercorporates	298,406	48,493
Loan from directors	1,559,501	1,230,460
Capital Creditors	23,068,327	219,833,018
Deferred income on government grants	1,524,716	1,524,716
Unpaid dividends	237,952	237,952
Other Payables - Expenses	12,990,581	9,703,493
Lease Liabilities	135,600	-
Total	80,936,174	269,988,611



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

28.1 Unpaid dividends will be credited to investors education and protection fund as and when due.

29. OTHER CURRENT LIABILITIES

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Statutory Dues	4,155,320	3,602,240
Total	4,155,320	3,602,240

30. CURRENT TAX LIABILITIES

(in ₹)		
PARTICULARS	AS AT 31-03-2021	AS AT 31-03-2020
Provision for Income tax (Net of Advance tax and TDS/TCS)	894,985	-
	894,985	-

31. REVENUE FROM OPERATIONS

(in ₹)		
PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Sale of products		
Manufactured products - Domestic	2,459,930,995	996,472,194
Manufactured products - Export	715,183,205	1,355,734,295
Traded Goods - Export	-	64,115,467
Sale of Services		
Other Operating Revenues		
Export Incentives	3,659,852	40,355,587
Scrap Sales	203,000	37,800
Total Revenue from operations	3,178,977,052	2,456,715,343

31.1 Export and other incentives have been recongnized upon realization of export sale proceeds and receipt of duty credit scrip under MEIS Scheme which is replaced by RoDTEP.

(in ₹)		
PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Manufactured products - Domestic	2,366,917,888	963,841,896
Manufactured products - Export	715,183,205	1,355,734,295
Traded Goods - Sale of Raw Materials	93,013,107	32,630,298

32. OTHER INCOME

(in ₹)		
PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Interest Income on		
Deposits and Margin money held	2,540,853	2,298,727
Gain on foreign currency transactions & translations	1,637,676	4,886,457
Government Grant amortised	1,524,716	1,524,716
Miscellaneous Income	678,149	7,996,344
Total	6,381,394	16,706,244





Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

33. COST OF MATERIAL CONSUMED

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
Raw Material Consumption		
Opening Stock	181,960,347	130,571,128
Add: Purchases	1,932,143,609	1,472,443,408
	2,114,103,956	1,603,014,536
Less: Closing Stock	175,545,630	181,960,347
	1,938,558,326	1,421,054,189
Trading Goods Purchases	-	72,307,585
Packing Material Consumption		
Opening Stock	1,663,059	2,799,685
Add: Purchases	23,008,310	22,737,697
	24,671,369	25,537,382
Less: Closing Stock	2,134,529	1,663,059
	22,536,840	23,874,323
Total	1,961,095,166	1,517,236,097

34. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Opening Stock of inventories		
Work-In-Progress	89,494,277	120,972,227
Finished goods	254,220,025	301,583,894
	343,714,302	422,556,121
Closing Stock of inventories		
Work-In-Progress	93,848,291	89,494,277
Finished goods	202,336,625	254,220,025
	296,184,916	343,714,302
Increase/(Decrease) in inventories of finished goods and work-in-progress	47,529,386	78,841,819

35. EMPLOYEE BENEFITS EXPENSES

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Salaries & Wages	147,751,448	150,912,223
Directors' Remuneration & Commission	15,000,000	10,702,123
CEO Commission	2,346,419	650,708
Contribution to provident fund & other funds	10,905,034	10,689,019
Gratuity Expenses	2,594,990	2,471,650
Compensated absence	2,166,174	1,745,970
Staff Welfare Expenses	13,509,923	11,763,503
Total	194,273,988	188,935,196



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

36. FINANCE COST

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Interest on term loan	11,009,327	9,853,728
Interest on working capital loan	21,424,496	19,874,101
Interest to others	14,305,947	10,276,860
Interest on financial liabilities recognised on amortised cost	1,674,894	1,912,639
Bank Charges & Processing Fee	8,272,346	6,318,104
Cash Discount	25,958,227	6,610,778
Interest on late payment of statutory Dues	22,033	-
Interest On Lease Liability	38,300	-
Total	82,705,570	54,846,209

37. OTHER EXPENSES

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
Manufacturing Expenses		
Consumption of stores, spares & consumables	78,076,283	73,252,206
Power and Fuel	244,700,282	181,748,493
Insurance	11,422,971	13,920,601
Effluent treatment expenses	34,919,558	36,540,975
Freight Inwards	716,618	670,004
Water Transport Charges	4,822,200	6,615,000
Testing and Lab charges	1,155,040	399,108
Factory maintenance	8,600,547	14,941,289
Repairs & maintenance		
Plant and machinery	18,196,344	19,287,150
Buildings	18,491,735	16,537,076
Others	1,568,167	1,467,371
	422,669,745	365,379,273
Administration, Selling and Other Expenses		
Rent	1,800,000	1,800,000
Rates and taxes	5,416,706	2,027,829
Research & Development expenses	11,559,186	11,514,922
Printing and stationery	1,810,777	1,406,937
Consultancy and other professional charges	10,766,664	11,048,258
Remuneration to auditors		
- Audit Fee	850,000	600,000
- Other services	-	-
- Out of pocket expenses	-	-
Tax audit fee	100,000	100,000
Remuneration to cost auditors	100,000	100,000
Remuneration to Internal Auditors	250,000	200,000
Travelling and conveyance	904,600	3,169,278
Communication expenses	1,160,843	1,345,152
Vehicle Maintenance	2,985,900	3,396,713
Other selling expenses	27,640,800	84,967,972
Preliminary Expenses	15,431	-
Miscellaneous Expenses	19,191,831	15,381,034
	84,552,738	137,058,095
Total	507,222,483	502,437,368



Notes Forming Part of the Consolidated Financial Statements

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38. Details of Expenses on Corporate Social Responsibility Activities

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Amount required to be spent by the Company during the year	2,153,022	1,734,872
Amount of expenditure incurred	2,587,326	2,084,224
Shortfall at the end of the year	-	-

Nature of CSR activities- For promotion of Healthcare, Environmental Sustainability & Education.

As Per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2021 was ₹ 21,53,022/- Computed at 2% of its average net profits for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company spent an amount of ₹ 25,87,326/- against this obligation for promotion of Healthcare, Environmental Sustainability & Education.

39. Exceptional Item - Insurance Claim :

During the course of operations, a fire accident occurred in one of the production blocks on 20-05-2017. Part of the Civil structures, Plant and Electrical Equipment worth ₹ 9.71 crores got damaged. The Company lodged a claim under the reinstatement policy for ₹ 12.41 crores towards the damages and the insurance company paid ₹ 5.18 crores on adhoc basis in the year 2017-18. The Company accounted loss as per Ind AS 16, ("Property, Plant and Equipment") Ind AS 36 ("Impairment of Assets"), net of adhoc amount released by the insurance company. An amount of ₹ 0.65 crores was received by the Company through the sale proceeds of salvage material in the year 2019-20. An amount of ₹ 1.05 Cr was received on 11.12.2020 as full & final settlement under the reinstatement policy for Civil structures, Plant and Electrical Equipment which was disclosed as Income from Insurance claim as exceptional item.

40. TAXES

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
a. Income Tax Expense recognised in the Statement of Profit & Loss:		
Current Tax	56,715,252	14,071,085
Adjustment for MAT	(43,726,845)	(14,071,085)
Deferred tax Charge/(Credit)	75,242,717	22,181,249
Earlier years Tax	-	1,975,224
Total Income tax Expenses recognised in statement of profit & loss	88,231,123	24,156,473
Net (gain)/ loss on Measurement of Defined Benefit plan net of Deferred tax Charged/(Credit) to OCI	1,228,681	(3,557,653)
b. Reconciliation of effective tax rate:		
Profit before tax (A)	321,419,111	89,227,237
Enacted tax rate in India (B)	27.82%	27.82%
Expected Tax Expenses (C=A*B)	89,418,797	24,823,017
Adjustments for permanent difference:		
Weighted deduction U/s 35 (2AB) under the Income Tax Act, 1961	(1,284,360)	(9,756,053)
Expenses not deductible for tax purpose	2,365,410	4,603,870
Tax due to change in tax rate	(734,502)	3,756,821
Others	(4,615,683)	(1,000,555)
Total	(4,269,135)	(2,395,918)
Profit after adjusting permanent difference	317,149,976	86,831,320
Expected Tax expenses	88,231,123	24,156,473
Total Tax expense	88,231,123	24,156,473

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FOR THE YEAR ENDED 31ST MARCH, 2021

41. Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Retained Earnings:		
Remeasurement costs on net defined benefit liability	1,733,466	(4,928,863)
Deferred tax effect on remeasurement costs on net defined benefit liability	(504,785)	1,371,210
Total	1,228,681	(3,557,653)

42. EARNINGS PER SHARE

42.1 Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year:

42.2 The Basic and diluted EPS per share is given hereunder

(in ₹)

PARTICULARS		FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
Profit / (Loss) as per Profit and Loss Account	₹	233,187,988	65,070,765
Net Profit / (Loss) attributable to Equity Share holders	₹	233,187,988	65,070,765
Equity Shares outstanding at the beginning of the year	Nos.	8,309,700	8,309,700
Equity Shares outstanding at the close of the year	Nos.	8,309,700	8,309,700
Weighted average No of equity shares in computing basic EPS	Nos.	8,309,700	8,309,700
Add : Share Warrants	Nos.	-	-
Weighted Average number of Equity Shares in computing diluted earnings per share	Nos.	8,309,700	8,309,700
Face value of each equity share	₹	10	10
Earnings per share			
- Basic (₹)	₹	28.06	7.83
- Diluted (₹)	₹	28.06	7.83

43. Employee benefits

43.1 Gratuity

Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure, at 15 days salary for each completed year of service. The scheme is funded through a policy with Life Insurance Corporation of India. The following tables summarize net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:





Notes Forming Part of the Consolidated Financial Statements

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(in ₹)

PARTICULARS	March 31, 2021	March 31, 2020
A) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	2,479,653	2,486,856
Interest cost	115,337	(15,206)
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognised in the period/ year	(526,787)	1,256,731
Benefits paid	160,077	128,698
Net employee benefit expenses	2,228,280	3,857,079
Actual return on plan asset	-	-
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	27,194,181	25,710,706
Fair value of plan assets	27,372,493	20,252,013
	(178,312)	5,458,693
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	25,710,706	19,070,505
Current service cost	2,479,653	2,486,856
Interest cost	1,675,414	1,445,533
Benefits paid	(1,779,520)	(349,302)
Remeasurement due to financial assumptions	(365,285)	1,800,383
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	(526,787)	1,256,731
Closing defined benefit obligation	27,194,181	25,710,706
D) Change in the fair value of plan assets		
Opening fair value of plan assets	20,252,014	19,269,275
Interest Income on Planned assets	1,560,077	1,460,739
Contributions	7,500,000	-
Benefits paid	(1,779,520)	(349,302)
Actuarial gain/(loss) on plan assets	(160,077)	(128,698)
Closing fair value of plan assets	27,372,494	20,252,014
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investments with Life Insurance Corporation of India	100.00%	100.00%
E) Remeasurement adjustments:		
Experience loss/ (gain) on plan liabilities	(526,787)	1,256,731
Experience loss/ (gain) on plan assets	-	-
Demographic loss/ (gain) on plan liabilities	-	-
Demographic loss/ (gain) on plan assets	-	-
Remeasurement gains/(losses) recognised in other comprehensive income:	(526,787)	1,256,731



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(in ₹)

PARTICULARS	March 31, 2021	March 31, 2020
i) The principal assumptions used in determining gratuity for the Company's plans are shown below:		
Discount rate	6.92%	6.75%
Expected rate of return on assets	0.00%	0.00%
Salary rise	4.00%	4.00%
Attrition Rate	3.00%	3.00%
The estimates of future salary increases considered in the actuarial valuation, take in to account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
ii) The overall expected rate of return on assets is determined based on the actual rate of return during the current year.		
Amounts for the current and previous year are as follows:		
Defined benefit obligation	27,194,181	25,710,706
Plan assets	27,372,494	20,252,014
Surplus / (deficit)	(178,313)	5,458,692

43.2 Leave Encashment

Defined Benefit Plans

(in ₹)

	March 31, 2021	March 31, 2020
A) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	2,001,488	1,689,744
Interest cost	1,137,981	994,070
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognised in the period/ year	(895,957)	584,669
Benefits paid	(1,078,811)	220,539
Net employee benefit expenses	1,164,701	3,489,022
Actual return on plan asset	-	-
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	18,584,365	17,153,289
Fair value of plan assets	16,729,866	12,963,491
	1,854,499	4,189,798
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	17,153,289	13,177,851
Current service cost	2,001,488	1,689,744
Interest cost	1,137,981	994,070
Benefits paid	(588,625)	(366,935)
Remeasurement due to financial assumptions	(223,811)	1,073,890
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	(895,957)	584,669
Closing defined benefit obligation	18,584,365	17,153,289





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(in ₹)

	March 31, 2021	March 31, 2020
D) Change in the fair value of plan assets		
Opening fair value of plan assets	12,963,491	12,408,663
Expected return on plan assets	(118,294)	(84,493)
Contributions	4,473,294	1,006,255
Benefits paid	(588,625)	(366,934)
Actuarial gain/(loss) on plan assets	-	-
Closing fair value of plan assets	16,729,866	12,963,491
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investments with Life Insurance Corporation of India	100.00%	100.00%
E) Remeasurement adjustments:		
Experience loss/ (gain) on plan liabilities	(895,957)	584,669
Experience loss/ (gain) on plan assets	-	-
Demographic loss/ (gain) on plan liabilities	-	-
Demographic loss/ (gain) on plan assets	-	-
Remeasurement gains/(losses) recognised in other comprehensive income:	(895,957)	584,669
i) The principal assumptions used in determining Leave Encashment for the Company's plans are shown below:		
Discount rate	6.92%	6.75%
Expected rate of return on assets	0.00%	0.00%
Salary rise	4.00%	4.00%
Attrition Rate	3.00%	3.00%

The estimates of future salary increases considered in the actuarial valuation, take in to account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

43.3 Defined Contribution Plan

(in ₹)

PARTICULARS	March 31, 2021	March 31, 2020
Contribution to Provident Fund	9,556,275	9,282,233
Contribution to Superannuation Fund	-	-



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44. COMMITMENTS & CONTINGENCIES

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
a Commitments:		
Estimated amount of contracts remaining to be executed on capital account & not provided for (net of advances)	3,629,507	8,890,563
Total	3,629,507	8,890,563
b. Contingent Liabilities:		
i) Outstanding bank guarantees	1,000,000	10,000,000
ii) Letters of Credit	24,883,219	36,706,782
Total	25,883,219	46,706,782

45. During the year 2018-19, Company paid ₹ 26,20,646/- and ₹ 13,71,404/- on account of CVD and SAD towards shortfall quantity of their export obligation in respect of two advance authorization licences granted to it. The Company has filed for refund of the CVD & SAD as per the provisions of Sec. 142(3) of CGST Act. Refund application of the Company has been rejected by the Asst. Commissioner of Central Taxes, CGST Division vide its order dated 14.05.2020. Later, the Company made an Appeal with the Commissioner of Appeals, which was also rejected, vide order dated 30.10.2020. On 28.01.2021, the Company preferred further appeal with The Customs, Excise and Service Tax Appellate Tribunal Regional Bench, Hyderabad which is yet to be disposed. Hence, no provision is made in the books of the Company.

46. SEGMENT REPORTING :

There are no separate reportable segments as per Indian Accounting Standard (Ind AS) 108 on operating segments as the entire operations of the Company relate to one segment viz. agro chemicals.

47. PAYMENTS TO AUDITORS (excluding GST & Service Tax)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
A) Statutory auditors		
Statutory audit	850,000	600,000
Tax audit fees	-	-
Others	-	-
Reimbursement of expenses	-	-
	850,000	600,000
B) Cost auditors		
Audit fee	100,000	100,000
Filing fee	5,000	5,000
Reimbursement of expenses	-	1,500
	105,000	106,500



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48. RESEARCH AND DEVELOPMENT

PARTICULARS	(in ₹)	
	FOR THE YEAR ENDED 31-03-2021	FOR THE YEAR ENDED 31-03-2020
Details of expenditure on R & D		
i) Details of Revenue expenditure		
Cost of Materials Consumed		
Laboratory Expenses and Consumables	6,514,941	4,972,241
Employee Benefits Expenses		
Salaries, Wages and Bonuses	5,044,245	6,505,226
Other Expenses		
Repairs and Maintenance	-	37,455
ii) Capital Expenditure		
Plant & Machinery	1,284,360	2,665,728
Building related material	-	-
	12,843,546	14,180,650

49. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Bhagiradha Chemicals & Industries Limited	Parent Company

Enterprises under the significant influence of persons having significant influence over this company

Agnova Chemicals Pvt Ltd	Sri Ketan Chamanlal Budh, Whole Time Director, is interested.
VNA Express & Logistic Solutions	Sri Ketan Chamanlal Budh, Whole Time Director, is interested.

Enterprises under the control of persons having significant influence over this company

Greenpath Energy Private Limited	Sri S. Chandra Sekhar & Smt S. Lalitha Sree Directors, are interested.
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Key Management Personnel

Sri K S Raju	Chairman
Sri S Chandra Sekhar	Managing Director
Sri Sudhakar Kudva	Independent Director
Sri D Sada Sivudu	Independent Director
Smt S Lalitha Sree	Director
Sri G S V Krishna Rao	Independent Director
Smt A Lakshmi Sowjanya	Independent Director (Up to 09-09-2020)
Sri Kishor Shah	Independent Director (w.e.f 14-09-2020)
Dr G Aruna	Independent Director (w.e.f 04-12-2020)
Sri Ketan Chamanlal Budh	Whole Time Director





Notes Forming Part of the Consolidated Financial Statements

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Name of the related party	Relationship
Sri A Arvind Kumar	Chief Executive Officer
Sri B Krishna Mohan Rao	Chief Financial Officer
Smt B N Suvarchala	Company Secretary (Up to 19.10.2020)
Smt Saheli Banerjee	Company Secretary (w.e.f 05-11-2020)

Note : Related Party relationships have been identified by the management and relied upon by the auditors.

Transactions during the year:

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
a) Enterprises under the significant influence of persons having significant influence over this company		
Sales of Finished Goods (Including duties and taxes)		
Agnova Chemicals Pvt Ltd	6,740,938	13,876,800
Purchase of Goods / Services (Including duties and taxes)		
Agnova Chemicals Pvt Ltd	2,755,890	-
VNA Express & Logistic Solutions	928,673	32,599,986
b) Enterprises under the control of persons having significant influence over this company		
Greenpath Energy Private Limited		
Loans taken during the year from the enterprise	20,000,000	1,500,000
Loans repaid during the year to the enterprise	50,000	4,850
Interest on Loans paid to the enterprise	338,626	48,493
c) Key Management Personnel		
i) Sri S Chandra Sekhar		
Remuneration including commission	12,826,000	8,384,123
Unsecured loans taken from him	8,200,000	54,500,000
Unsecured loans Repaid to him	24,016,836	15,505,485
Interest on Unsecured loans paid to him	4,150,757	1,535,945
ii) Sri K S Raju		
Sitting Fees	120,000	70,000
iii) Sri Sudhakar Kudva		
Sitting Fees	200,000	155,000
iv) Sri D Sadasivudu		
Sitting Fee	110,000	95,000



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(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
v) Smt S Lalitha Sree		
Sitting Fee	120,000	95,000
vi) Sri G S V Krishna Rao		
Sitting Fee	180,000	145,000
vii) Smt A Lakshmi Sowjanya		
Sitting Fee	25,000	25,000
viii) Sri Kishor Shah		
Sitting Fee	70,000	-
ix) Dr G Aruna		
Sitting Fee	35,000	-
x) Sri Ketan Chamanlal Budh		
Remuneration	2,948,000	3,127,928
xi) Sri A Arvind Kumar		
Remuneration (Including commission)	6,893,451	5,452,988
xii) Sri B Krishna Mohan Rao		
Remuneration	2,705,504	2,709,198
xiii) Smt Saheli Banerjee		
Remuneration	423,613	-
xiv) Smt B N Suvarchala		
Remuneration	430,092	896,136

Closing Balances

(in ₹)

PARTICULARS	FOR THE YEAR ENDED 31.03.2021	FOR THE YEAR ENDED 31.03.2020
b) Enterprises under the Control of persons having significant influence over this company		
Greenpath Energy Private Limited		
Unsecured loans payable	21,798,406	1,543,643
b) Key Management Personnel		
i) Sri S Chandra Sekhar		
Unsecured loans payable	28,864,381	40,530,460
Remuneration payable	-	-
Commission Payable	4,250,000	1,952,123
Guarantee given for borrowings	429,658,414	369,904,814
ii) Sri A Arvind Kumar		
Commission Payable	2,346,419	650,708
iii) Agnova Chemicals Pvt Ltd		
	-	8,622,800
iv) VNA Express & Logistic Solutions		
	-	1,675,553





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50. FAIR VALUES

The carrying amounts and fair values of financial instruments by category are as follows:

(in ₹)

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets at fair value through profit & loss				
Investments	-	-	-	-
Financial Assets at amortised cost				
Loans	22,492,624	22,442,624	-	-
Deposits & Others	25,919,881	6,666,583	-	-
Trade Receivables	596,578,174	114,925,818	-	-
Cash & Cash Equivalents	3,507,909	27,489,321	-	-
Bank Balances other than above	2,609,190	9,724,515	-	-
Financial Liabilities at amortised cost				
Borrowings (Non Current & Current)	619,977,222	427,448,897	18,423,827	16,748,933
Interest accrued	1,524,716	1,524,716	-	-
Trade Payables	476,903,394	241,672,059	-	-
Capital Creditors & Others	25,359,567	219,833,018	-	-

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

51. RISK MANAGEMENT

Financial Risk Management objectives & Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activity exposes it to market risk, commodity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, the Company evaluates various options and may enter into derivative financial instruments like foreign exchange forward contracts, foreign currency option contracts in order to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. Derivatives, if entered into, are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company's financial risk management policy is set by the Managing Director and governed by overall direction of Board of Directors of the Company. Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rate, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.



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51.1 Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

a) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	(in ₹)	
	March 31, 2021	March 31, 2020
Not Due		
0 - 90 Days	515,276,427	89,153,591
90 - 180 Days	68,813,703	4,177,396
180 - 270 Days	11,328,000	14,544,367
270 - 365 Days	-	521,872
More than 360 Days	1,160,044	6,528,682
	596,578,174	114,925,908

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgment. Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

b) Cash and Cash Equivalents

The Company held cash and cash equivalents of ₹ 35,07,909 at March 31, 2021 (March 31, 2020: ₹ 2,74,89,321). This includes the cash and cash equivalents held with the bank and the cash on hand with the Company.

51.2 Liquidity Risk

Liquidity risk is the risk in terms of difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained fund and non-fund based working capital loan from bank. The borrowed funds are generally applied for Company's own operational activities.

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Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

Exposure to liquidity risk:

a) The following are the remaining contractual maturities of financial liabilities at the reporting date.

The amounts are gross and undiscounted :

(in ₹)

Particulars	Up to 1 Year	1 to 3 Year	3 to 5 Years	> 5 Years	Total carrying amount
31-Mar-21					
Non Current Borrowings (Including current maturities)	51,874,562	126,996,269	60,980,263	15,903,767	255,754,861
Current Borrowings	386,663,366	-	-	-	386,663,366
Interest Payable	1,524,716	-	-	-	1,524,716
Trade Payables	476,903,394	-	-	-	476,903,394
Other Payables	23,107,052	925	1,039	2,250,551	25,359,567
	940,073,090	126,997,194	60,981,302	18,154,318	1,146,205,904

(in ₹)

Particulars	Up to 1 Year	1 to 3 Year	3 to 5 Years	> 5 Years	Total carrying amount
31-Mar-20					
Non Current Borrowings (Including current maturities)	38,689,432	69,898,951	1,366,855	15,903,767	125,859,005
Current Borrowings	315,766,480	-	-	-	315,766,480
Interest Payable	1,524,716	-	-	-	1,524,716
Trade Payables	241,672,059	-	-	-	241,672,059
Other Payables	219,833,018	-	-	-	219,833,018
	817,485,705	69,898,951	1,366,855	15,903,767	904,655,278

b) Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. The company's exposure to the risk of changes in the market interest rate relates primarily to the company's long term debt obligations with floating interest rates. The company's interest rate exposure is mainly related to variable interest rates debt obligations. The Company manages the liquidity and fund requirements for its day to day operations like working capital, suppliers/buyers credit.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	(in ₹)	
	March 31, 2021	March 31, 2020
Floating rate instruments		
Financial Liabilities - measured at amortised cost		
Term loan from banks	166,085,149	54,138,334
Working capital facilities from bank	310,721,398	277,179,452
Bills Discounting	75,941,968	33,510,328
Credit Card Dues	-	5,076,700
Fixed rate instruments		
Loan from intercorporates (Unsecured)	21,798,406	1,543,643
Loan from Directors (Unsecured)	28,864,381	40,530,460
Total	603,411,302	411,978,917

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The risk estimates provided assume a change of 25 basis points interest rate for the interest rate benchmark as applicable to the borrowings summarised above. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date assuming that all other variables, in particular foreign currency exchange rates, remain constant. The period end balances are not necessarily representative of the average debt outstanding during the period.

Cash flow sensitivity (net)	(in ₹)	
	Profit or loss	
	25 bp increase	25 bp decrease
31-Mar-21		
Variable rate loan instruments	1,508,528	(1,508,528)
31-Mar-20		
Variable rate loan instruments	1,029,947	(1,029,947)

51.3 a) Market Risk

Market risk is the possibility of losses that may be incurred by the company due to factors that affect the overall performance of the company – such as foreign exchange rates, interest rates, recessions etc. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily due to the fluctuations in the rate of interest for borrowings from banks, recession in the market, foreign exchange rate fluctuation etc.

b) Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses natural hedge technique of adjusting foreign currency receivables against currency payables. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. Exposure to all other foreign currencies other than US Dollar is not material.

2020

Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

c) Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2021 & March 31, 2020 are in Indian Rupees.

PARTICULARS	(in ₹)	
	March 31, 2021	March 31, 2020
	USD	USD
Financial Assets		
Cash & Cash equivalents	380,720	592,895
Trade & Other Receivables	27,100,415	70,755,552
	27,481,134	71,348,447
Financial Liabilities		
Trade & Other Payables	122,855,323	35,986,274
Advance from Customers	-	-
	122,855,323	35,986,274
Net Exposure	(95,374,189)	35,362,173

PARTICULARS	(in ₹)	
	March 31, 2021	March 31, 2020
	GBP	GBP
Financial Assets		
Cash & Cash equivalents	-	-
Trade & Other Receivables	-	-
	-	-
Financial Liabilities		
Trade & Other Payables	-	15,661,669
Advance from Customers	-	-
	-	15,661,669
Net Exposure	-	(15,661,669)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Pounds at March 31 would have affected the measurement of financial instruments denominated in US dollars and Pounds and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	(953,742)	953,742	-	-
GBP	-	-	-	-
	(953,742)	953,742	-	-



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

31-Mar-20

(in ₹)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	353,622	(353,622)	-	-
GBP	(156,617)	156,617	-	-
	197,005	(197,005)	-	-

d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

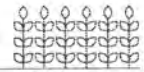
52. CAPITAL RISK MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

Particulars	(in ₹)	
	March 31, 2021	March 31, 2020
Non Current borrowings	192,192,765	74,271,938
Current borrowings	386,663,366	315,766,480
Current maturities of long term debts	44,503,714	40,214,148
Total Debts	623,359,845	430,252,566
Less: Cash & Cash equivalents	3,507,909	27,489,321
Other bank deposits	2,609,190	9,724,515
Adjusted net debts	617,242,746	393,038,730
Equity	83,342,500	83,342,500
Other Equity	1,473,523,738	1,239,107,069
Total Equity	1,556,866,238	1,322,449,569
Adjusted net debt to equity ratio	0.40	0.30

2020



Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2021

53. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Particulars	As at 31 March 2021		Year ended 31 March 2021		Year ended 31 March 2021		Year ended 31 March 2021	
	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share of Other Comprehensive income		Share of Total Comprehensive income	
	As a % of consolidated net assets	₹	As a % of consolidated profit & loss	₹	As a % of OCI	₹	As a % of Total Comprehensive income	₹
Parent								
Bhagiradha Chemicals & Industries Limited	100%	1,558,320,185	101%	234,641,935	100%	1,228,681	101%	235,870,616
Subsidiary								
Bheema Fine Chemicals Private Limited	5%	78,646,053	-1%	-1,453,947	0%	0	-1%	-1,453,947
Total Elimination	-5%	-80,100,000	0%	0	0%	0	0%	0
Total	100%	1,556,866,238	100%	233,187,988	100%	1,228,681	100%	234,416,669

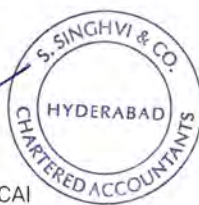
54. Figures of the Previous year are regrouped / reclassified wherever considered necessary and rounded off to the nearest rupee.

As per our report of even date

For S Singhvi & Co.,
Chartered Accountants
Firm Regi. No: 003872S

Shailendra Singhvi
Proprietor
Membership No: 023125/ICAI

Place : Hyderabad
Date : 04.05.2021



For and on behalf of the Board of Directors
Bhagiradha Chemicals & Industries Limited

K S Raju
Chairman
DIN NO. 00008177

A Arvind Kumar
Chief Executive Officer

S Chandra Sekhar
Managing Director
DIN NO. 00159543

B Krishna Mohan Rao
Chief Financial Officer

Saheli Banerjee
Company Secretary

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Limited review report on Consolidated unaudited financial results for quarter and nine months ended on 31ST December, 2021 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended)

**To the Board of Directors of
Bhagiradha Chemicals & Industries Limited**

We have reviewed the accompanying statement of unaudited consolidated financial results of **Bhagiradha Chemicals & Industries Limited** ('the Holding Company') and its subsidiary (the Holding Company and its subsidiaries together referred to as 'the Group') for the quarter ended 31st December, 2021 and consolidated year to date results for the period 1st April 2021 to 31st December, 2021 being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated interim financial results:

- a) includes the interim financial results of the entity Bheema Fine Chemicals Private Limited (wholly owned subsidiary);
- b) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and
- c) give a true and fair view, in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended 31 December 2021 and for the period from 1 April 2021 to 31 December 2021.

This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.



We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

The Statement includes the interim financial information of one subsidiary, which have been reviewed by us, whose interim financial information reflect total assets of ₹8.99 Crores as at 31 December, 2021, and total revenues of ₹ Nil, net profit/(loss) after tax of ₹ (10.32 Lakhs) and total comprehensive income/(loss) of ₹ (10.32 Lakhs) for the quarter and year-to-date period ended 31 December, 2021 respectively, for the period ended 31 December 2021 as considered in the Statement.

For, S. Singhvi & Co.
Chartered Accountants
Firm Regi No. 0038725

Shailendra Singhvi
Proprietor

Membership No.023125/ICAI



UDIN No. : 022023125AAAAAV6422

Date: 29.01.2022
Place: HYDERABAD

STATEMENT OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2021

Rs. In Lakhs

SL. NO	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I.	Income:						
	Revenue from Operations	10,010.67	9,938.42	6,925.21	29,794.47	22,043.30	31,789.77
	Other Income	23.98	14.78	15.49	51.51	53.69	63.81
	Total Income (I)	10,034.65	9,953.20	6,940.70	29,845.98	22,097.00	31,853.58
II	Expenses:						
	Cost of Materials Consumed	6,996.49	7,045.05	4,730.28	20,560.16	13,274.32	19,610.95
	Change in inventories of finished goods and Work in progress	(869.50)	(1,031.81)	(880.81)	(2,167.02)	567.03	475.29
	Employee benefits expense	601.71	593.05	525.45	1,779.98	1,388.82	1,942.74
	Finance costs	195.61	289.76	191.53	703.15	583.41	827.06
	Depreciation and amortisation expense	220.85	216.69	206.14	649.55	602.45	816.53
	Other expenses	1,645.75	1,689.94	1,354.83	4,838.98	3,599.57	5,072.22
	Total Expenses (II)	8,790.90	8,802.68	6,127.42	26,364.81	20,015.59	28,744.80
III	Profit/(Loss) Before Exceptional Items and Tax (I-II)	1,243.74	1,150.52	813.28	3,481.17	2,081.41	3,108.79
	Exceptional Items	-	-	105.40	-	105.40	105.40
IV	Profit/(Loss) After Exceptional Items and Before Tax	1,243.74	1,150.52	918.68	3,481.17	2,186.81	3,214.19
V	Tax expense:						
	Current tax	215.87	191.49	165.26	594.51	380.44	567.15
	MAT Credit Entitlement	97.93	90.55	(165.26)	299.89	(380.44)	(437.27)
	Deferred tax charge/ (credit)	37.99	33.55	209.49	99.99	586.64	752.43
	Earlier years Tax	-	-	-	-	-	-
	Total Tax Expense	351.79	315.59	209.49	994.40	586.64	882.31
VI	Profit/(Loss) for the year	891.95	834.93	709.19	2,486.77	1,600.17	2,331.88
	Other Comprehensive Income (OCI)						
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
	Remeasurement on employees defined benefit plan	(12.42)	(59.15)	27.19	(90.41)	(9.38)	17.33
	Deferred tax	3.62	17.22	(7.92)	26.33	2.73	(5.05)
	Total other Comprehensive Income, net of tax	(8.80)	(41.92)	19.27	(64.08)	(6.65)	12.29
	Total Comprehensive Income, net of tax	883.14	793.01	728.46	2,422.69	1,593.52	2,344.17
	Earning per equity share of Rs. 10/- each fully paid:						
	Computed on the basis of total profit for the period						
	Basic (Rs.)	10.73	10.05	8.53	29.93	19.26	28.06
	Diluted (Rs.)	10.73	10.05	8.53	29.93	19.26	28.06



Signature: S. Chandrasekhar
Circular Stamp: BHAGYA CHEMICALS & INDUSTRIES LTD.

Notes :

- 1 The above unaudited consolidated financial results for the quarter & nine months ended 31.12.2021, have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on January 29, 2022.
- 2 The consolidated financial results of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind-AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 3 The Consolidated financials include the results of the following
 - 1) Parent Company - Bhagiradha Chemicals & Industries Limited
 - 2) Wholly owned Subsidiary - Bheema Fine Chemicals Private Limited
- 4 In view of the prevalence of Covid-19, the operations of the plant are being conducted duly adhering to the norms prescribed by the government from time to time and it is ensured that social distancing norms are maintained by all the employees diligently.
- 5 As per the Taxation Laws (Amendment) Ordinance, 2019, there has been a change in Corporate Tax Rate from 25% to 22% subject to fulfilment of various conditions. A MAT credit of Rs. 13.55 Cr was available as on 31.03.2021 which can be utilized, provided, the Company continues to opt for the old tax provisions. Hence, the Company opted to continue under old tax provisions.
- 6 Previous period figures have been regrouped and recast wherever necessary.

Place : Hyderabad
Date : 29.01.2022

By order of the Board

S. Chandra Sekhar
Managing Director

ACCOUNTING RATIOS

(₹ in lakh except percentage data)

Particulars	As at and for	
	March 31, 2021	March 31, 2020
Earning per Equity Share		
a. Basic earnings per Equity Share	28.06	7.83
b. Diluted earnings per Equity Share	28.06	7.83
Return on net worth	14.98%	4.92%
Net asset value per Equity Share	187.36	159.15
EBITDA	4,451.05	1,810.02

(₹ in lakh except percentage data)

Particulars	As at and for	
	December 31, 2021	December 31, 2020
Earning per Equity Share		
a. Basic earnings per Equity Share	29.93	19.26
b. Diluted earnings per Equity Share	29.93	19.26
EBITDA	4,464.54	3,106.06

The ratios have been computed as below:

Ratios	Computation
Basic and Diluted Earnings Per Share	Profit attributable to shareholder / Total number of weighted average number of shares
Return on Net Worth (%)	Profit for the Year / Net Worth
Net Asset Value per Share	Net Worth / Number of shares as at the end of the relevant period
EBITDA	Profit before tax + depreciation and amortization expenses and finance cost +share of profit from associates-other income

Calculation of Earning per Equity Share

(₹ in lakh)

Particulars	As at and for	
	March 31, 2021	March 31, 2020
Profit attributable to Equity shareholders	2,331.88	650.71
Weighted average number of equity shares outstanding at the end of the period (B)	83.10	83.10
Basic and Diluted EPS (A)/(B)	28.06	7.83

(in ₹ lakh)

Particulars	As at and for	
	December 31, 2021	December 31, 2020
Profit attributable to Equity shareholders (A)	2,486.77	1,600.17
Weighted average number of equity shares outstanding at the end of the period (B)	83.10	83.10
Basic and Diluted EPS (A)/(B)	29.93	19.26

Calculation of Return on Net Worth

(₹ in lakh)

Particulars	As at and for	
	March 31, 2021	March 31, 2020
Profit / (loss) after tax (A)	2,331.88	650.71
Net Worth (B)	15,568.66	13,224.50
Return on Net-Worth (A/B) * 100	14.98%	4.92%

Calculation of Net Worth and Net Asset Value per Equity Share

(₹ in lakh except share data)

Particulars	As at and for	
	March 31, 2021	March 31, 2020
Equity share capital (A)Profit / (loss) after tax (A)	833.43	833.43
Other equity (B)	14,735.24	12,391.07
Net-Worth (C) = (A+B)	15,568.66	13,224.50
Number of Equity shares as at the end of the relevant period (D)	83.10	83.10
Net Asset Value per Equity Share ((C*10⁵) / D)	187.36	159.15

Calculation of EBITDA

(₹ in lakh)

Particulars	As at and for	
	March 31, 2021	March 31, 2020
PROFIT BEFORE TAX	3,214.19	892.27
Depreciation & Amortization	816.53	666.02
Finance Cost	484.15	419.17
Share of profit from other associates	-	-
Less : other Income	63.81	167.44
EBITDA	4,451.05	1,810.02

(₹ in lakh)

Particulars	As at and for	
	December 31, 2021	December 31, 2020
PROFIT BEFORE TAX	3481.17	2186.81
Depreciation & Amortization	649.55	602.45
Finance Cost	385.33	370.49
Share of profit from other associates	0.00	0.00
Less : other Income	51.51	53.69
EBITDA	4,464.54	3,106.06

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year or a Fiscal are to the twelve months ended March 31 of that year. In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Bhagiradha Chemicals & Industries Limited, our Company.

*Unless otherwise stated, the financial information in this section has been derived from the Audited Consolidated Financial Statements of our Company for Fiscal 2021 (**Audited Consolidated Financial Statements**) and the unaudited consolidated financial statements for the nine month period ended December 31, 2021 (**Unaudited Consolidated Financial Statements**), and together with the Audited Consolidated Financial Statements our **Consolidated Financial Statements**). The Audited Consolidated Financial Statements in accordance Indian Accounting Standards prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and other accounting principles generally accepted in India. The Audited Consolidated Financial Statements should be read along with the report issued thereon. The limited review report has been prepared in accordance with measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act another accounting principles generally accepted in India. Our Company publishes its consolidated financial statements in Indian Rupees.*

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including factors set forth in the section entitled 'Risk Factors' and chapter entitled 'Forward Looking Statements' beginning on pages 22 and 18, respectively.

In this chapter all references, and data relating to, nine month period ended December 31, 2021 pertains to the data from Unaudited Consolidated Financial Statements and all references, and data relating to, Fiscal 2021 pertains to the Audited Consolidated Financial Statements.

Overview

Our Company was incorporated in 1993 and commenced its manufacturing operations in 1995. Initially, it manufactured a single product viz., Chlorpyrifos. Currently, our Company's operations have significantly broadened and operate in the agrochemicals industry and is manufacturing a large number of products primarily related to crop protection. Our Company's business operations are largely concentrated on the manufacture of technical grade pesticides and specialty intermediates through chemical synthesis i.e., the creation of complex chemical compounds from simpler chemical compounds. Technical grade pesticides are used in the preparation and formulation for end use in the agricultural industry. Our Company has proven capabilities to manufacture the following kinds of pesticides and specialty intermediates (**Products**).

Pesticides are broadly classified into insecticides, fungicides, and herbicides. Set out below is a brief description of our Product segments.

- (iv) Insecticides – Insecticides are pesticides that are formulated to kill, harm, repel or mitigate one or more species of insect. Insecticides work in different ways. Our Company manufactures broad spectrum insecticides i.e., insecticides that eliminate many different kinds of insects. Some of the insecticides that our Company manufactures include Chlorpyrifos, Chlorpyrifos-Methyl, Diafenthiuron and Fipronil.
- (v) Fungicides – Fungicides are pesticides that eliminate or prevent the growth of parasitic fungi and fungal spores. Fungicides can be used to control fungi that damage plants, including rusts, mildews, and blights. Our Company manufactures Azoxystrobin, a fungicide with protectant, eradicant, translaminar and systemic properties. Our Company is also one of India's leading manufacturers of Azoxystrobin, a fungicidal product.
- (vi) Herbicides – Herbicides are pesticides that control the growth and spread of weeds. Our Company manufactures Triclopyr Butyl, a selective herbicide used for control of broad leaf weeds in crops and it has non-agricultural applications such as turf maintenance, weed control in grazing lands, defoliant in wooded areas, etc. Other herbicides manufactured include: (i) Clodinafop Propargyl, a selective herbicide used for control of annual and perennial grasses, broad leaf weeds in wheat; and (ii) Cloquinticet Methyl,

an herbicide/herbicide safener which is used along with selective herbicides to prevent damage to target crops due to phytotoxic effects.

In addition to pesticides, we also manufacture specialty intermediates. Specialty intermediates are chemicals that are used as raw materials for the manufacture of other products. Among specialty intermediates that we are currently manufacturing, the more prominent are organic chemical compounds such as 2,6-Dichloroaniline and 4-Amino-2,5-Dimethoxypyrimidine. These specialty intermediates are used in the manufacture of herbicides such as Diclosulam, and Penoxsulam. Our other specialty intermediates include 2-(ethylsulfonyl)imidazo[1,2-a]pyridine-3-sulofnamide which is a key starting raw material used in the manufacture of herbicide, Sulfosulfuron. We are capable of manufacturing specialty intermediates in the insecticide and fungicide product segments too. Additionally, we have also, in the past, manufactured bulk formulations at the request of certain key customers.

Our Company has manufactured around 28 different Products including specialty intermediates and formulations which are sold in India, and since April 1, 2017, we have exported our Products to 23 countries including Argentina, Australia, Brazil, Egypt, Germany, Indonesia, Israel, Portugal, the United Kingdom, and the USA.

Our Company's manufacturing facility is located at Ongole, Prakasam District, in Andhra Pradesh, India (**Manufacturing Facility**). The Manufacturing Facility has an aggregate installed capacity of 3,250 MT per annum. Set out below are details of our Company's capacity utilisation in Fiscal 2021 and for the nine month period ended December 31, 2021.

Particulars	Nine month period ended December 31, 2021	Fiscal 2021
Installed capacity (MT per annum)*	3,044.80	3,076.20
Actual production (MT)@	1,917.76	2,220.86
Capacity utilisation (%)@	62.98	72.19

*As per the certificate dated March 25, 2022 provided by the Chartered Engineer.

@As per the certificate dated [●] provided by the Statutory Auditor.

Raw materials used in the manufacture of our Products include specialty intermediates, chlorinating agents, oxidizing agents, gases, petrochemical products, organic and inorganic catalysts, inorganic salts, acetic acid, derivatives, etc. Most of the chemicals, other than specialty chemicals, are sourced domestically from manufacturers, their marketing associates, indenting agents, traders, etc. Specialty intermediates are mostly imported from other countries, majorly from China. Out of the materials purchased during the nine month period ended December 31, 2021, approximately 27.52% were sourced from China. In the previous financial year, the share of imports was 34.83% of total cost of materials procured. Our Company does not maintain long term contracts for the supply of raw materials. Instead, it relies on sourcing raw materials through purchase orders on a need basis.

Our total income and our profit after tax on an audited consolidated basis for the Fiscal 2021 were ₹31,853.58 lakh and ₹2,331.88 lakh, respectively. Our total income and our profit after tax on the basis of limited review for the nine month period ended December 31, 2021, were ₹ 29,845.98 lakh and ₹2,486.77 lakh, respectively.

Significant Factors Affecting Our Results Of Operations

Availability and cost of raw materials

A significant part of our total expenses is cost of materials consumed and direct operating costs. The manufacture of each Product involves multiple stages involving several raw materials. On an average more than 50 different kinds of raw materials go into the production process every year. Set out below is the break-up of our cost of materials consumed during Fiscal 2021 and the nine month period ended December 31, 2021.

(₹ in lakh)

Particulars	Nine month period ended December 31, 2021		Fiscal 2021	
	Amount	% of total expenses	Amount	% of total expenses
Cost of materials consumed*	20,560.16	77.98	19,610.95	68.22

* Changes in inventories of raw materials and work in process are not included in the cost of materials consumed.

The price and the supply of the raw materials depend on factors beyond our control, which include economic conditions, consumer demand, production levels and transportation costs. We source our raw materials domestically and from international markets, in particular China, as and when the need arises on spot-price basis. Accordingly, we do not enter into long term contracts for the supply of raw materials and, consequently, are subject to the vagaries of demand and supply. Further, a significant portion of some of our key materials is imported from China. Inability to source the requisite raw materials from China in a timely fashion or a significant increase in the price of such raw materials could adversely affect our operations.

In addition, our manufacturing operations require a large number of raw materials and inability or delay in procuring any of them would have a cascading effect on our production processes and customer delivery timelines, and, consequently, on our financial condition. While there may be an increase in raw material prices, our ability to pass on such increase to the customers may be limited or may not be commensurate with the increase in cost, which could adversely affect our margins. Furthermore, any increase in the cost of raw materials which results in an increase in prices of our products, may reduce demand for our products and thereby affect our revenues and profitability.

Capacity Utilization

We manufacture around 6-10 Products each year, and the nature of the Product manufactured has an impact on our installed capacity and actual capacity utilisation, since each Product may result in us being able to use our Manufacturing Facility to varying degrees and, consequently, our production metrics for each Product varies. Therefore, our profitability is, to a large extent, determined by our ability to maximise our capacity utilisation. Capacity utilisation is primarily driven by our ability to streamline our production processes and align these processes with the disparate requirements that arise due to the non-homogeneity of the Products that are manufactured.

While the actual installed capacity available to us varies according to the selection of products considered for manufacturing at any point of time, our Manufacturing Facility has a permitted capacity of 3,250 MT per annum. Set out below are details of our Company's capacity utilisation for the nine month period ended December 31, 2021 and Fiscal 2021.

Particulars	Nine month period ended December 31, 2021	Fiscal 2021
Installed capacity (MT per annum)*	3,044.80	3,076.20
Actual production (MT)@	1,917.76	2,220.86
Capacity utilisation (%)@	62.98	72.19

*As per the certificate dated March 25, 2022 provided by the Chartered Engineer.

@As per the certificate dated [●] provided by the Statutory Auditor.

Macroeconomic factors affecting international commerce

A significant part of our revenue is generated from the export of our Products. From April 1, 2021, our Company has exported Products to 8 countries including to Argentina, Australia, Brazil, Israel, Portugal, the United Arab Emirates, the United Kingdom, and the United States of America. Set out below is a break-up of our revenue from sale of our Products in domestic and in the international markets.

(₹ in lakh)

Particulars	Nine month period ended December 31, 2021		Fiscal 2021	
	Revenue	% of total revenue from operations	Revenue	% of total revenue from operations
Revenue from domestic sale of Products (A)	22,963.61	77.07	24,599.31	77.38
Revenue from export of Products (B)	6,721.32	22.56	7,151.83	22.50
Total (A) + (B)	29,684.93	99.63	31,751.14	99.88
Total*	29,794.47		31,789.77	

** Revenue from operations = sale of manufacture products + traded goods + sale of services + Export Incentives + Sale of Scrap.*

Therefore, we are dependent on the macroeconomic factors affecting international commerce and any factor that adversely affects the international commerce could have an adverse impact on our results of operations and our financial condition. For instance, the current conflict between Russia and Ukraine has a general negative impact on global financial markets. While we are not directly affected by the conflict since we do not either import materials from or sell our Products to either of these countries, if the conflict broadens to include European countries to which we export our Products, or if the conflict has an adverse impact on or depresses global demand and supply of our Products, our results of operations and our financial condition could be adversely affected. Further, this or other such conflicts could have unexpected consequences that we may not be prepared for or able to counter in the short term, which could also affect our business outcome.

Competition

We operate in a highly competitive business environment. We face competition both in the Indian market and international markets from Indian and multinational entities. Further, we are present in each of the segments of the pesticides industry and, consequently, we face competition from entities which may cater only to certain segments of the pesticide industry. Additionally, different companies in the pesticide industry may manufacture different products within the same product segment and, consequently, we may compete with certain companies with respect to certain products and others in respect of other products. Therefore, it is difficult to identify competitors who operate in all segments and all Products that our Company operates in. Some of our key competitors are Aimco Pesticides, Gharda Chemicals, Bharat Rasayan Limited, Sumitomo Chemical India Limited, and Tagros Chemicals India Limited in the insecticides segment, Best Agrolife Limited and UPL Limited in the fungicide segment and Aimco Pesticides Limited and Gharda Chemicals Limited in the herbicides segment. In the international markets we compete with Chinese exporters, multinational pesticide manufacturers and the domestic manufacturers of pesticide which will vary depending on the geographic location to which we export our Products. Our continued growth and business prospects are closely linked to our ability to successfully operate in the divergent competitive business environment in which we operate

Basis of Preparation of Consolidated Financial Statements

The Audited Consolidated Financial Statements were prepared in accordance Indian Accounting Standards prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (**Ind AS**) and other accounting principles generally accepted in India. The Audited Consolidated Financial Statements should be read along with the report issued thereon. The Unaudited Consolidated Financial Statements have been prepared in accordance with measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act another accounting principles generally accepted in India. Our Company publishes its Consolidated Financial Statements in Indian Rupees.

Significant Accounting Policies

Set out below is a list of the significant accounting policies adopted in the preparation of these financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation & compliance with IND AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (**Ind AS**) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act. The financial statements of the company are prepared in accordance with the Indian Generally Accepted Accounting Principles (**GAAP**) on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS.

- Certain financial assets and liabilities are measured at fair value (Refer accounting policy on financial instruments)
- Defined benefit and other long term Employee Benefits.

- Current versus non current classification: All the assets and liabilities have been classified as current and non current as per the Company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

Uses of Estimates & judgments

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements and reviewed on an ongoing basis. Actual results may differ from the estimates and assumptions used in preparing the accompanying Consolidated Financial Statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

Measurement of Fair Values

The accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted price included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property Plant and Equipment and Depreciation

- Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.
- Subsequent expenditure related to an item of fixed asset is added to its book value only, if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- Capital work-in-progress includes fixed assets not ready for their intended use and related incidental expenses and attributable interest.
- Expenditure during construction period:
Expenditure (direct & indirect) incurred during the construction period which are attributable to acquisition / construction of fixed assets, will be capitalized with the respective Plant, Property & Equipment at the time of commissioning of such assets.
- The estimated useful life of assets are as follows:

Building	30 - 60 years
Plant and equipment	20 - 25 years
Plant and equipment - R & D	10 years

Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computer and data processing equipment	3 years

- f) Premium paid on Leasehold land is amortized over a primary period of lease.
- g) Depreciation on tangible fixed assets (property, plant and equipment) has been provided on Straight Line Method. Depreciation is provided on a pro-rata basis, i.e. from the date on which asset is ready for use. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.
- h) Items of fixed assets that are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately under other current assets in the financial statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- i) An item of property, plant and equipment is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the consolidated Statement of Profit and Loss.

Intangible Assets

- a) Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any.
- b) Subsequent expenditure related to an item of intangible assets is added to its book value, only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- c) In respect of Intangible fixed assets amortised on straight line basis - Technical know how @ 5.28 % p.a., computer software over a period of useful life of 3 years and product development expenses are to be amortised over a period of their useful life of 4 years.
- d) An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal of fixed assets carried at cost are recognised in the Statement of Profit and Loss.

Impairment of Property, Plant and Equipment

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists.

Borrowing Costs

Borrowing costs incurred on constructing or acquiring a qualifying asset are capitalized as cost of that asset until it is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue and recognized as an expense in the Consolidated Statement of Profit and Loss.

Research and Development Cost

Research and Development Cost incurred (other than cost of fixed assets acquired) is charged as an expense in the year in which it is incurred and is reflected under the appropriate head of account.

Non-Current Assets held for Sale

Non-current assets classified as held for sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale they are no longer amortised or depreciated.

Inventories

- a) Inventories are valued at lower of cost or net realizable value on an item-by-item basis.
- b) Cost of finished goods, traded goods and work in progress is determined by considering materials, labour and other related costs incurred in bringing the inventories to their present condition and location. Cost of raw materials, packing materials and consumables is determined on weighted average basis.
- c) Cost of Finished goods and work in progress : Cost includes cost of direct materials, labour and other related costs incurred in bringing the inventories to their present condition & location.
- d) Goods in transit are valued at cost which represents the cost incurred up to the stage at which the goods are in transit.

Cash and Cash Equivalents

Cash comprises of cash at bank and on hand and cash equivalents comprise of short-term bank deposits with an original maturity of three months or less.

Cash Flow Statement

Cash flows are reported using indirect method as set out in IND AS 7, 'Statement of Cash Flows', whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and deferrals of accruals of past or future cash receipts or payments. The cash flows from operating, Investing and financing activities of the Group are segregated based on the available information.

Leases

A lease is classified at the inception date as finance lease or an operating lease. Leases under which the Group assumes substantially, all the risk and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of Profit and loss. Other leases are treated as operating leases, with payments recognised as expenses in the statement of profit and loss on a straight line basis over the lease term.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether:

- i. the contract involves the use of an identified asset;
- ii. the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- iii. the Group has the right to direct the use of the asset.

As a lessee, the Group recognises a right of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of-use asset or the end of the lease term. The estimated useful lives of right of- use assets are determined on the same basis as those of property and equipment/primary period of lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in substance fixed payments. The lease liability is measured at amortised cost using the effective interest method.

The Group has used number of practical expedients when applying Ind AS 116: - Short term leases, leases of low-value assets and single discount rate.

The Group has elected not to recognise right of- use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Revenue Recognition

- a) Sale of goods is recognized as revenue when the significant risks and rewards of ownership of the goods have been passed on to the buyer. Revenues are recognized when collectability of the resulting receivable is reasonably assured. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
- b) Income from services rendered is recognized based on agreements with the customers using the proportionate completion method, when services are performed and no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering of service.
- c) Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of exports made.
- d) Interest income is recognized on a time proportionate basis, taking into account the amount outstanding and the rates applicable. For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate method to the net carrying amount of the financial assets.

Income Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and Minimum Alternate Tax (MAT) credit entitlement.

a) Current Tax

Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

c) Minimum Alternate Tax

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the statement of profit & loss and is considered as (MAT credit entitlement). The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period. MAT credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

Employees Benefits

Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. The short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

I. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group contributes to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act,

1952 that is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services. Superannuation benefits, a defined contribution plan, has been funded with Life Insurance Corporation of India (LIC) and the contribution is charged to Statement of profit and loss, when the contribution to the Fund is due.

II. Defined benefit plans

The Group provides for gratuity benefit and compensated absences, which are defined benefit plans, covering all its eligible employees. Liability towards gratuity benefits and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations are carried out at the balance sheet date. Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. The gratuity benefit and compensated absences scheme is funded with the Life Insurance Corporation of India (LIC). The short term provision for compensated absences has been calculated on undiscounted basis, based on the balance of leave available over and above the maximum accumulation allowed as per the company's policy.

Foreign Currency Transactions

- a) Initial recognition-Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount, the exchange rate between the functional currency and the foreign currency at the date of the transaction.
- b) Subsequent measurement- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Nonmonetary items that are measured based on historical cost in a foreign currency are not translated.

Provisions and Contingencies

- a) A provision is recognised, if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.
- b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Earnings per Shares

Basic EPS is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Operating Cycles

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products/ activities of the Group, the management has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's board of directors.

Financial Instruments

a) Financial Assets

i. Recognition and initial measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss.

ii. Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.

Financial assets at fair value through profit (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial instruments measured at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

iii. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

iv. Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

b) *Financial Liabilities*

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial liability is initially measured at fair value, in case of financial liability which is recognised at fair value through profit and loss (**FVTPL**), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the issue of a financial liability.

ii. Subsequent measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held- for- trading, or as a derivative or if designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability is extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Setting off financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) *Derivative Financial Instruments*

The Group uses derivative financial instruments, such as forward currency contracts to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

Principal components of our statement of profit and loss account

Income

Our total income on a consolidated basis for the nine month period ended December 31, 2021 and Fiscal 2021 was ₹29,845.98 lakh and ₹31,863.58 lakh, respectively. Our total income consists of:

- i. Revenue from operations - Our revenue from operations comprises: (i) revenue from the sale of products consisting of the domestic sale of manufactured products, export of manufactured products and export of traded goods; and (ii) revenue from the sale of services consisting of export incentives and scrap sales.
- ii. Other income - Other income comprises primarily interest income (deposit and margin money held), foreign exchange gain, amortisation of government grants and miscellaneous income.

Expenses

Our total expense on a consolidated basis for the nine month period ended December 31, 2021 and Fiscal 2021 was ₹26,364.81 lakh and ₹28,744.80 lakh, respectively. The primary components of our expenses are cost of materials consumed, change in inventories of finished goods and work in progress, employee benefits expense, finance cost, depreciation expense, and other expenses.

- i. Cost of raw materials and components consumed – This comprises costs including towards solvents, organic and inorganic catalysts, chlorinating reagents, petrochemical derivatives and inorganic chemicals.
- ii. Changes in inventories of finished goods and work-in-progress – This relates to adjustment to our income statement which reflects increases or decreases in our inventory of finished goods and work-in-progress.
- iii. Employee benefit expense – This comprises salaries and wages, directors' remuneration and commission, CEO commission, contribution to provident fund and other funds, gratuity expenses, compensated absence and staff welfare expenses.
- iv. Finance cost – This comprises, primarily, interest on term and working capital loans, interest to others, interest on financial liabilities recognised on amortised cost, bank charges and processing fees, cash discount, etc.
- v. Depreciation and amortisation expense – This comprises depreciation charges on tangible fixed assets and intangible assets and amortization expense on leasehold land.
- vi. Other expenses – This comprises primarily of manufacturing expenses including power and fuel, consumption of stores, spares & consumables, maintenance, other manufacturing expenses and rent, R&D expenses, rates and taxes, consultancy and professional charges, vehicle maintenance expense, other selling expenses, miscellaneous expenses etc.

RESULTS OF OUR OPERATIONS

(₹ in lakh)

Particulars	Fiscal 2021	Fiscal 2020
Income		
Revenue from operations	31,789.77	24,567.15
Other income	63.81	167.06
Total Revenue	31,853.58	24,734.21
Cost of raw materials and components consumed	19,610.95	15,172.36
Changes in inventories of finished goods and work-in-progress	475.29	788.42
Employee benefit expense	1,942.74	1,889.35
Finance cost	827.06	548.46
Depreciation and amortisation expense	816.53	666.02
Other expenses	5,072.22	5,024.37
Total expenses	28,744.80	24,088.99
Profit/(Loss) before exceptional items and tax	3,108.79	645.23
Exceptional items	105.40	247.04
Profit / (Loss) after exceptional items before tax	3,214.19	892.27
Tax expense		

Particulars	Fiscal 2021	Fiscal 2020
a) Current tax	567.15	140.71
b) MAT credit entitlement	(437.27)	(140.71)
c) Deferred tax charge/(credit)	752.43	221.81
d) Earlier years' tax	-	19.75
Total tax expense	882.31	241.56
Profit/(loss) for the year	2,331.88	650.71
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans	(17.33)	(49.29)
Deferred tax credit on above	(5.05)	13.71
Total other Comprehensive Income, net of tax	12.29	(35.58)
Total comprehensive income for the year, net of tax	2,344.17	615.13

Results of Operation for Fiscal 2021 compared to Fiscal 2020

Revenue

Our total income increased by 28.78% from ₹24,734.21 lakh in Fiscal 2020 to ₹31,853.58 lakh in Fiscal 2021. The increase was primarily due to full year of operations as compared to the previous year wherein our plant was shut down for about hundred days due to stop production orders issued by the APPCB and Covid-19.

Revenue from operations

Our revenue from operations increased by 29.40% from ₹24,567.15 lakh in Fiscal 2020 to ₹31,789.77 lakh in Fiscal 2021. This was primarily due to (i) an increase in domestic sale of manufactured products from ₹9,964.72 lakh in Fiscal 2020 to ₹24,599.21 lakh in Fiscal 2021 on account of improved margins and increased demand in the domestic market which was off-set by a decrease in export of manufactured products from ₹13,557.34 lakh in Fiscal 2020 to ₹7,151.83 lakh in Fiscal 2021 as preference was given to sales in the domestic market for the reasons mentioned above; and (ii) a decrease in export incentives from ₹403.56 lakh in Fiscal 2020 to ₹36.60 lakh in Fiscal 2021 due to reduced level of exports.

Other income

Our other income decreased by 61.80% from ₹ 167.06 lakh in Fiscal 2020 to ₹63.81 lakh in Fiscal 2021 primarily due to a decrease in gain on foreign currency transactions and translations from ₹48.46 lakh in Fiscal 2020 to ₹16.38 lakh, absence of income from process development and refund of cess relating to previous years by the GST department aggregating to ₹72.09 lakh in Fiscal 2021 which were comprised in the other income of Fiscal 2020.

Expenses

Our total expenses increased by 19.33 % from ₹24,088.99 lakh in Fiscal 2020 to ₹28,744.80 lakh in Fiscal 2021. This increase was primarily due to increased production levels leading to increased consumption of raw materials from ₹15,172.36 lakh in Fiscal 2020 to ₹19,610.95 lakh in Fiscal 2021 and increased other expenses on account of increased production volumes

Cost of raw materials consumed

Our cost of materials consumed increased by 29.25% from ₹15,172.36 lakh in Fiscal 2020 to ₹19,610.95 lakh in Fiscal 2021 due to increased production volumes.

Change in inventories of finished goods and work in progress

Our inventories of finished goods and work in progress changed from ₹788.41 lakh in Fiscal 2020 to ₹ 475.29 lakh in Fiscal 2021.

Employee benefit expense

Our employees benefit expense increased by 2.83% from ₹1,889.35 lakh in Fiscal 2020 to ₹1,942.74 lakh in Fiscal 2021. This increase was primarily on account of increased wage bill and commission paid to the director and the CEO commensurate with increased profits.

Finance cost

Our finance cost increased by 50.80% from ₹548.46 lakh in Fiscal 2020 to ₹827.06 lakh in Fiscal 2021 due to increased working capital utilization needed for higher level of production, additional term loans availed during the year and cash discount offered to customers for early payments.

Depreciation and amortisation expense

Our depreciation and amortisation expenses increased by 22.60% from ₹666.02 lakh in Fiscal 2020 to ₹816.53 lakh in Fiscal 2021. The increase is in line with the capex cost incurred for Fipronil project during the year.

Other expenses

Our other expenses increased marginally from ₹5,024.37 lakh in Fiscal 2020 to ₹5,072.22 lakh in Fiscal 2021 primarily due to increase in manufacturing expenses from ₹3,653.79 lakh in Fiscal 2020 to ₹4,226.70 lakh in Fiscal 2021 which was partially off-set by a decrease in administrative, selling and other expenses from ₹1,370.58 lakh in Fiscal 2020 to ₹845.53 lakh Fiscal 2021.

Tax expenses

Our total tax expenses increased by ₹640.75 lakh from ₹241.56 lakh in Fiscal 2020 to ₹882.31 lakh Fiscal 2021 mainly due to an increase in: (i) current tax by ₹426.44 lakh from ₹140.71 lakh Fiscal 2020 to ₹567.15 lakh in Fiscal 2021 and; (ii) deferred tax charge by ₹530.61 lakh from ₹221.81 lakh in Fiscal 2020 to ₹752.43 lakh in Fiscal 2021, and a change in MAT credit entitlement by ₹296.56 lakh from ₹(140.71) lakh in Fiscal 2020 to ₹(437.27) lakh in Fiscal 2021.

Profit/(Loss) for the year

For the foregoing factors, our profit for the year increased from ₹650.71 lakh in Fiscal 2020 to ₹2,331.88 lakh in Fiscal 2021.

Nine month period ended December 31, 2021

(₹ in lakh)

Particulars	Nine month period ended December 31, 2021	% of total income
Income		
Revenue from operations	29,794.47	99.83
Other income	51.51	0.17
Total Revenue	29,845.98	100.00
Cost of raw materials and components consumed	20,560.16	68.89
Changes in inventories of finished goods and work-in-progress	(2,167.02)	(7.26)
Employee benefit expense	1,779.98	5.96
Finance cost	703.15	2.36
Depreciation and amortisation expense	649.55	2.18
Other expenses	4,838.98	16.21
Total expenses	26,364.81	88.34
Profit/(Loss) before exceptional items and tax	3,481.17	11.66
Exceptional items	-	
Profit / (Loss) after exceptional items before tax	3,481.17	11.66
Tax expense		
a) Current tax	594.51	1.99
b) MAT credit entitlement	299.89	1.00
c) Deferred tax charge/(credit)	99.99	0.34

Particulars	Nine month period ended December 31, 2021	% of total income
d) Earlier years' tax	-	
Total tax expense	994.40	3.33
Profit/(loss) for the year	2,486.77	8.33
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans	(90.41)	(0.30)
Deferred tax credit on above	26.33	0.09
Total other Comprehensive Income, net of tax	(64.08)	(0.21)
Total comprehensive income for the year, net of tax	2,422.69	8.12

Results of Operation for the nine month period ended December 31, 2021

Revenue

Our total income was ₹29,845.98 lakh for the nine month period ended December 31, 2021 and comprised of following:

Revenue from operations

Our revenue from operations was ₹29,794.47 lakh for the nine month period ended December 31, 2021, which primarily comprised ₹22,625.26 lakh from the domestic sale of manufactured products, ₹6,721.32 lakh from export of manufactured products, ₹109.54 lakh incentive from exports including scrap sales and ₹338.34 lakh from traded goods.

Other income

Our other income was ₹51.51 lakh for the nine month period ended December 31, 2021, which comprised ₹15.87 lakh of interest income (deposit and margin money held), ₹11.43 lakh from amortisation of government grants and ₹24.21 lakh of miscellaneous income.

Expenses

Our total expenses was ₹26,364.81 lakh for the nine month period ended December 31, 2021, which primarily comprised of the following:

Cost of raw materials consumed

Our cost of materials consumed was ₹20,560.16 lakh for the nine month period ended December 31, 2021.

Change in inventories of finished goods and work in progress

Our inventories of finished goods and work in progress was ₹(2,167.02) lakh for the nine month period ended December 31, 2021.

Employee benefit expense

Our employees benefit expense was ₹1,779.98 lakh for the nine month period ended December 31, 2021, which primarily comprised ₹1,373.63 lakh towards salaries and wages, ₹123.75 lakh towards directors' remuneration and commission, ₹24.74 lakh towards CEO commission, ₹99.93 lakh towards contribution to provident fund and ₹25.33 lakh towards gratuity expenses, and ₹132.60 lakh pertaining to staff welfare expenses.

Finance cost

Our finance cost is ₹703.15 lakh for the nine month period ended December 31, 2021.

Depreciation and amortisation expense

Our depreciation and amortisation expenses are ₹649.55 lakh for the nine months period ended December 31, 2021.

Other expenses

Our other expenses were ₹4,838.98 lakh for the nine month period ended December 31, 2021, which primarily comprised ₹4,095.50 lakh towards manufacturing expenses including ₹2,319.52 lakh towards power and fuel, ₹800.45 lakh towards consumption of stores, spares and consumables, ₹360.46 lakh towards maintenance, ₹527.89 lakh towards other manufacturing expenses, ₹87.18 lakh towards insurance expenses ₹25.32 lakh towards rent, ₹88.72 lakh towards R&D expenses, ₹13.03 lakh towards rates and taxes, ₹81.97 lakh towards consultancy and professional charges, ₹35.46 lakh vehicle maintenance expense, ₹276.13 towards other selling expenses and ₹222.86 lakh towards miscellaneous expenses.

Tax expenses

Our total tax expenses were ₹994.40 lakh for the nine month period ended December 31, 2021, which primarily comprised ₹594.22 lakh current tax, ₹299.86 lakh of MAT credit entitlement, ₹99.99 lakh towards deferred tax charge/(credit) and ₹NIL towards earlier years' tax.

Profit/(Loss) for the period

Our profit for the period was ₹2,486.77 lakh for the nine month period ended December 31, 2021.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance the working capital and capital expenditure. We have met these requirements through cash flows from operations as well as through borrowings. As on March 31, 2021, we had a sum of ₹35.08 lakh in cash and cash equivalents. In addition, as on March 31, 2021, we had long term borrowings from scheduled commercial banks and others aggregating ₹ 2,167.48 lakh which includes amount repayable in the coming twelve months also. As on February 28, 2022, we had outstanding borrowings aggregating ₹9,692.37 lakh of which ₹1,729.04 lakh were long term borrowing.

We believe that our anticipated cash flow from operations, committed debt facilities, together with the proceeds from the Issue and our existing cash, will be sufficient to meet our operating and capital expenditure for Fiscal 2023.

Cash flows

The following table sets forth certain information in relation to our cash flows with respect to operating activities, investing activities and financing activities for the Fiscal 2021 and Fiscal 2020.

(₹ in lakh)

Particulars	Fiscal	
	2021	2020
Net cash generated from operating activities	414.08	4,816.01
Net cash used in investing activities	(2,076.03)	(3,860.01)
Net cash used in financing activities	1,422.14	(912.25)
Net increase / decrease in cash and cash equivalent	(239.81)	43.75

Operating activities

Net cash flow from operating activities comprises cash consumed / generated from operations and increase / decrease in working capital.

Net cash flow generated from operating activities decreased by 91.40 % from ₹ 4,816.01 lakh in Fiscal 2020 to ₹ 414.80 lakh in Fiscal 2021 primarily due to repayment of capital creditors, higher corporate taxes paid and increased working capital gap.

Investing activities

Net cash flow from investing activities comprises purchase of property, plant and equipment (tangible and intangible) and proceeds from the sale of property, plant and equipment and interest received.

Net cash flow generated from investing activities decreased from ₹3,860.01 lakh in Fiscal 2020 to ₹2,076.03 lakh in Fiscal 2021 primarily due to reduced level of capital investment.

Financing activities

Net cash flow from financing activities comprises proceeds / repayment of long term borrowing (net), proceeds / repayment of short term borrowing (net), dividend paid, and interest paid.

Net cash used in financing activities increased from ₹(912.25) lakh in Fiscal 2020 to ₹1,422.14 lakh in Fiscal 2021 due to long term and short term borrowing taken during the year.

Financial Indebtedness

Set out below are details of our outstanding secured and unsecured financial indebtedness as on February 28, 2022 and December 31, 2021.

(₹ in lakh)

Particulars	Outstanding as on February 28, 2022	Outstanding as on December 31, 2021
Working capital limits (Fund based)	5,014.80	5,144.30
Working capital limits (Non-fund based)	2,802.29	3,400.62
Total working capital limits (A)	7,817.10	8,544.92
Term loan	1,379.73	1,451.02
Total term loan (B)	1,379.73	1,451.02
Total secured indebtedness (C) (A+B)	9,196.82	9,995.97
Unsecured indebtedness (D)	495.55	496.20
Total indebtedness (C+D)	9,692.37	10,492.17

For more information regarding our financial indebtedness please refer to the chapter entitled '*Consolidated Financial Statements*' beginning on page 108.

Commitments and contingent liabilities

(₹ in lakh)

Particulars	Fiscal 2021	Fiscal 2020
Commitments		
Estimated amount of contracts remaining to be executed on capital account & not provided for (net of advances)	36.30	88.91
Total	36.30	88.91
Contingent liabilities		
(i) Outstanding bank guarantees	10.00	100.00
(ii) Letters of credit	248.83	367.07
Total	258.83	467.07

For more information, please refer to the chapters entitled '*Consolidated Financial Statements*' beginning on page 108.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our Promoters and Key Management Personnel on an arm's length basis. Such transactions could be for sales, availing of unsecured loans, professional fees, salary, etc. For further details of our related party transactions as on March 31, 2021, please refer to the chapter entitled '*Consolidated Financial Statements – Note 49: Related Party Disclosures*' on page 151.

Off-Balance Sheet Arrangements

We have taken forward cover for USD 600,000 towards our foreign exchange exposure as on March 31, 2021. As on December 31, 2021, no forward cover was taken by our Company.

Qualifications and Matters of Emphasis

Our Audited Consolidated Financial Statements do not contain any qualifications and reservations by our Statutory Auditor.

Change in Accounting Policies

Our Company has not changed its accounting policies in the last 3 Fiscals.

Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Market risk is the possibility of losses that may be incurred by our Company due to factors that affect the overall performance of our Company – such as foreign exchange rates, interest rates, recessions etc. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Our Company is exposed to market risk primarily due to the fluctuations in the rate of interest for borrowings from banks, recession in the market, foreign exchange rate fluctuation etc.

Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which our Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of our Company. Our Company, in accordance with its risk management policy, uses natural hedge technique of adjusting foreign currency receivables against currency payables. Our Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. Exposure to all other foreign currencies other than US Dollar is not material.

Credit risk

Credit risk is the risk of financial loss to our Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from our Company's receivables from its customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which our Company grants credit terms in the normal course of business. Our Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Our Company's exposure to the risk of changes in the market interest rate relates primarily to our Company's long term debt obligations with floating interest rates. Our Company's interest rate exposure is mainly related to variable interest rates debt obligations. Our Company manages the liquidity and fund requirements for its day to day operations like working capital, suppliers/buyers credit.

Significant Dependence on A Single or Few Customers or Suppliers

While revenue from any particular customer may vary between financial reporting periods our top 10 customers in the nine month period ended December 31, 2021 and Fiscal 2021 contributed ₹17,642.59 lakh and ₹21,621.60 lakh, constituting 59.11% and 67.88%, respectively, of our total revenue.

Competitive Conditions

We operate in a competitive environment, both in domestic and international markets. For further information, please refer to the section entitled '*Risk Factors*', and chapters entitled '*Industry Overview*', '*Our Business – Competition*' and '*Significant factors affecting our results of operations*' beginning on pages 22, 64, 99 and 168 respectively.

Seasonality of Business

Our Company's business is not subject to seasonal changes. Though our business is related to agricultural production which is seasonal, since we export our products to different geographies which can have complementary agricultural seasons, we continue to produce our products throughout the year. For products which are sold in domestic market only, such products are manufactured on campaign basis.

Cyclical Nature of Business

Our Company's business is not cyclical in nature.

Unusual or Infrequent Events or Transaction

Except as set out in this Letter of Offer, there have been, to our knowledge, no unusual or infrequent events or transactions that have in the past, or may in the future, affect our business operations or future financial performance.

Significant Economic Changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations. These have been identified in this chapter under the sub-heading '*Significant factors affecting our results of operations*', at page 168 and the section entitled '*Risk Factors*', beginning on at page 22.

Known Trends or Uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above under '*Significant factors affecting our results of operations*', and the uncertainties described in the section entitled '*Risk Factors*' beginning on page 22. To our knowledge, except as we have described in this Letter of Offer, there are no known factors, which are expected to have a material adverse impact on our revenues and results of operation.

Future Relationships between Costs and Income

Other than as described in the section entitled '*Risk Factors*' and chapters entitled '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on pages 22, 89 and 167, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Significant Developments after March 31, 2021

Except as disclosed in our Unaudited Consolidated Financial Statements and elsewhere in this Letter of Offer, there have been no significant developments since March 31, 2021, which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next twelve months.

OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiary are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. Our Company has a 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations. Notwithstanding such materiality policy approved by the Board, our Company has, solely for the purposes of this Issue, disclosed in this section, all outstanding civil proceedings involving our Company and Subsidiaries where the amount involved in such proceedings exceeds a materiality threshold of 10% of the latest audited net profit after tax on consolidated basis, i.e., ₹233.39 lakh (**Materiality Threshold**). However, the Materiality Threshold does not apply to any statutory, regulatory, tax or criminal matter or any other matter which is incapable of being quantified.*

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiary; (ii) material violations of statutory regulations by our Company and/or our Subsidiary; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiary; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company and / or our Subsidiary from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and / or our Subsidiary are impleaded as defendants in litigation proceedings before any judicial forum.

I. Litigation involving our Company

Litigation by our Company

a. Criminal Proceedings

1. Our Company has filed a complaint no. 308 of 2018 under Section 200 of the Criminal Procedure Code, 1973 (**CrPC**) for an offence committed under Section 138 read with Section 142 of the Negotiable Instrument Act, 1881 (**NI Act**), against Coromandel Agro Products (**CAP**) before the Metropolitan Magistrate Court at Irrumanzil, Hyderabad. CAP purchased agrochemical products from our Company and was liable to pay ₹7.37 lakh. In this regard, CAP issued a cheque bearing no. 841233 dated May 20, 2015 for an amount of ₹5.90 lakh. However, the said cheque was returned due to insufficient funds. Our Company issued a legal notice dated August 20, 2015 to CAP for seeking payment within 15 days of receipt of the said notice. CAP failed to make the payment within the stipulated time. Consequently, our Company approached the Metropolitan Magistrate Court and have prayed for twice the defaulted amount. The matter is still pending.
2. Our Company has filed a complaint no. 7367 of 2019 under Section 200 of the CrPC for an offence committed under Section 138 read with Section 142 of the NI Act against Unichem Crop Sciences (**UCS**) before the Metropolitan Magistrate Court at Irrumanzil, Hyderabad. UCS purchased agri-chemical products for an amount of ₹30.99 lakh on credit from our Company on April 16, 2019. For payment of amounts due to our Company, UCS issued 3 cheques in favour of our Company. One of the cheques bearing no. 005736 for an amount of ₹3.00 lakh dated August 10, 2019 was presented for payment. However, the said cheque was returned on grounds that it exceeds the arrangement between UCS and its bank. Our Company issued a legal notice dated September 25, 2019 to UCS seeking payment within 15 days of receipt of the said notice. USC failed to make payment within the stipulated time. Consequently, our Company approached the Metropolitan Magistrate Court and have prayed for twice the defaulted amount. The matter is still pending.

b. Civil and other litigation

Our Company has filed a revocation petition bearing no. 06/2020/PT/DEL under Section 64 of the Patents Act, 1970 (**Patents Act**) before the Delhi High Court against patent no. 286565 granted to M/s. Syngenta Limited European Regional Centre (**Syngenta**) on August

23, 2017 by Controller of Patent, and against the admission of the matter seeking approval of Controller of Patent for post grant correction to the claim of the said patent by Syngenta. Our Company has challenged the said patent as it relates to a process for preparing asymmetrical 4,6-bis(aryloxy)pyrimidines derivatives by using quinuclidine- or pyrrolidine-based compounds as catalysts. However, the concept of using tertiary amines, specifically pyrrolidine- and quinuclidine- based catalyst to catalyze such kind of reaction had already been reported before the earliest priority date of the said patent. Our Company further challenged the amendment sought by Syngenta to the claim of the said patent for the inclusion of N-methyl pyrrolidine as a catalyst for such reaction. The matter is currently pending before the Delhi High Court.

c. Tax Proceedings

(₹ in lakh)

Nature of Case	No. of cases	Amount involved
Indirect tax litigations	6	113.63

Litigation against our Company

a. Criminal Proceedings

Nil

b. Actions taken by Statutory / Regulatory Authority

Nil

c. Civil and other litigation

KRLT Padmavathi, the daughter of one of the deceased shareholder viz. Late K Baby, has filed petition no. 35 of 2019 under Section 372 of Indian Succession Act, 1925 before the Senior Civil Judge, R.R. district, Hyderabad, seeking succession certificate in her capacity as one of the 3 legal heirs. Late K Baby held 10,000 shares of our Company, and her daughter is claiming her 1/3rd share out of the entire shareholdings held by Late K Baby, which is worth of ₹31.22 lakh. The matter is currently sub-judice.

d. Tax proceedings

(₹ in lakh)

Nature of Case	No. of cases	Amount involved
Direct tax litigations	2	288.80

II. Litigation involving our Subsidiary

Litigation by our Subsidiary

a. Criminal proceedings

Nil

b. Actions taken by Statutory / Regulatory Authority

Nil

c. Civil and other litigation

Nil

d. Tax proceedings

Nil

Litigation against our Subsidiary

a. Criminal proceedings

Nil

b. Actions taken by Statutory / Regulatory Authority

Nil

c. Civil and other litigation

Nil

d. Tax proceedings

Nil

SECTION VI: LEGAL AND OTHER INFORMATION

MATERIAL DEVELOPMENTS

No circumstances have arisen since the date of the latest audited financial statements i.e., March 31, 2021, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

GOVERNMENT APPROVALS

As on the date of this Letter of Offer, there are no material pending government and regulatory approvals pertaining to the Objects of the Issue.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by resolutions of the Board passed at its meetings held on December 14, 2021 and January 4, 2022, pursuant to Section 62(1)(a) of the Companies Act, 2013.

The Rights Issue Committee has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) to the Eligible Equity Shareholders in consultation with the Lead Manager, and the Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date and Letter of Offer. Further, the Rights Issue Committee also resolved to issue up to [●] Issue Shares for the Eligible Employees pursuant to the reservation made along with the Rights Equity Shares to be issued to the Eligible Equity Shareholders, at the same price as that of the Rights Issue i.e. ₹ [●] per Equity Share (including a premium of [●] per Equity Share) aggregating up to ₹[●] lakh.

The approval of the Shareholders for the issue of the Equity Shares to the Eligible Employees of our Company has been obtained by way of special resolution at the EGM held on February 5, 2022.

Our Company has received 'in-principle' approvals from BSE and NSE pursuant to Regulation 28 of SEBI Listing Regulations, *vide* their letters dated [●] and [●], respectively, for listing of the Issue Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, please refer to the chapter entitled '*Terms of the Issue*' beginning on page 201.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, the members of our Promoter Group or our Directors, have not been and are not 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 or any securities market regulator in any other jurisdiction or any other authority/court.

The companies with which the Promoters or the Directors are or were associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

Prohibition by RBI

Neither our Company nor our Promoters, relatives (as defined under Companies Act) of our Promoters, Directors, have been identified as Wilful Defaulters or Fraudulent Borrowers.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as on the date of this Letter of Offer.

Eligibility for the Issue

Our Company has been incorporated under the Companies Act, 1956 and our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer the Issue Shares pursuant to this Issue in terms of

Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations read with SEBI Exemption Letter.

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. Our Company confirms that it is also in compliance with the conditions specified in Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 62(2) of the SEBI ICDR Regulations, to the extent applicable.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations read with SEBI Exemption Letter, and accordingly, our Company is eligible to make the Issue through the 'fast track' route:

1. the Equity Shares of our Company have been listed on BSE, being recognized stock exchanges having nationwide trading terminals, for a period of at least 3 years immediately preceding the Reference Date;
2. the entire shareholding of the Promoter Group of our Company is held in dematerialized form as on the Reference Date;
3. the average market capitalization of the public shareholding of our Company is at least ₹25,000.00 lakh on BSE, being a recognized stock exchange having nationwide trading terminals where the Equity Shares of our Company are listed;
4. the annualized trading turnover of the Equity Shares during 6 calendar months immediately preceding the month of the Reference Date has been at least 2% of the weighted average number of the Equity Shares listed during such 6 months' period;
5. the annualized delivery-based trading turnover of the Equity Shares during 6 calendar months immediately preceding the month of the Reference Date has been at least 10% of the annualized trading turnover of the Equity Shares during such 6 months' period;
6. our Company has been in compliance with the provisions of SEBI Listing Regulations including with respect to the composition of the Board, for a period of 3 years immediately preceding the Reference Date;
7. our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the Reference Date;
8. that no show-cause notices, including proceedings for imposition of penalty, have been issued by SEBI, and no prosecution proceeding have been initiated by SEBI, which are pending against our Company or our Promoters or whole-time director as on the Reference Date;
9. neither our Company nor our Promoter nor the members of our Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the settlement mechanism with SEBI in past 3 years immediately preceding the Reference Date;
10. the Equity Shares have not been suspended from trading as a disciplinary measure during the last 3 years immediately preceding the Reference Date;
11. there is no conflict of interest between the Lead Manager and our Company or our Group Companies in accordance with the applicable regulations;
12. our Promoter and the member of our Promoter Group have undertaken and confirmed, in relation to the Issue, to subscribe to their rights entitlement and to not renounce their rights, except to the extent of renunciation within our Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, as amended; and
13. there are no audit qualifications (as defined under the SEBI ICDR Regulations), on the audited accounts of our Company in respect of the Financial Year for which such accounts are disclosed in the Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations read with the SEBI Exemption Application, as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last 1 year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

SEBI *vide* letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(1) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, NAMELY EMKAY GLOBAL FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NAMELY EMKAY GLOBAL FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a. **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

- b. **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH**
- 4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE**
- 5. **WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE**
- 6. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE**
- 7. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTIONSHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE**
- 8. **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**
- 9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE**

10. **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**
- a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY. COMPLIED WITH; AND**
 - b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH**
11. **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE**
12. **IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE**
13. **NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH**
14. **THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 READ WITH THE SEBI EXEMPTION APPLICATION. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER– COMPLIED WITH.**
15. **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. COMPLIED WITH**
16. **ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE**
17. **AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY, COMPLIED WITH**

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

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

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

Caution

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders and Eligible Employees in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders and Eligible Employees in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing 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 Issue Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

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

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Letter of Offer prior to filing of the Letter of Offer is as under:

“BSE Limited (**Exchange**) has given, *vide* its letter dated [●] permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges 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; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

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

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Letter of Offer is as under:

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given *vide* its letter [●] dated [●] permission to the Issuer to use the Exchange’s name in this letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed

to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription."

Selling Restrictions

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and the issue of Rights Entitlements and Rights Equity Shares on a rights basis and Employee Reservation 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, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form and the Employee Application Form (as applicable) may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue of Equity Shares: (a) to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions; and (b) to the Eligible Employees, and will dispatch the Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders and the Employee Application Form to the Eligible Employees, who have provided an Indian address to our Company and who have made a request in this regard.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares, Rights Entitlement or Employees Reservation Portion in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Issue Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares, Rights Entitlement or Employee Reservation Shares may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form 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, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form must be treated as sent for information purposes only.

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

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 Rights Equity Shares or applying within the Employee Reservation Portion or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

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

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE 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 ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT (“**REGULATIONS**”) AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer.

Any person who acquires the Rights Entitlements or the Issue Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Issue Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Issue Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Issue 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 such person is eligible to subscribe for the Issue Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Issue Shares in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “*RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES*” BEGINNING ON PAGE 234.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, SEBI and the other Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously submit this Letter of Offer to SEBI through the SEBI intermediary portal at

<https://siportal.sebi.gov.in> in accordance with the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. XL Softech Systems Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please refer to the chapter entitled ‘Terms of the Issue’ beginning on page 201 of this Letter of Offer.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:

LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra, India

Tel: +91 22 4918 6200

Email: bhagiradha.rights@linkintime.co.in

Investor Grievance Email: bhagiradha.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

Investors may contact our Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

R Sharanya, the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

Ms. R Sharanya

Bhagiradha Chemicals & Industries Limited

8-2-269/S/3/A, Plot No. 3, Sagar Society, Road No. 2,

Banjara Hills, Hyderabad – 500034

Telangana, India

Tel: +91-40-42212323, 42221212, 7093634520

Email: cs@bhagirad.com

In accordance with the SEBI Rights Issue Circulars, frequently asked questions and guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar.

SECTION VII: ISSUE INFORMATION

TERMS OF ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the CAF or EAF, before submitting the CAF or EAF, as the case may be. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of 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 or by mechanism as disclosed in this section.

Further, SEBI has pursuant to the SEBI Rights Issue Circulars stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see 'Making Application by Eligible Equity Shareholders holding Equity Shares in physical form' beginning on page 210.

Investors are requested to note that application in this Issue can only be made through ASBA or by R-WAP facility, in case of Eligible Equity Shareholders. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.linkintime.co.in

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities 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.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the CAF or EAF as the case may be, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

Important:

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, our Company will send, only through email, the Abridged Letter of Offer, CAF/EAF (as the case may be) and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders and Eligible Employees who have provided their Indian addresses to our Company. In case such Eligible Equity Shareholders and Eligible Employees have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders and Eligible Employees have not provided their e-mail address, then the Abridged Letter of Offer, the

Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders and Eligible Employees who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders and Eligible Employees have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders and Eligible Employees have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

1. our Company at www.bhagirad.com
2. the Registrar at www.linkintime.co.in
3. the Lead Manager at www.emkayglobal.com
4. the Stock Exchanges at www.nseindia.com and www.bseindia.com; and
5. the Registrar's web-based application platform at www.linkintime.co.in **(R-WAP)**

Eligible Equity Shareholders who have not received the CAF may apply, along with the requisite application money, by using the CAF available on the websites above, or on plain paper, with the same details as per the CAF available online.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.bhagirad.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the CAF/EAF (as the case may be) or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the CAF/EAF (as the case may be) attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the CAF/EAF (as the case may be) or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Issue Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Issue Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the CAF/EAF (as the case may be) or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the CAF/EAF (as the case may be) (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the CAF/EAF (as the case may be) must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the CAF/EAF (as the case may be) should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the CAF in or into any jurisdiction where to do so, would, or might, contravene

local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Issue Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Eligible Employees can participate in the Issue under the Employee Reservation Portion pursuant to Regulation 74(3) of the SEBI ICDR Regulations. However, it is clarified that the Eligible Employees participating under the Employee Reservation Portion cannot renounce their right to participate in the Issue.

Our Company is undertaking this Issue for its Eligible Equity Shareholders and Eligible Employees and will send the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to the email addresses of the Eligible Equity Shareholders and the Eligible Employees who have provided a valid email address and an Indian address to our Company.

This Letter of Offer will be provided, primarily through e- mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders and the Eligible Employees who have provided their Indian address to our Company.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI - Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see *'Making of an Application through the ASBA Process'* and *'Making of an Application through Registrar's Web-based Application Platform ('R-WAP') facility'* beginning on page 204 and 206 of this Letter of Offer.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see *'Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders'* beginning on page 217.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Issue 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.

Please note that Eligible Employees cannot make an application to subscribe to the Issue on plain paper. Eligible Employees may apply in the issue only by submitting the EAF. Any application made other than through the EAF by an Eligible Employee shall be liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i. the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii. the requisite internet banking (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see ‘Grounds for Technical Rejection’ on pages 212. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of 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 application shall not be permitted to renounce any portion of their Rights Entitlement. For details, please refer to the paragraph entitled ‘*Making of an Application by Eligible Equity Shareholders on plain paper under ASBA Process*’ on page 207.

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.

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 its 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 Equity Shares; or
- v. renounce its Rights Entitlements in full.

Options available to the Eligible Employees

- i. The Eligible Employees applying under the ASBA process will need to select the ASBA process option in the EAF and provide required details.
- ii. However, in cases where this option is not selected, but the EAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that EAF would be treated as if the Eligible Employee has selected to apply through the ASBA process option.
- iii. Eligible Employee may apply for a minimum of one Equity Shares and in multiples of one Equity Shares, subject to the total consideration for Equity Shares applied for by Eligible Employee not exceeding ₹ 2.00 lakh provided that in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of ₹ 2.00 lakh, subject to the total allotment to an employee not exceeding ₹ 5.00 lakh. It is clarified that the Eligible Employees participating under the Employee Reservation Portion cannot renounce their right to participate in the Issue.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an

Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Eligible Employees who have a valid demat account are eligible to participate through ASBA process.

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 <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors may apply for the Issue 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 should note that the ASBA process involves procedures that are different from the procedure under the R- WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process,

Please note that Eligible Employees cannot make an application to subscribe to the Issue on plain paper. Eligible Employees may apply in the issue only by submitting the EAF. Any application made other than through the EAF by an Eligible Employee shall be liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i. the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii. the requisite internet banking (in case of Application through R-WAP, which is available only for resident Investors).

Do's for Investors applying through ASBA:

- a. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- b. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Issue Shares will be Allotted in the dematerialized form only
- c. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- d. Ensure that there are sufficient funds (equal to {number of Issue Shares (including additional Equity Shares) applied for} X {Application Money of Issue Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- f. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- g. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- h. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- i. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Dont's for investors applying through ASBA:

- a. Do not apply if you are not eligible to participate in the Issue under securities laws applicable to your jurisdiction.
- b. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- c. Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- d. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- e. Do not submit Application Form using third party ASBA account.

Making of an Application through the Registrar's Web-based Application Platform ('R-Wap') process

In accordance with the SEBI R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using internet banking. Prior to making an Application, such Investors should enable the internet banking of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

- a. Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Rights Issue Circulars.
- b. Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.
- c. Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- d. Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Issue Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Issue Shares applied for.
- e. Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-

WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renounees shall also be required to provide the required Application details, such as total number of Issue Shares applied for in the Issue.

- f. The Investors shall make online payment using internet banking from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- g. Verification, if any, in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- h. The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account "[●]" opened by our Company with the Escrow Collection Bank(s).

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in) or call helpline number (+91 (22) 4918 6200).

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING WHILE CONSIDERING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE 'RISK FACTORS – THE R-WAP FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS' BEGINNING ON PAGE 40.

Do's for Investors applying through R-WAP

- a. Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- b. Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Issue Shares}) available in the bank account through which payment is made using the R-WAP.
- c. Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.
- d. Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.
- e. Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.
- f. Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through R-WAP:

- a. Do not apply from bank account of third parties.
- b. Do not apply if you are a non-resident Investor.
- c. Do not apply from non-resident account.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

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

PLEASE NOTE THAT THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

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

1. Name of our Company, being Bhagiradha Chemicals & Industries Limited.;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Issue Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Equity Shares entitled to;
8. Number of Equity Shares applied for within the Rights Entitlements;
9. Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders who are non-U.S. Persons and located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) (“U.S. QIB”) pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the United States Investment Company Act of 1940, as amended) (“QPs”) in reliance upon section 3(c)(7) of the U.S. Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and a non-U.S. Person and eligible to subscribe for the Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our

Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

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

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled 'Restrictions on Foreign Ownership of Indian Securities' beginning on page 234.

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the NSE or the BSE).

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

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

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Options available to the Eligible Employees applying under the ASBA process

The Registrar to the Issue will dispatch the EAF to all Eligible Employees on the Record Date.

Eligible Employees desiring to use the ASBA process are required to submit their Applications by selecting the ASBA option in the EAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Employees shall submit the EAF to the SCSB for authorising such SCSB to block an amount equivalent to the Application Money in the said bank account maintained with the same SCSB.

Please note, not more than five ASBA Applications can be submitted per bank account in the Issue. Eligible Employees applying under the ASBA process are also advised to ensure that the EAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the EAF will be blocked by the SCSB.

Acceptance of this Issue

Eligible Equity Shareholders may accept this Issue and apply for the Issue Shares (i) 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, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking from their own bank account thereat.

Eligible Employees may apply in the Issue by filling of EAF and submit the same along with the Application Money payable to the Bankers to the Issue at any of the collection branches as mentioned on the reverse of the EAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board thereof in this regard.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section '*Making of an Application by Eligible Equity Shareholders on plain paper under ASBA Process*' on page 207.

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

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Issue 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 Issue Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

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

- a. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- b. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c. The remaining procedure for Application shall be same as set out in '*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*' beginning on page 207.

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 suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange.

Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in 'Basis of Allotment' beginning on page 226.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

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 Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- c. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section 'Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process' on page 207.
- d. Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- e. Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- f. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Issue Shares pursuant to this Issue shall be made into the accounts of such Investors.
- g. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (**Demographic Details**) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Issue Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- h. By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of

India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

- j. Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
- k. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- l. All communication in connection with Application for the Issue 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 Issue Shares applied for by them do not exceed the prescribed limits under the applicable law.
- n. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- q. Do not pay the Application Money in cash, by money order, pay order or postal order.
- r. Do not submit multiple Applications.
- s. No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
- t. An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.
- u. Ensure that your PAN is linked with Aadhar 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.
- c. Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- d. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- e. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

- f. Account holder not signing the Application or declaration mentioned therein.
- g. Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- h. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- k. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- l. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- m. Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- n. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- o. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- p. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Issue Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Issue 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 Issue 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. Applications by Eligible Employees, other than under the Employee Reservation Portion. However, Eligible Equity Shareholders who are Eligible Employees may also apply under Employee Reservation Portion. In such a case, application under the Employee Reservation Portion and application under the Net Issue shall not be considered as multiple applications;
- s. Applications by Eligible Employees, other than through the EAF;
- t. Applications by Eligible Employees where the total consideration for Employee Reservation Shares applied for exceeds ₹5.00 lakh;
- u. Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- v. Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):
 - i. Applications by non-resident Investors.
 - ii. Payment from third party bank accounts.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see 'Procedure for Applications by Mutual Funds' on page 215.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in 'Capital Structure - Intention and extent of participation by our Promoter' on page 51.

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 and our Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (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:

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

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

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

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to

compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

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

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Issue 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.

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 [●] i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP,

on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Issue Shares hereby offered, as set out in 'Basis of Allotment' beginning on page 226.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to bhagiradha.rights@linkintime.co.in in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Issue Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Employee Reservation Portion

The Equity Shares are being offered under the Employees Reservation Portion pursuant to SEBI ICDR Regulations to the Eligible Employees of our Company subject to the total consideration for Equity Shares applied for by an Eligible Employee not exceeding ₹2.00 lakh.

The Eligible Employee applying under the Employee Reservation Portion should compulsorily apply through the EAF. Please note that Eligible Employees cannot make an application on a plain paper. Any application by an Eligible Employee other than through EAF is liable to be rejected. An Eligible Employee who has not received the EAF may approach the Registrar for the Issue of duplicate EAF.

Eligible Employees who are Eligible Equity Shareholders may also apply under the Rights Issue. In such a case, application under the Rights Issue and application under the Employee Reservation Portion shall not be considered as multiple applications.

In the event of under – subscription in the Employee reservation Portion, the unsubscribed portion would be added to the Rights Issue. However, in case there is under-subscription in the Rights Issue, the unsubscribed portion would not be met with spill over from over – subscription under the Employee Reservation Portion.

III. 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 dematerialized 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., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.bhagirad.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no application is made by the Eligible Equity shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No 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 Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see '*Making Application by Eligible Equity Shareholders holding Equity Shares in physical form*' and '*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*' on pages 210 and 228, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send this the Letter of Offer and the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

This the Letter of Offer the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned

email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws) and on the Stock Exchange website. The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares and/ or the Rights Entitlements on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Issue Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Issue Shares under the laws of any jurisdiction which apply to such person.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part. The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer. For details, see 'Procedure for Renunciation of Rights Entitlements' on page 219.

In accordance with R-WAP Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Eligible Employees participating under the Employee Reservation Portion cannot renounce their right to participate in the Issue.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, '[●]') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF

authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit / 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 physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) instances where credit of the Rights Entitlements returned/reversed/failed; or (f) Equity Shares, the ownership of which is currently under dispute, including in any court proceedings.

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

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

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

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

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

Renunciation of Rights Entitlements

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

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

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

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the '**On Market Renunciation**'); or (b) through an off-market transfer (the '**Off Market Renunciation**'), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

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

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

Payment Schedule of Issue Equity Shares.

[●] per Issue Share (including premium of [●] per Issue Share) shall be payable on Application.

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

a. On Market Renunciation

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

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

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

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

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

b. Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in 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 or internet banking if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

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

- a. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
- b. Subject to the above, in case Issue Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Issue Shares cannot be remitted outside India.
- c. 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.
- d. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Issue 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.
 - e. 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.
 - f. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Issue Shares.

For details of mode of payment in case of Application through R-WAP, see '*Making of an Application through the Registrar's Web-based Application Platform ('R-WAP') process*' on pages 206.

Mode of payment for Eligible Employees

- a. Eligible Employees who are applying through EAF have to apply through the ASBA facility, Eligible Employee 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.
- b. 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

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Issue 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 and to the Eligible Employees of our Company at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see '*The Issue*' beginning on page 43.

Face Value

Each Issue Share will have the face value of ₹10.

Issue Price

Each Issue Share is being offered at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) in this Issue.

The Issue Price for Issue Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than three Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Issue Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Issue Shares to be issued and Allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Issue Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and trading of the Issue Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Issue Shares proposed to be issued under the Issue shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Issue 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 Issue Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in principle approval from BSE and NSE through letter bearing reference number [●] dated [●] and [●] dated [●], respectively. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Issue Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Issue Shares or the price at which the Issue Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE and NSE under Scrip Code: 531719 and Symbol: BHAGCHEM), respectively, under the ISIN: INE414D01019. The Issue Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Issue Shares shall be debited from such

temporary ISIN and credited to the existing ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

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

In case our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Issue 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 the fifth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see '*Capital Structure – Intention and extent of participation by our Promoter*' on page 51.

Rights of Holders of Issue Shares of our Company

Subject to applicable laws, Eligible Equity Shareholders and Eligible Employees who have been Allotted Issue Shares shall have the following rights:

- a. The right to receive dividend, if declared;
- b. The right to vote in person, or by proxy, except in case of Issue Shares credited to the demat;
- c. suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- d. The right to receive surplus on liquidation;
- e. The right to free transferability of Issue Shares;
- f. 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 under '*Credit and Transfer of Issue Shares in case of Shareholders holding Equity Shares in Physical Form*' on page 228;
- g. 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; and
- h. The right to receive offers for rights shares and be allotted bonus shares, if announced.

Subject to applicable law and Articles of Association, holders of Issue Shares shall be entitled to the above rights in proportion to amount paid-up on such Issue Shares in this Issue.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

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

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Issue Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Issue 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 Issue Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Issue Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Issue Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, primarily through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company or the Eligible Shareholders have not provided valid e-mail addresses to our Company, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

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

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Issue Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, 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, i.e., Link Intime India Private Limited at www.linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, Application Form and other applicable Issue materials shall be sent primarily to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the 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 and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP facility.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (OCBs) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and in order to apply for this issue as an incorporated non – resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non – Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to bhagiradha.rights@linkintime.co.in.

ALLOTMENT OF THE ISSUE SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE ISSUE 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 228.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[•]
ISSUE OPENING DATE	[•]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS[#]	[•]
ISSUE CLOSING DATE*	[•]
FINALIZATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[•]
DATE OF ALLOTMENT (ON OR ABOUT)	[•]
DATE OF CREDIT (ON OR ABOUT)	[•]
DATE OF LISTING (ON OR ABOUT)	[•]

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

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

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

IX. BASIS OF ALLOTMENT

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

- a. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of

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

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

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

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

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

For Eligible Employees

Eligible Employee must apply for a minimum of one Equity Shares and in multiples of one Equity Shares, subject to the total consideration for Equity Shares applied for by Eligible Employee not exceeding ₹ 2.00 lakh provided that in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of ₹ 2.00 lakh, subject to the total allotment to an employee not exceeding ₹5.00 lakh.

Applications received from the Eligible Employees shall be grouped together to determine the total demand under the Employee Reservation Portion. If the aggregate demand in this category is less than or equal to [●] Equity Shares, full allocation shall be made to the Eligible Employees to the extent of their demand. If the aggregate demand in this category is greater than [●] Equity Shares, the allocation shall be made on a proportionate basis up to a minimum of one Equity Shares and in multiple of one Equity Share thereafter.

ONLY ELIGIBLE EMPLOYEES ARE ELIGIBLE TO APPLY UNDER THE EMPLOYEE RESERVATION PORTION.

However, Eligible Equity Shareholders who are Eligible Employees may also apply under Employee Reservation Portion. In such a case, application under the Employee Reservation Portion and application under the Net Issue shall not be considered as multiple applications.

It is clarified that the Eligible Employee may apply under the Employee Reservation Portion, subject to the total consideration for Equity Shares applied for by Eligible Employee not exceeding ₹2.00 lakh provided that in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of ₹ 2.00 lakh, subject to the total allotment to an employee not exceeding ₹5.00 lakh.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will issue/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days’ period.

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

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

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

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed 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.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Credit and Transfer of the Rights Equity Shares in case of the Eligible Equity Shareholders holding the Equity Shares in physical form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of allotment to the Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- a. The Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- b. Within 6 months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- c. Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- d. In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;
- e. Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updating the details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;
After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges;
- f. If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law; and
- g. In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold the Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- a. Unblocking amounts blocked using ASBA facility.
- b. **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including 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 Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e. **RTGS** – If the refund amount exceeds ₹2.00 lakh the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- f. For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- g. Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time. In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

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.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE ISSUE 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 ISSUE SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING ISSUE SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated August 17, 2001 with NSDL and an agreement dated May 2, 2001 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Issue Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE ISSUE SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

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

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

XIII. IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act which is reproduced below:

“Any person who-

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) 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*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹10.00 lakh or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10.00 lakh or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50.00 lakh or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;
2. 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
3. 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.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Issue Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and

Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed 'Bhagiradha Chemicals & Industries Limited – Rights Issue 2022' on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, L.B.S Marg,

Vikhroli (West), Mumbai – 400 083,

Maharashtra, India

Tel: +91 22 4918 6200

Fax: +91 22 4918 6195

Email: bhagiradha.rights@linkintime.co.in

Investor Grievance Email: bhagiradha.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.
4. The Investors can visit following links for the below-mentioned purposes:
 - i. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in
 - ii. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://linkintime.co.in/EmailReg/Email_Register.html
 - iii. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://www.linkintime.co.in>
 - iv. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: bhagiradha.rights@linkintime.co.in

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (**FDI**) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (**DPIIT**), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (**FDI Circular 2020**), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

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

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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

General Eligibility and Restrictions

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

The Rights Entitlements and Issue 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 (other than to persons in the United States who are U.S. QIBs and QPs).

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

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

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

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company.

Copies of the aforementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts

1. Issue Agreement dated [●] entered between our Company and the Lead Manager.
2. Registrar Agreement dated [●] entered between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated [●] entered amongst our Company, the Lead Manager, the Registrar to the Issue and Banker(s) to the Issue.
4. Service Provider Agreement dated [●] entered amongst our Company and Pressman Advertising Limited.

B. Material Documents in relation to the Issue

1. Certified copy of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation dated July 7, 1993 of our Company.
3. Certified copy of resolution passed by our Board dated December 14, 2021 and January 4, 2022 in relation to approval of the Issue and other related matters.
4. Certified copy of resolution passed by our Rights Issue Committee dated [●], approving the issue of up to [●] Equity Shares to the Eligible Employees of our Company, approving the Letter of Offer, finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
5. Certified copy of resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
6. Certified copy of resolution passed by our Board dated [●] approving the issue of up to [●] Equity Shares to the Eligible Employees of our Company.
7. Certified copy of the special resolution passed by the shareholders of our Company in its EGM held on February 5, 2022, authorizing the issue of the Equity Shares to the Eligible Employees of our Company.
8. Consents of our Directors, Company Secretary and Compliance Officer, the Lead Manager, Statutory Auditors, Banker to the Issue, Legal Counsel to our Company, the Registrar to the Issue and Registrar and Share Transfer Agent for inclusion of their names in this Letter of Offer to act in their respective capacities.
9. Certificate dated [●] issued by Statutory Auditor, confirming that the borrowings of our Company have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.
10. Certificate dated March 25, 2022 issued by the Chartered Engineer certifying the installed capacity of our Manufacturing Facility owned and controlled by our Company.
11. Consent letter from the Statutory Auditor dated [●] to include their name as an 'expert' in this Letter of Offer.

12. Consent letter from the Chartered Engineer dated March 25, 2022 to include his name as an 'expert' in this Letter of Offer.
13. Consent letter dated March 16, 2022 from CARE Advisory Research and Training Limited and the report entitled '*Report on Pesticides Industry, March 2022*'.
14. SEBI *vide* letter dated March 10, 2022 bearing no. CFD/DIL2/OW/P/2022/9589/1 granted an exemption to our Company from: (a) complying with the condition stipulated in Regulation 99(l) of the SEBI ICDR Regulations for a fast track rights issue; and (b) disclosing information and confirmations in this Letter of Offer, so far as its relates to the deceased Promoter Group member of our Company, K Baby. As a result, Singavarapu Lalitha Sree, one of our Promoters, shall subscribe to the Rights Entitlements that K Baby would have been entitled to being a shareholder of our Company.
15. Due diligence certificate dated [●] addressed to SEBI from the Lead Manager.
16. In principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.
17. Statement of special tax benefits dated [●] from the Statutory Auditors.
18. Tripartite Agreement dated August 17, 2001 entered between our Company, Registrar and Share Transfer Agent and NSDL.
19. Tripartite Agreement dated May 2, 2001 entered between our Company, Registrar and Share Transfer Agent to the Issue and CDSL.
20. Annual Report of our Company for the Fiscals 2021, 2020, 2019, 2018 and 2017.
21. The limited review report of the Statutory Auditors dated January 29, 2022 on the Unaudited Consolidated Financial Statements of our Company.
22. Prospectus in respect of the initial public offering of Equity Shares by our Company.

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 reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

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. 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.

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

SIGNED BY THE MANAGING DIRECTOR OF OUR COMPANY

Singavarapu Chandrasekhar
Managing Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE WHOLE TIME DIRECTOR OF OUR COMPANY

Ketan Chamanlal Budh

Whole-time Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

Singavarapu Lalitha Sree

Non-executive Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kanumuru Satyanarayana Raju
Independent Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sudhakar Kudva
Independent Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

Krishnarao S V Gadepalli
Independent Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kishor Shah

Independent Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE DIRECTOR OF OUR COMPANY

G Aruna

Independent Director

Date: [●]

Place: [●]

DECLARATION

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. 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.

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

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Bandhakavi Krishna Mohan Rao
Chief Financial Officer

Date: [●]

Place: [●]