

June 3, 2022

To,
Manager - Listing Operations
BSE Limited
Dalal Street,
Mumbai - 400 001

Dear Sirs,

Sub: ISSUE OF UPTO 3,84,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF DAVANGERE SUGAR COMPANY LIMITED THE “COMPANY”) FOR CASH AT A PRICE OF ₹ 12.50/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2.50/- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,800 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 69 RIGHTS EQUITY SHARE(S) FOR EVERY 100 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 27, 2022 (THE “ISSUE”).

Please see enclosed herewith copy of Letter of Offer (“LOF”), Abridged Letter of Offer (“ALOF”), Application Form (“Form”) and Rights Entitlement Letter (“REL”) dated May 26, 2022 for the Rights Issue of the Company.

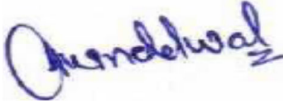

In case you require any information or clarification the under-signed may be contacted:

Contact Person	Designation	Telephone	E-mail
Amit Wagle	Associate Director	+91 22 4973 0394	amit@saffronadvisor.com
Gaurav Khandelwal	Vice President	+91 22 4973 0394	gaurav@saffronadvisor.com

Thanking you,

Yours sincerely,

For and on behalf of Saffron Capital Advisors Private Limited

Authorized Signatory
Name: Gaurav Khandelwal
Designation: Vice President- ECM



DAVANGERE SUGAR COMPANY LIMITED

Davangere Sugar Company Limited (“Company” or “Issuer”) was incorporated as ‘Davangere Sugar Company Limited’ on September 28, 1970 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Mysore, Bangalore and consequently a certificate of commencement of business dated December 31, 1970 was issued to our Company. There has not been any change in the registered office of our Company since incorporation.

Registered Office: 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India;

Telephone: +91 81 9220 1623; **Facsimile:** NA;

Corporate Office: No. 19, Shivashankar Plaza, 3rd floor, Richmond Circle, Lalbagh Road, Bengaluru - 560 027, Karnataka, India;

Telephone : +91 80 2227 2183; **Facsimile:** NA;

E-mail: davangeresugars@gmail.com; **Website:** www.davangeresugar.com;

Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer;

Corporate Identification Number: L37100KA1970PLC001949

OUR PROMOTERS- GANESH SHIVASHANKARAPPA SHAMANUR, REKHA GANESH, ABHIJITH GANESH SHAMANUR, SHAMANUR SHIVASHANKARAPPA MALLIKARJUN , AKHILA G SHAMANUR, ANCHAL G SHAMANUR, MAFATLAL PLYWOOD INDUSTRIES PRIVATE LIMITED, SHAMANUR SHIVASHANKARAPPA

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

WE HEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS IS A WILFUL DEFAULTER OR A FRAUDULENT BORROWER AS ON DATE OF THIS LETTER OF OFFER

ISSUE OF UPTO 3,84,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 12.50/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2.50/- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,800 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 69 RIGHTS EQUITY SHARE(S) FOR EVERY 100 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 27, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.25 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 169 OF THIS LETTER OF OFFER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 Equity Shares 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 titled “Risk Factors” on page 22 of this Letter of Offer.

OUR COMPANY’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 this Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited (“BSE”) (the “Stock Exchange”). Our Company has received ‘in-principle’ approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated January 28, 2022. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE



SAFFRON CAPITAL ADVISORS PRIVATE LIMITED

605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar, Andheri (East), Mumbai - 400 059, Maharashtra, India.

Telephone: +91 22 4973 0394

Facsimile: NA

E-mail: rights.issue@saffronadvisor.com

Website: www.saffronadvisor.com

Investor grievance: investorgrievance@saffronadvisor.com

Contact Person: Amit Wagle / Gaurav Khandelwal

SEBI Registration Number: INM 000011211

Validity of Registration: Permanent

REGISTRAR TO THE ISSUE



INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED

No 30 Ramana Residency, 4th Cross Sampige Road, Malleswaram, Bengaluru, Karnataka - 560 003

Telephone: +91 80 2346 0815 to 819

Facsimile: +91 80 2346 0819

E-mail: irg@integratedindia.in

Website: www.integratedindia.in

Contact person: S Giridhar/ K Harish

Investor grievance: irg@integratedindia.in

SEBI Registration No: INR000000544

Validity of Registration: Permanent

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON **
THURSDAY, JUNE 16, 2022	MONDAY, JUNE 27, 2022	THURSDAY, JUNE 30, 2022

*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, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

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

Unless otherwise specified, the capitalized terms used in this Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Related Information” on pages 61, 20, 86, 56, 158 and 169 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer” or “DSCL”	Davangere Sugar Company Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.
“Annual Financial Statements”	Audited The audited financial statements of our Company prepared as per Ind AS for Fiscal 2019, Fiscal 2020 and Fiscal 2021, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
“Articles” / “Articles of Association” / “AoA”	Articles / Articles of Association of our Company, as amended from time to time.
“Audit Committee”	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and Section 177 of the Companies Act, 2013.
“Auditor” / “Statutory Auditor”/ “Peer Review Auditor”	Statutory and peer review auditor of our Company, namely, M/s. D G M S & Co, Chartered Accountants.
“Board” / “Board of Directors”	Board of directors of our Company or a duly constituted committee thereof.
“Chief Financial Officer / CFO”	Virupakshappa Ganesh Rao, the Chief Financial Officer of our Company.
“Company Secretary and Compliance Officer”	Musale Mohanbabu Pooja, the Company Secretary and the Compliance Officer of our Company.
“Corporate Responsibility Committee/ Committee”	Social CSR The committee of the Board of directors constituted as our Company’s corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013.
“Corporate Office”	The Corporate Office of our Company located at No. 19, Shivashankar Plaza, 3rd floor, Richmond Circle, Lalbagh Road, Bengaluru - 560 027, Karnataka, India.
“Director(s)”	The director(s) on the Board of our Company, unless otherwise specified.
“Equity Shareholder”	A holder of Equity Shares
“Equity Shares”	Equity shares of our Company of face value of ₹ 10 each.
“Executive Directors”	Executive Directors of our Company.
“Independent Director(s)”	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.

Term	Description
“Key Management Personnel” / “KMP”	Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Management and Organizational Structure – Key Managerial Personnel</i> ” on page 84 of this Letter of Offer.
“Limited Reviewed Financial Information” or “Limited Reviewed Financial Statements”	The limited reviewed unaudited financial statements for the nine months period ended December 31, 2021, prepared in accordance with the Companies Act and SEBI Listing Regulations. For details, see “ <i>Financial Information</i> ” on page 86 of this Letter of Offer.
“Memorandum of Association” / “MoA”	Memorandum of Association of our Company, as amended from time to time.
“Nomination and Remuneration Committee”	The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013.
“Non-Executive and Independent Director”	Non-Executive and Independent Directors of our Company, unless otherwise specified.
“Non-executive Directors”	Non-executive Directors of our Company.
“Promoter Group”	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations.
“Promoter(s)”	Ganesh Shivashankarappa Shamanur, Rekha Ganesh, Abhijith Ganesh Shamanur, Shamanur Shivashankarappa Mallikarjun, Akhila G Shamanur, Anchal G Shamanur, Mafatlal Plywood Industries Private Limited, Shamanur Shivashankarappa are the Promoters of our Company.
“Registered Office”	The Registered Office of our Company located at 73/1, post box number 312, Shamanur Road, Davangere. – 577 004, Karnataka, India.
“Registrar of Companies”/ “RoC”	Registrar of Companies, Bangalore, Karnataka having its office at ‘E’ Wing, 2nd Floor, Kendriya Sadana, Kormangala, Bangalore - 560 034, Karnataka, India.
“Rights Issue Committee”	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
“Shareholders/ Equity Shareholders”	The Equity Shareholders of our Company, from time to time.
“Stakeholders’ Relationship Committee”	The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations.
Materiality Policy	Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations.

Issue Related Terms

Term	Description
2009 ASBA Circular	The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
2011 ASBA Circular	The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011
Abridged Letter of Offer	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of 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, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Investor.

Term	Description
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue.
Bankers to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 169.
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the LM, the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in .
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&in tmlId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited.
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer/DLoF/DLOF	The draft letter of offer dated January 18, 2022 filed with the Stock Exchange.
Escrow Agreement	Escrow Agreement dated February 21, 2022 amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being ICICI Bank Limited.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date. Please note that the investors

Term	Description
	eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 12.
Issue / Rights Issue	Issue of up to 3,84,00,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ 12.50 per Rights Equity Share (including a premium of ₹ 2.50 per Rights Equity Share) aggregating up to ₹ 4,800 lacs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 69 Rights Equity Shares for every 100 Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.
Issue Agreement	Issue Agreement dated January 6, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	Thursday, June 30, 2022
Issue Opening Date	Thursday, June 16, 2022
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 12.50 per Rights Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ 4,800 lacs
Lead Manager	Saffron Capital Advisors Private Limited
Letter of Offer/LOF	This letter of offer dated May 26, 2022 filed with the Stock Exchange and SEBI for record purposes.
Net Proceeds	Proceeds of the Issue less our Company’s share of Issue related expenses. For further information about the Issue related expenses, see “ <i>Objects of the Issue</i> ” on page 52 of this Letter of Offer.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
Non-Institutional Bidders or NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
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 Circular and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circular and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before Monday, June 27, 2022
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Friday, May 27, 2022.
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being ICICI Bank Limited
“Registrar to the Issue” / “Registrar”	Integrated Registry Management Services Private Limited
Registrar Agreement	Agreement dated January 7, 2022 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation.
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 Monday, June 27, 2022 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market

Term	Description
	transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being 69 (Sixty Nine) Rights Equity Shares for every 100 (One Hundred) Equity Shares held on Friday, May 27, 2022. The Rights Entitlements with a separate ISIN: INE179G20011 will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SEBI Rights Issue Circular	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=35 , as applicable, or such other website as updated from time to time.
Stock Exchange	Stock Exchange where the Equity Shares are presently listed, being BSE.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Business and Industry related Terms or Abbreviations

Term	Description
ACC	Advanced Chemistry Cell
AEs	Advanced Economies
APEDA	Agricultural and Processed Food Products Export Development Authority
ATUFS	Amended Technology Upgradation Fund Scheme
BCG	Boston Consulting Group
CFPI	Consumer Food Price Index
CPI	Consumer price index
COVAX	COVID-19 Vaccines Global Access
COVID/ COVID-19	Coronavirus disease (2019)
DGFT	The Directorate General of Foreign Trade
DPIIT	Department for Promotion of Industry and Internal Trade

Term	Description
EIB	European Investment Bank
EM	Emerging Markets
EMDEs	Emerging Markets and Developing Economies
EPS	Earnings Per Share
EU	European Union
FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investors
FTA	Free trade agreement
FY	Fiscal Year
GDP	Gross Domestic Product
GHP	Good Hygienic Practices
GSecs	Government Securities
GST	Goods and Services Tax
GMP	Good Manufacturing Practices
GVA	Gross Value Added
HACCP	Hazard Analysis and Critical Control Points
ICAR-CCRI	ICAR-Central Citrus Research Institute
IIF	Index of industrial production
IMF	International Monetary Fund
ISMA	Indian Sugar Mills Association
MCLR	Marginal Cost of Funds-based Lending Rate
MEIS	Merchandise Exports from India Scheme
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MMF	Man Made Fibre
MMT	Million Metric Tonnes
MOU	Memorandum of Understanding
MSMEs	Micro, Small & Medium Enterprises
MT	Metric Tonnes
NPCI	National Payments Corporation of India
PE-VC	Private Equity- Venture Capital
PLI	Product Linked Incentive
PLISFPI	Production-Linked Incentive Scheme for Food Processing Industry
PM-Kisan	Pradhan Mantri Kisan Samman Nidhi
PM FME	Pradhan Mantri Formalisation of Micro Food Processing Enterprises
PMI	Purchasing Managers' Index
PMKSY-PDMC	Pradhan Mantri Krishi Sinchayee Yojana
PPP	Purchasing Power Parity
PV	Photo Voltic
SAMPADA	Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters
SDL	State Development Loans
SOPs	Standard Operating Guidelines
TMA	Transport and Marketing Assistance
TQM	Total Quality Management
UPI	Unified Payments Interface
US/USA	The United States of America
US\$	United States Dollar or US Dollar
WEO	World Economic Outlook
YoY	Year on Year

Conventional and General Terms or Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting

Term	Description
AIF	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time

Term	Description
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended from time to time
INR or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, as amended
SEBI Act	The 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, 2014, as amended
SEBI ICDR Regulations	The 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
SEBI Takeover Regulations	The 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, since repealed and replaced by the SEBI (AIF) Regulations
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The Government of a state in India
Trademarks Act	Trademarks Act, 1999, as amended
TDS	Tax Deducted at Source
US\$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996

Term	Description
	or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

NOTICE TO INVESTORS

The distribution of the Draft Letter of Offer, this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Investors can also access the Draft Letter of Offer, this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, SEBI and the Stock Exchange.

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

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery 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 at any time subsequent to the date of this Letter of Offer or the date of such information.

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

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE

LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

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

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

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

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

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence 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 Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

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

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the “**Civil Procedure Code**”). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references to “India” contained in this Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

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

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

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

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

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from our Financial Statements. For details, please see “*Financial Information*” on page 86. Our Company’s financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

We have prepared our annual Audited Financial Statements in accordance with Ind AS and Limited Review Report in accordance with recognition and measurement principles laid down in Ind AS 34 prescribed under the Section 133 of the Companies Act 2013 and Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements), 2015. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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. Our Company has presented all numerical information in this Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 86.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Letter of Offer, (i) the sum or percentage

change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

Exchange Rates

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

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

Currency	Exchange rate as on			
	December 31, 2021	March 31, 2021	March 31, 2020	March 31, 2019*
1 USD	74.3025	73.53	75.38	69.17

(Source: RBI reference rate)

*Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Saturday and Sunday, respectively.

(Source: www.rbi.org.in and www.fbil.org.in)

Industry and Market Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Letter of Offer is reliable, it has not been independently verified by us, the LM or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 22, this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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 the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally 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 laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Karnataka;
- Any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing unit;
- 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;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- 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;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;

- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer/works contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 22, 73 and 146, respectively, of this Letter of Offer. 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 investors 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 as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Letter of Offer and are not a guarantee of future performance. These statements are based on the 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. Neither our Company, our Directors, our Promoters, the LM, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*The Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Our Business*”, “*Industry Overview*”, “*Outstanding Litigations and Defaults*” and “*Terms of the Issue*” on pages 22, 45, 50, 73, 61, 158 and 169 respectively.

1. Summary of Our Primary Business

Our Company’s basic strategy is to develop sugarcane growing area. Our Company commenced commercial production of Sugar in the year 1974, with a capacity of 1250TCD. The Government of Karnataka was managing the affairs of the company till the year 1995 and Shamanur group acquired the shares of our Company from Government of Karnataka during the FY 1995-96.

For further details, please refer to the chapter titled “*Our Business*” at page 73 of this Letter of Offer.

2. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

Particulars	Amount
Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company;	3,600
General Corporate Purposes	1150
Net Proceeds from the Issue	4,750

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 52 of this Letter of Offer.

3. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Ganesh Shivashankarappa Shamanur, on behalf of the Promoter and Promoter Group has, *vide* his letter (the “**Subscription Letters**”) undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. 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.

4. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company is provided below:

Nature of cases	Number of cases	Amount involved* (₹ in lacs)
Proceedings involving moral turpitude or criminal liability on our Company	Nil	Nil
Proceedings involving material violations of statutory regulation by our Company	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Company	Nil	Nil
Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Nil

5. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 22 of this Letter of Offer.

6. Summary of Contingent Liabilities

For details regarding our contingent liabilities for Fiscal 2021 and December 31, 2021, see “*Financial Information*” at page 86 of this Letter of Offer.

7. Summary of Related Party Transactions

For details regarding our related party transactions for Fiscal 2021 and December 31, 2021, see “*Financial Information*” at page 86 of this Letter of Offer.

8. Issue of equity shares made in last one year for consideration other than cash

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 61, 73 and 146 of this Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, including the LM, has independently verified the information in the industry report or other publicly available information cited in this section.

This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 18 of this Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Consolidated Financial Information and the Limited Review Financial Information, prepared in accordance with Ind AS and the Companies Act in accordance with the SEBI ICDR Regulations.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

- 1. The novel coronavirus (Covid-19) pandemic outbreak and steps taken to control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.***

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses including the sugar industry and could continue to have an impact that may worsen for an unknown period of time. The COVID- 19 pandemic has significantly impacted the revenue of operations of our Company, our revenue of operations decreased from ₹ 20,284.71 lacs in the Financial Year 2020 to ₹ 14,747.03 lacs in the Financial Year 2021. Currently, there is substantial medical uncertainty regarding COVID-19 and till any cure is found, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Further, with the onset of third wave of Coronavirus and the surge in new and deadly variants of the Virus, if another lockdown is imposed in the country and further restrictions are imposed by the government, we may face huge losses and our business operations could be severely impacted. Any such restrictions could cause delays in the completion of our orders and commitments made to clients, or cause damage to the goods in transit. Any of these consequences may result in loss of business and/or claims for compensation from our clients, which may have an adverse effect on our results of operations and financial condition. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated by us. We will continue to closely

monitor any material changes arising of future economic conditions and impact on our business. However, in future any of the foregoing effects could have a material adverse effect on our business, results of operations, cash flows and financial condition.

2. *Our business is subject to seasonal variations that could result in fluctuations in our results of operations.*

Our business is seasonal in nature and as a result, our operating results may fluctuate. Since our business is influenced by the availability of our basic raw material, i.e. sugarcane, our production schedules are operational only according to such availability. For example, during the crushing season the majority of our sugar production takes place and during the non-crushing season, not and therefore our sugar production is highly affected. Further, other seasonal factors such as irrigation, seed quality, area of sugarcane production and amount of rainfall also play a role in determining the quantity and quality of sugarcane produce. Consequently, the results of one reporting period may not be necessarily comparable with the preceding, succeeding or corresponding reporting periods. Our revenues recorded during planting and harvesting seasons are typically lower or even in losses as compared to revenues recorded during the crushing season. During periods of lower sugar production, we continue to incur substantial operating expenses in connection with day to day operations, employees' salaries, miscellaneous maintenance cost and among other things, product promotion expenses which are not reduced significantly during such periods, while our revenues remain reduced. We have experienced, and expect to continue to experience, significant variability in our total revenue, operating cash flows, operating expenses and net revenues on a seasonal basis and any adverse changes may affect our business, results of operations, cash flows and financial condition.

3. *Sugarcane is the principal raw material used for the production of sugar. Our business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect our business and results of operations.*

We do not own any land for cultivation of sugarcane and we purchase our entire sugarcane requirement directly from various independent farmers from within and outside our reserved area. After the de-regulation of the sugar sector, the farmers growing sugarcane within the villages around our manufacturing facility are not required to sell the sugarcane to our Company and we need to maintain cordial relations with these farmers to ensure that they sell their produce to us. Also, we strive to maintain relations with farmers in other villages not in our immediate vicinity so that we have adequate supply of sugarcane during the crushing season. Further, the farmers within our reserved area have no legal or contractual obligation to cultivate sugarcane and may instead grow other crops. If the farmers within our reserved area cultivate other crops, or otherwise limit their cultivation of sugarcane, we may have a shortage of the raw material. Further, if we experience significant increase in demand, or need to replace the existing farmers through which we acquire the raw material, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Further, in view of the ongoing pandemic and the onslaught of the third wave of Coronavirus in the country and various travel restrictions imposed throughout the country, we may not be able to procure adequate number of raw materials for our manufacturing unit.

Additionally, adverse weather conditions, crop disease, pest attacks may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest. Our sugar production depends on the volume and sucrose content of the sugarcane that is supplied to us. Crop yields and sucrose content depends primarily on the variety of sugarcane grown, the presence of any crop disease, weather conditions such as adequate rainfall and temperature which may vary even in a particular season. Adverse weather conditions may adversely affect our manufacturing operations. Flood or drought can adversely affect the supply and pricing of the sugarcane procured by us from the farmers. There can be no assurance that weather patterns, crop disease or the cultivation of certain sugarcane crop varieties will not reduce the amount of sugar that we can recover in any given harvest. Any reduction in the amount of sugar recovered from sugarcane could have a material adverse effect on our business and results of operations.

4. *Our Company has experienced insufficient capacity utilisation of our manufacturing unit in the past and may experience the same in the future as well, which could have an adverse impact on our business, results of operations and financial condition.*

We have experienced instances of insufficient capacity utilisation of our manufacturing unit in the past. The details of the capacity utilization of our manufacturing unit in the preceding three years has been provided below:

Sugar		
Financial Year	Installed Capacity	Percentage of utilization (%)
2018-2019	4750 MTs per day	55.87%
2019-2020	4750 MTs per day	54.94%
2020-2021	4750 MTs per day	73.46%

Power		
Financial Year	Installed Capacity	Percentage of utilization (%)
2018-2019	24.45 MWs	97.73%
2019-2020	24.45 MWs	59.96%
2020-2021	24.45 MWs	60.67%

In view of the ongoing pandemic and the advent of third wave of the Corona Virus, we may have to restrict or completely halt the operation of our manufacturing unit, which could further impact the capacity utilisation of our manufacturing unit. Further, we might experience labour shortage due to the spread of the virus and the lockdown which might be imposed by various State Governments and Central Government which could further impact our operations. We cannot assure you that we will not experience insufficient capacity utilisation in the future or that such instances would not adversely affect our business, results of operations and financial condition. For further details, please see “*Our Business*” on page 73.

5. ***The improper handling, processing or storage of raw materials or products, or spoilage of and damage to such raw materials and products, or any real or perceived contamination in our products, could subject us to regulatory and legal action, damage our reputation and have an adverse effect on our business, results of operations and financial condition.***

The products that we manufacture or process are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport or storage. We face inherent business risks of exposure to product liability or recall claims in the event that our products fail to meet the required quality standards or are alleged to result in harm to customers. Our products like sugar may be subject to contamination which may affect the health of the final consumer. These contaminations may be human induced or natural, and, as a result, there is a risk that they could affect our processed sugar or other products. There is a potential for deterioration of our sugar products as a result of improper handling at the processing, packing, storing or transportation levels, which may adversely affect our customer image.

Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once our products are shipped to our customers. We face the risk of legal proceedings and product liability claims being brought by various entities, including consumers, distributors and government agencies for various reasons including for defective or contaminated products sold or services rendered. If we experience a product recall or are a party to a product liability case, we may incur considerable expense in litigation. We cannot assure that we will not experience product recalls or product liability losses in the future. Further, we do not have any product liability insurance cover and getting such an insurance afresh will require additional cost. Any product recall, product liability claim or adverse regulatory action may adversely affect our reputation and brand image, as well as entail significant costs in excess of available insurance coverage, which could adversely affect our reputation, business, results of operations and financial condition.

6. ***We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.***

In the nine months period ended December 31, 2021 and the Fiscals 2021, 2020 and 2019, 23.96% 19.78%, 15.28% and 16.31% respectively, of our revenue from operations were derived from our top five customers (in the respective Fiscals). Our business operations are highly dependent on our customers and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations.

While we typically have long term relationships with our customers, we have not entered into long terms agreements with our customers and the success of our business is accordingly significantly dependent on us maintaining good relationships with our customers and suppliers. The actual sales by our Company may

differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

Further, neither do we have any exclusive agents, dealers, distributors nor have we entered into any agreements with any of the market intermediaries for selling or marketing our products. If there occurs any change in the market conditions, requirements of our customers, or if we fail to identify and understand evolving industry trends, preferences or fail to meet our customers' demands, it might have a direct impact on our revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect our business, revenues, cash flows and operations.

7. *We are yet to obtain consents/ no objection certificate from certain lenders of our Company for the Issue.*

Our Company has entered into agreements for fund based and non-fund-based borrowings with certain lenders. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations which inter-alia include change in capital structure (including this present proposed Issue), formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying secured loan and unsecured loans, undertake guarantee obligations, which shall require our Company to obtain prior approval. In accordance with the terms of the loan agreements, our Company had applied to the Davangere District Central Coop Bank Limited, Indian Bank and State Bank of India, for obtaining their consents/ non-objection certificates for undertaking this Issue, however, as of date of this Letter of Offer, our Company has not received certificates from these lenders. We have *vide* letter dated December 21, 2021 requested the aforementioned lenders to provide us with their consent/no objection certificate to undertake the Issue, however, as of date of this Letter of Offer, we have received no objection certificate from such lenders. Undertaking the Issue without obtaining consents/no objection certificates from the aforementioned lenders may constitute a breach of covenant under the relevant financing documents, which could entitle the respective lenders to consider this Issue as an event of default under the loan agreements, thereby entitling them to take adverse actions against our Company as per their respective agreements. The occurrence of any of the events mentioned above can adversely affect our business, results of operations and financial condition.

8. *Our business is working capital intensive. If we are unable to generate sufficient cash flows to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.*

Our business is working capital intensive including fund requirement for payment for sugarcane purchased during the crushing season. Hence, major portion of our working capital is utilised towards debtors and inventory. Our debtors for the nine months period ended December 31, 2021 and for the FY ended 2021, 2020 and 2019 was 4.75%, 12.94%, 9.73% and 8.19% of the total net worth respectively in each year. Our inventories for the nine months period ended December 31, 2021 and for the FY ended 2021, 2020 and 2019 was 28.05%, 17.21%, 19.38% and 41.93% of the total net worth respectively in each year. The results of operations of our business are dependent on our ability to effectively manage our inventory (raw material and finished goods) and trade receivables. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. However, if our management misjudges expected customer demand, it could cause either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows. To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the credit worthiness of our customers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance cost which will adversely impact our profitability. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out

debts, could adversely affect our financial condition and result of our operations. In the event we are not able to recover our dues from our trade receivables or utilise / sell our inventory, we may not be able to maintain our sales level and thus adversely affecting our financial health. If this situation persists, we may not be able to pay our lenders / creditors and we may be forced to go for Corporate Debt Restructuring (CDR) which may result in adversely affecting our operations and future prospects.

9. A part of the Issue proceeds will be utilized by our Company for part- repayment or prepayment of unsecured loans availed from one of our Promoters, Ganesh Shivashankarappa Shamanur.

One of the Objects of this Issue is to partly repay or pre pay the unsecured loans availed from one of our Promoters, Ganesh Shivashankarappa Shamanur amounting to ₹ 3,600 lacs. These unsecured loans have been utilized by our Company towards working capital requirements. Out of the Net Issue proceeds, we intend to utilize ₹ 3,600 lacs for part repayment or pre-payment of unsecured loans availed from one of our Promoters, Ganesh Shivashankarappa Shamanur. For further details, please see the chapter titled “Objects of the Issue” beginning on page 52 of this Letter of Offer.

10. Our continued operations are critical to our business and any shutdown of our manufacturing unit may adversely affect our business, results of operations and financial condition.

Our manufacturing unit is situated at Kukkuwada Village, Davangere – 577 525, Karnataka, India. As a result, any local social unrest, natural disaster or breakdown of services and utilities in these areas could have material adverse effect on the business, financial position and results of our operations. Our current manufacturing unit is subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. In the event, we are forced to shut down our manufacturing unit for a prolonged period; it would adversely affect our earnings, our other results of operations and our financial condition as a whole. Spiraling cost of living around our unit may push our manpower costs in the upward direction, which may reduce our margin and cost competitiveness.

11. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

We have experienced negative cash flows from our operations, financing and investing activities in some past years which can be seen in the below table.

Particulars	Nine months period ended December 31, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Net Cash Flow from Operating Activities	*	*	*	(3,048.05)
Net Cash Flow used in Investing Activities	(8,044.85)	(92.71)	(166.06)	(158.14)
Net Cash used in Financing Activities	*	*	(5,213.99)	-*

* indicates positive cash flows

12. Our entire business operations are based out of a single manufacturing unit at Karnataka. Further, our manufacturing unit, our warehouses, godowns and all our facilities are currently located in one geographical area. The loss of, or shutdown of, our operations at this manufacturing or any disruption in the operation of our warehouses will adversely affect our business, financial condition and results of operations.

Our manufacturing unit and all other facilities are based out of a single premise located in Karnataka. Accordingly, we rely exclusively on our facilities at this manufacturing unit to earn revenues, pay our operating expenses and service our debt obligations. Any significant interruption or loss or shutdown of operations at our manufacturing unit at Karnataka would adversely affect our business. Our business activities may be subject to unexpected interruptions, including natural or man-made disasters. Our facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material

shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities.

Furthermore, any significant interruption to our operations directly or indirectly as a result of any industrial accidents, severe weather or other natural disasters could materially and severely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity could substantially increase our manufacturing costs. Any disruption of our existing supply of infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

13. We do not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability of such raw materials could have an adverse effect on our business and results of operations.

The basic raw material required by us is sugarcane, which is crushed to produce sugar. Sugarcane is supplied to us by various farmers mainly from villages in our vicinity. We do not have any long term agreement with these farmers and also the farmers are not obligated to sell their produce to us. In case these farmers decide to sell their produce to other sugar factories or for any other purposes, we may experience shortage of sugarcane which will not only affect our sugar production operations. For the nine months period ended December 31, 2021 and the financial years 2021, 2020 and 2019, our cost of materials consumed was ₹ 4505.69 lacs, ₹ 9889.10 lacs, ₹ 14834.36 lacs and ₹ 6054.33 lacs, or 58.57%, 66.90%, 73.05% and 53.06% of our total revenue, respectively. The price and availability of the above raw materials depend on several factors beyond our control, including overall economic conditions, weather conditions, production levels, market demand and competition for such materials, production, harvesting and / or transportation cost, duties and taxes and trade restrictions. We usually do not enter into long term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or of a desired quality, or on commercially acceptable terms, may adversely affect our operations.

14. Inability to set / control the cost of sugarcane or the selling price of sugar may impact our profitability.

Our profitability depends significantly on the cost of sugarcane, our raw material, and the selling price of sugar. We are neither able to set the cost of sugarcane nor the selling price for our sugar. The price we pay for sugarcane is determined by the Government of India and / or the State Government of Karnataka, where our manufacturing unit is located and we may be adversely affected by rising sugarcane prices, particularly in the event of a decrease in the price of sugar. We purchase all of the sugarcane that we use in our production of sugar from the independent sugarcane farmers. The Government of India and / or the State Government of Karnataka, where our manufacturing unit is located, annually declares the sugarcane procurement price. The procurement price is a minimum price we must pay to sugarcane farmers for sugarcane. The determination of the procurement price is not related to the prevailing market price of sugar and is only loosely related to the quality of sugarcane. Rising procurement price, particularly if sugar prices remain stable or decrease during the same period, may adversely affect our results of operations and financial condition.

We operate in the sugar industry where the market price for our products is cyclical, while the price at which we procure our raw materials is regulated. These pricing conditions cause our margins to fluctuate and may affect our financial condition, cash flows and results of operation. The sugar industry has historically been cyclical and sensitive to changes in supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, followed by periods of excess production that result in oversupply, causing declines in sugar prices and industry profit margins. Fluctuations in demand and supply and as a result, the price of our products, occur for various reasons, including:

- changes in the availability and price of our primary raw material, sugarcane;
- variances in the production capacities of our competitors; and
- the availability of substitutes for the sugar products that we produce.

Stronger demand may result in higher prices for sugar. Profitable sugar manufacturers may make prompt payments to farmers who may in turn switch to cultivating sugarcane rather than other crops which have become relatively less profitable. An increase in sugarcane cultivation may lead to an increase in sugar production and a subsequent reduction in sugar prices, which may materially and adversely affect our results of operation and our financial condition.

15. *Our Company has not entered into any long-term contracts with any of its customers for sale of sugar and we typically operate on the basis of orders. Inability to maintain regular order flow would adversely impact our revenues and profitability*

Our Company has had long standing business relationships with various sugar customers and has been supplying our product to such customers for several years. However, we have not entered into any contracts with these customers and we cater to them on an order-by-order basis. As a result, our customers can terminate their relationships with us without any notice and, without consequence, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our manufactured sugar product. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the quality of sugar that our Company provides, varieties of sugar that our Company provides, fluctuation in demand for sugar and the customer's inventory management. Although we place a strong emphasis on quality and timely delivery of our product, in the absence of contracts, any sudden change in the buying pattern of buyers could adversely affect the business and the profitability of our Company.

16. *We are susceptible to product liability claims that may not be covered by insurance and may subject us to substantial expenditure thereby adversely affecting our reputation and if the claim is successful, could require us to pay substantial amounts.*

We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. We may be subject to claims resulting from our manufacturing defects or negligence in storage, packaging or handling which may lead to the deterioration of our products. Even unsuccessful product liability claims would likely require us to incur substantial expenses on litigation, divert management's time, adversely affect our goodwill and impair the marketability of our products.

We are liable for the quality of the products we manufacture, for the duration of their shelf life. Disputes over non-conformity of the products with prescribed quality standards or specifications including storage specifications are generally referred to independent testing laboratories. If any independent laboratory confirms that the products do not conform to the prescribed or agreed standards and specifications, we may be required to bear the expenses of replacing and testing such products, which could adversely affect our business, results of operations, cash flows and financial condition. Any proved defect in our products could also result in withdrawal of our license for manufacturing, storing and selling the products. Further, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our Company, brand, or products or mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations. Further, we do not have any insurance coverage for product liability and if we are to take the same, it may result in additional expense. From time to time, the sugar industry has experienced difficulty in obtaining desired product liability insurance coverage. If any product liability claim not covered by insurance were sustained against us, it could adversely affect our business, financial condition, results of operations and cash flows.

17. *While we take adequate care and follow all relevant safety measures, there is a risk of fire and other accidents, at our manufacturing unit. Any accidents are likely to result in loss of property of our Company and/or disruption in the manufacturing processes which may have a material adverse effect on our results of operations, cash flows and financial condition.*

Due to its inflammable nature of the raw materials and finished products manufactured by us, we might be exposed to fires or other industrial accidents. While our Company believes that it has necessary controls and

processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property or cause 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 addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have a material adverse effect on our results of operations and financial condition. In addition to the loss as a result of such fire or industrial accident, any shutdown of any of our manufacturing unit may result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition.

Further, any fire or industrial accident, any shutdown of our manufacturing unit or any environmental damages will 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. We cannot assure you that despite our best efforts we will not face similar situations at our manufacturing unit which may result in significant loss to our Company and/or a disruption of our manufacturing operations. The loss incurred by our Company, though adequately insured, may or may not be recoverable through the insurance maintained by us. Such loss and/or disruption of our manufacturing operations may have a material adverse effect on our operations, cash flows and financial condition.

18. Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition. Our Company requires significant amount of working capital for a continuing growth. Further, our inability to meet our working capital requirements may adversely affect our results of operations.

We are exposed to payment delays and/or defaults by our customers. Our financial position and financial performance are dependent on the creditworthiness of our customers. As per our business network model, we supply our products directly to our customers without taking any advance payment or security deposit against the orders placed by them. Such delays in payments may require our Company to make a working capital investment. We cannot assure you that payments from all or any of our customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it may have a material adverse effect on our Company's results of operations and financial condition. For the nine months period ended December 31, 2021 and the financial years 2021, 2020 and 2019, our trade receivables were ₹ 1179.06 lacs, ₹ 3175.51 lacs, ₹ 2362.88 lacs and ₹ 1975.08 lacs, respectively, out of which, debts amounting to ₹ NIL, ₹ NIL, ₹ 2.16 lacs and ₹ NIL were outstanding for a period exceeding six months. There is no guarantee on the timeliness of all or any part of our customers' payments and whether they will be able to fulfill their obligations, which may arise from their financial difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

Our business requires a significant amount of working capital. In the event, we are unable to source the required amount of working capital for addressing such increased demand of our products, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to source the required amount of funds, we cannot assure you that such funds would be sufficient to meet our cost estimates and that any increase in the expenses will not affect the price of our products. All of these factors may result, in increase in the amount of receivables and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

19. Adverse weather conditions, crop disease, pest attacks may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest.

Our sugar production depends on the volume and sucrose content of the sugarcane that is supplied to us. Crop yields and sucrose content depends primarily on the variety of sugarcane grown, the presence of any

crop disease and weather conditions such as adequate rainfall and temperature, which vary. Adverse weather conditions have caused crop failures and reduced harvests and resulted in volatility in the sugar industry and consequently in our operating results. Flood, drought or frost can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. There can be no assurance that future weather patterns, potential crop disease or the cultivation of certain sugarcane crop varieties will not reduce the amount of sugarcane or sugar that we can recover in any given harvest. Any reduction in the amount of sugar recovered could have a material adverse effect on our results of operations.

20. *We may not be able to protect our intellectual property.*

Our current name and logo, is not owned or registered as a trade name or trademark by our Company under the provisions of the Trademarks Act, 1999 and therefore may be subject to counterfeiting or imitation which would adversely impact our reputation and lead to loss of customer confidence, reduced sales and higher administrative costs. Further, our Company does not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to register the trademark and the logo or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. If any of our unregistered trademarks or proprietary rights are registered by a third party, we may not be able to make use of such trademark or proprietary rights in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company. We can neither assure you that we will be successful in such a challenge nor guarantee that eventually our name and logo will be registered in our name under the provisions of the Trademarks Act, 1999. As a result, we may not be able to prevent acts of counterfeiting or imitation of our name and logo and a passing off action may not provide sufficient protection until such time that registration is granted. We may be unable to prevent third parties for infringing or wrongly using our trademarks, logo, patents thereby causing damage to our business prospects, reputation and goodwill.

21. *We are dependent on information technology systems in carrying out our business activities and it forms an integral part of our business. Further, if we are unable to adapt to technological changes and successfully implement new technologies or if we face failure of our information technology systems, we may not be able to compete effectively which may result in higher costs and would adversely affect our business and results of operations.*

We are dependent on information technology system in connection with carrying out our business activities and such systems form an integral part of our business. Any failure of our information technology systems could result in business interruptions, including the loss of our customers, loss of reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations. Additionally, our information technology systems, specifically our software may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our business activities. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our business activities, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorised access to our networks. Further, the commercial success of our business is highly dependent on the developmental and innovative breakthroughs of our design division. In the event, any breach of our systems or software leads to the leaking of our designs or any inventive design techniques devised by our Company, it might lead to loss of our originality in the market and increase the chance of our products being substituted by the products of our competitors.

Our future success depends in part of our ability to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis. Our failure to successfully adopt such technologies in a cost-effective manner could increase our costs thereby compelling us to bid at lower margins which might lead to loss of bidding opportunities vis-à-vis such competitors. Additionally, the government authorities may require adherence with certain technologies and we cannot assure you that we would be able to implement such technologies in a timely manner or at all. The cost of upgrading or implementing new technologies or upgrading our existing equipment or expanding our capacity could be significant, less cost effective and therefore could negatively impact our profitability, results of operations, financial condition as well as our future prospects.

22. *Our inability to receive or renew the necessary licenses, approvals and registrations in a timely manner*

or at all may lead to interruption of our Company's operations.

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our manufacturing unit, some of which have been granted for a fixed period of time and need to be renewed from time to time. We cannot assure you that in the near future there will not be any legal actions taken against us for the same.

Further, our licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may adversely affect our business.

- 23. *We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our customers. We have not entered into any formal contracts with our transport providers and any failure on part of such service providers to meet their obligations may adversely affect our business, financial condition and results of operation.***

To ensure smooth functioning of our manufacturing operations, we need to maintain continuous supply and transportation of the raw materials required from the supplier to our manufacturing unit or warehouses and transportation of our products from our unit or warehouses to our customers, which may be subject to various uncertainties and risks. We are significantly dependent on third party transportation providers for the delivery of raw materials to us and delivery of our products to our customers. Uncertainties and risks such as transportation strikes or delay in supply of raw materials and products is likely to have an adverse effect on our supplies and deliveries to and from our customers and suppliers. Additionally, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in a timely, efficient and reliable manner may adversely affect our business, results of operations and financial condition.

Further, we have not entered into any long-term agreements with our transporters for any of our manufacturing unit and the costs of transportation are generally based on mutual terms and the prevailing market price. In the absence of such agreements, we cannot assure that the transport agencies would fulfill their obligations or would not commit a breach of the understanding with us. In the event that the finished goods or raw materials suffer damage or are lost during transit, we may not be able to prosecute the agencies due to lack of formal agreements. Further, the transport agencies are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms or prices, which may cause them to cater to our competitors alongside us or on a priority basis, which might adversely affect our business, results of operations and financial condition.

- 24. *We face significant competition in our business from Indian sugar manufacturers, which may adversely affect our profitability.***

The sugar industry is highly competitive. Domestically, we compete with numerous small to medium size producers. Despite increased consolidation, the Indian sugar industry remains highly fragmented. Our major competitors in India are sugar mills based in the southern Indian state of Karnataka and nearby states. Further, excess sugar stocks may be dumped by competitors from other states into the northern India region markets, leading to excess supply and price drop. We also face substantial competition from potential competitors who may seek to manufacture the same or similar products as us in the particular area or competitors who are already manufacturing, distributing and selling products which we deal in. Additionally, we compete with existing sugar manufacturing unit on the basis of portfolio of our by-product offerings, product traits, including quality consistency, lower rejection ratio, as well as based on price, reputation, customer service and customer convenience. Some of our competitors may be large multinational companies that have significantly greater resources and access than those available to us. If we are unable to compete effectively, including in terms of pricing or providing quality products, our market share may decline, which could have a material adverse effect on our results of operations and cash flows.

- 25. *Our Promoters, Directors and Key Managerial Personnel have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters, Directors and Key Managerial Personnel, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoters, Directors and Key Managerial Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details, please see the section titled “*Financial Information*” at page 86 of this Letter of Offer.

There can be no assurance that our Promoters, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters and members of our Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

26. Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

After the completion of the Issue, our Promoters and the members of the Promoter Group will hold approximately 74.45% of the paid-up equity share capital of our Company assuming full subscription to the Rights Entitlement in the Issue. Our Promoters and the members of the Promoter Group holding Equity Shares in our Company, have undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. So long as the Promoters have a majority holding, they will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoters’ shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

27. In the past, there have been instances of delayed or erroneous filing of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 to RoC by our Company.

In the past, there have been certain instances of delay in filing of statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC by our Company. No show cause notice in respect to the above has been received by our Company till date and except as stated in this Letter of Offer, no penalty or fine has been imposed by any regulatory authority in respect to the same. The occurrence of instances of delayed or erroneous filings in future may impact our results of operations and financial position.

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

The Equity Shares of our Company are listed on BSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/reporting requirements, however we cannot assure you that there may not be any future instances of non-disclosures/delayed/erroneous disclosures and/or any other violations and the same may not result into Stock Exchange and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business

prospects and financial performance and on the trading price of the Equity Shares.

29. We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

Our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Audited Financial Information for the financial years 2019, 2020 & 2021 and for the nine months period ended December 31, 2021 are as follows:

Particulars	(₹ in lacs)			
	9 months period ended December 31, 2021	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2019
i) Contingent liabilities:				
a) Company has given Corporate guarantee on Harvesting and Transportation loan given to farmers	3694.97	3698.00	4066.00	5290.00
b) Sales tax demands against which the Group has filed appeals	406.53	406.53	406.53	406.53

For further details of contingent liability, see the section titled — “Financial Information” on page 86 of this Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

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

As of March 31, 2021, we have entered into several related party transactions with our Promoters, individuals and entities forming a part of our promoter group relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please see the section titled “Financial Information” at page 86 of this Letter of Offer.

While we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

31. The agreements executed by our Company with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

We have entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans availed from Promoters and third parties, undertake guarantee obligations on behalf of any other borrower, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. Further, some of the financing arrangements include covenants which mandate us to maintain total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. This might have an adverse effect on our cash flows, business, results of operations and financial condition.

32. In addition to the existing indebtedness our Company, may incur further indebtedness during the course of business. We cannot assure that our Company would be able to service the existing and/ or additional indebtedness.

As on December 31, 2021 the total fund based indebtedness of our Company is ₹ 20,638.51 lacs. In addition to the indebtedness for the existing operations of our Company, may incur further indebtedness during the

course of their business. We cannot assure you that our Company will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Any failure to service the indebtedness of our Company or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

33. *Our Company has availed certain unsecured loans from one of our Promoters, Ganesh Shivashankarappa Shamanur, which are recallable in nature.*

As on December 31, 2021, our Company has outstanding unsecured loans aggregating to ₹ 5,324.81 lacs, which have been extended by one of our Promoters, Ganesh Shivashankarappa Shamanur which may be recalled at any time. We cannot assure you that our Promoter will not demand repayment of unsecured loans extended to us. In the event, our Promoter seeks a repayment of the unsecured loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to carry out the operations or complete our ongoing operations. Therefore, any such demand may adversely affect our business, financial condition and results of operations.

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

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

35. *Our success largely depends upon the knowledge and experience of our Promoters, Directors and our Key Managerial Personnel. Loss of any of our Directors and key managerial personnel or our ability to attract and retain them could adversely affect our business, operations and financial condition.*

The growth and success of our Company's future significantly depends upon the experience and continued services and the management skills of our Promoters, Key Managerial Personnel and the guidance of our Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. We believe the expertise, experience and continued efforts of our Key Managerial Personnel and their inputs are valuable to for the operations of our Company. Our future success and growth depend largely on our ability to attract, motivate and retain the continued service of our highly skilled management personnel. Our Company has never been faced with a challenge of high rate of attrition of our Key Management Personnel in the past, however, any attrition of our experienced Key Managerial Personnel, would adversely impact our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those Key Managerial Personnel who leave. In the event we are unable to motivate and retain our key managerial personnel and thereby lose the services of our highly skilled Key Managerial Personnel may adversely affect the operations, financial condition and profitability of our Company and thereby hampering and adversely affecting our ability to expand our business. For further details on our Directors and Key Managerial Personnel, please refer to the chapter titled — “*Our Management and Organisational Structure*” on page 82 of this Letter of Offer.

36. *Stringent environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.*

Our operations are subject to environmental, health and safety and other regulatory and/or statutory requirements in the jurisdictions in which we operate. We are required to comply with central, state and local environmental laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste material, the emission and discharge of waste materials into soil, air or water, and health and safety of employees. We are also required to obtain and comply with environmental permits for certain of our operations. There can be no assurance that we will at all times be in complete compliance with such laws, regulations and permits.

- 37. *We engage contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations.***

We appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in India. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements or other such difficulties in managing contract labour may have an adverse impact on our results of operations.

- 38. *Our operations can be adversely affected in case of industrial accidents at our manufacturing unit. Any fire or mishap or accidents of such nature at the Company's facilities could lead to accident claims and damage and loss of property, inventory, raw materials, etc. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our manufacturing process requires the use of machines, which makes the labour employed at our manufacturing unit prone to accidents that occur during the course of our operations resulting in personal injuries causing permanent disability or even death. Due to its combustible nature of the raw materials and finished products manufactured by us, we may be exposed to fires or other industrial accidents and every stage from procurement, processing, storage and transportation to trading is fraught with an imminent risk of loss by fire. With the use of chemicals, boilers, large volume of air for material handling, etc. the risk of fire hazard increases exponentially. The stocks of finished goods, raw materials, godowns and the main manufacturing area are more prone to such accidents, which could cause substantial loss to our machinery, thus hampering our business operations. If there occurs an accident or mishap due to fire, it could adversely affect our results of operations and financial position.

We have obtained certain insurance policies such as the aircraft hull liabilities insurance policy, machinery insurance policy and industrial all risks insurance policy, which insures our aircraft, manufacturing unit, plant and machinery, etc. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

There are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be insured or adequately insured, which in turn may expose us to certain risks and liabilities. We have adopted adequate safety measures; however, we cannot assure you that, in the future no such cases will be instituted against our Company, alleging that we were negligent or we did not provide adequate supervision therefore, holding us liable for injuries that were suffered during the manufacture of our products. In the event any such accidents take place in the manufacturing unit of our Company, we may get involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. If we were to incur a significant liability for which we were not fully insured, it may adversely affect our results of operations and financial position.

- 39. *Our Company is subject to foreign exchange control regulations which can pose a risk of currency***

fluctuations.

Our Company is involved in various business transactions with international clients and has to conduct the same in accordance with the rules and regulations prescribed under FEMA. Due to non-receipt of such payments in a timely manner, our Company may fail to adhere to the prescribed timelines and may be required to pay penalty to the appropriate authority or department to regularize the payment. Similarly, due to our sacrosanct reliance on our primary raw material being cotton we are exposed to a risk of increase in costs of raw materials due to the currency fluctuations. Further, our international operations (export sales) make us susceptible to the risk of currency fluctuations, which may directly affect our operating results. In case we are unable to adhere to the timelines prescribed under the applicable laws or are unable to mitigate the risk of currency fluctuation, it may adversely affect our business, results of operations, financial conditions and cash flows.

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

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive and we are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. Although our Company has declared dividends in the past, however there can be no assurance that our Company will declare dividends in the future also.

41. *Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.*

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

42. *The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled “Objects of the Issue”.*

As the issue size is not more than ₹10,000 lacs, under Regulation 82 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled — “Objects of the Issue” on page 52 of this Letter of Offer.

43. *Any conflict of interest which may occur between our business and any other similar business activities pursued by our Promoters could have a material adverse effect on our business and results of operations.*

Our Promoters are engaged in business activities similar to our business, thereby causing a conflict of interest. We have not entered into a non-compete arrangement with our Promoters to address such conflicts. We cannot assure you that a conflict will not arise, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

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

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

ISSUE SPECIFIC RISKS

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

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

- 46. *SEBI has recently, by way of circular dated January 22, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in the SEBI Rights Issue Circular and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 169.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of 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 opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

- 47. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 169. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

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

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

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. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 169.

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

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

50. *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. 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.

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

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

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

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchange 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 Exchange. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

53. *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.

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

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

55. *Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

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

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

EXTERNAL RISK FACTORS

57. Natural disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company.

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our intangible assets and the loss of business continuity. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, cash flows, financial condition and results of operations.

58. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and consider material to their assessment of our financial condition.

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

59. Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation

policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

60. A slowdown in economic growth in India could cause our business to suffer.

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

61. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules ("GAAR") have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional

approvals. 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 and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

62. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.

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

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

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

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

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

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

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

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

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

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

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

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

66. *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, tornadoes, 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. 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.

67. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.*

We are incorporated in India and we conduct our corporate affairs and our business in India. Consequently, our business, operations, financial performance will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries;
- hostile or war like situations with the neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

68. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on May 11, 2021 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in the chapter titled “*Terms of the Issue*” on page 169 of this Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto 3,84,00,000 Equity Shares
Rights Entitlement	Upto 69 Equity Share(s) for every 100 fully paid-up Equity Share(s) held on the Record Date
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in multiples of 69, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Record Date	Friday, May 27, 2022
Face value per Equity Shares	₹ 10/-
Issue Price per Rights Equity Shares	₹ 12.50/-
Issue Size	Upto 3,84,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 12.50/- (Including a premium of ₹ 2.50/-) per Rights Equity Share not exceeding an amount of ₹ 4,800 lacs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	5,56,84,462 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto 9,40,84,462 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Upto 9,40,84,462 Equity Shares
Money payable at the time of Application	₹ 12.50/-
Scrip Details	ISIN: INE179G01011 BSE: 543267
Use of Issue Proceeds	For details please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 52 of this Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 169 of this Letter of Offer.

Please refer to the chapter titled “*Terms of the Issue*” on page 169 of this Letter of Offer.

Issue Schedule

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

Event	Indicative Date
Issue Opening Date	Thursday, June 16, 2022
Last Date for On Market Renunciation of Rights	Monday, June 27, 2022
Issue Closing Date*	Thursday, June 30, 2022

*The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.

GENERAL INFORMATION

Our Company was incorporated as '*Davangere Sugar Company Limited*' on September 28, 1970 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Mysore, Bangalore and consequently a certificate of commencement of business dated December 31, 1970 was issued to our Company. The corporate identification number of our Company is L37100KA1970PLC001949.

Registered Office of our Company

Davangere Sugar Company Limited

73/1, post box number 312, Shamanur Road,
Davangere – 577 004, Karnataka, India

Telephone: +91 81 9220 1623

Facsimile: NA

E-mail: davangeresugars@gmail.com

Website: www.davangeresugar.com

Registration Number: 1949

CIN: L37100KA1970PLC001949

Corporate Office

Davangere Sugar Company Limited

19, 2nd floor, Shiv Shankar Plaza,
Richmond Circle, Lalbaug Road,
Bangalore – 560027, Karnataka, India

Telephone: +91 80 2227 2183

Facsimile: NA

E-mail: accounts@davangeresugars.com

Registrar of Companies

Our Company is registered with the Registrar of Companies, Bangalore, Karnataka situated at the following address:

Registrar of Companies,

'E' Wing, 2nd Floor, Kendriya Sadana,
Kormangala, Bangalore - 560 034,
Karnataka, India

Telephone: +91 80 2563 3105, 2553 7449/2563 3104

Facsimile: +91 80 2553 8531

E-mail: roc.bangalore@mca.gov.in

Chief Financial Officer

Virupakshappa Ganesh Rao, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

73/1, post box number 312,
Shamanur Road, Davangere – 577 004,
Karnataka, India

Telephone: +91 81 9220 1623

E-mail: accounts@davangeresugars.com

Company Secretary and Compliance Officer

Musale Mohanbabu Pooja, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

73/1, post box number 312,
Shamanur Road, Davangere – 577 004,

Karnataka, India
Telephone: +91 81 9220 1623
E-mail: complianceofficer@davangeresugars.com

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Manager to the Issue

Saffron Capital Advisors Private Limited
605, Center Point, 6th floor, Andheri Kurla Road,
J. B. Nagar, Andheri (East), Mumbai - 400 059,
Maharashtra, India.
Telephone: +91 22 4973 0394
Facsimile: NA
E-mail: rights.issue@saffronadvisor.com
Website: www.saffronadvisor.com
Investor grievance: investorgrievance@saffronadvisor.com
Contact Person: Amit Wagle / Gaurav Khandelwal
SEBI Registration Number: INM000011211

Registrar to the Issue

Integrated Registry Management Services Private Limited
No. 30 Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru - 560 003, Karnataka, India
Telephone: +91 80 2346 0815 to 819
Facsimile: +91 80 2346 0819
E-mail: irg@integratedindia.in
Website: www.integratedindia.in
Contact person: Giridhar S / Harish K
Investor grievance: irg@integratedindia.in
CIN: U74900TN2015PTC101466
SEBI Registration No: INR000000544

Legal Advisor to the Issue

T&S Law
Door Number 1202, Devika Towers,
Ghaziabad – 201 017,
Uttar Pradesh, India
Telephone: +91 99 5877 5287
Email: info.tandslaw@gmail.com

Advisors to the Company

Amit R. Dadheech & Associates,
B15/16, 5th Floor, Shree Siddhivinayak Plaza,
Off Link Road, Next to T-Series Building,
Oshiwara Village, Andheri – West,
Mumbai – 400053
Telephone: +91 9320057363 / 9870387363
Email: amitrdadheech@gmail.com

Statutory and Peer Review Auditor of our Company

D G M S & Co,
Chartered Accountants
217, 218, 219 Manek Centre,
PN Marg, Jamnagar – 361 001

Telephone: +91 288 266 1942
Email: dgmsco.jam@gmail.com
Contact Person: Shashank P Doshi
Membership No.: 108456
Firm Registration No.: 112187W
Peer Review Certificate No.: 010830

Bankers to the Issue/ Refund Bank

ICICI Bank Limited

Capital Market Division, 1st Floor,
122, Mistry Bhavan, Dinshaw Vachha Road,
Backbay Reclamation, Churchgate,
Mumbai – 400020

Telephone: 022- 66818911/23/24

Facsimile: 022- 22611138

E-mail: sagar.welekar@icicibank.com

Website: www.icicibank.com

SEBI Registration Number: INBI00000004

Contact Person: Mr. Sagar Welekar

Designated Intermediaries

Self-Certified Syndicate Banks

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

Inter-se Allocation of Responsibilities

Saffron Capital Advisors Private Limited being the sole Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence a statement of inter se allocation of responsibilities is not required.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lacs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Underwriting Agreement

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

Expert Opinion

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

Our Company has received written consent dated January 18, 2022 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) report dated June 30, 2021 on our Audited Financial Statements for the financial year ended March 31, 2021; (ii) limited review report dated February 14, 2022 on the unaudited financial statements for the nine months period ended December 31, 2021 and December 30, 2020; and (iii) statement of tax benefits dated May 24, 2022 in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

Filing

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

Issue Schedule

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

Event	Indicative Date
Issue Opening Date	Thursday, June 16, 2022
Last Date for On Market Renunciation of Rights	Monday, June 27, 2022
Issue Closing Date*	Thursday, June 30, 2022

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Letter of Offer and after giving effect to the Issue is set forth below:

S. No.	Particulars	Amount (in ₹ Lacs, except share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
A. Authorised Share Capital			
	10,00,00,000 Equity Shares of face value of ₹ 10 each	10,000.00	
B. Issued, Subscribed and Paid-Up Share Capital before the Issue			
	5,56,84,462 Equity Shares of face value of ₹ 10 each	5,568.45	
C. Present Issue in terms of this Letter of Offer⁽¹⁾			
	Up to 3,84,00,000 Equity Shares of ₹ 10 each	3,840.00	4,800.00
D. Issued, Subscribed and Paid-Up Share Capital after the Issue			
	9,40,84,462 Equity Shares of face value of ₹ 10 each	9,408.45	
E. Securities Premium Account			
	Before the Issue	249.47	
	After the Issue		1,209.47

⁽¹⁾ The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated May 11, 2021.

NOTES TO CAPITAL STRUCTURE

1. Details of outstanding instruments

As on date of this Letter of Offer, our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme. Further, it has not issued any convertible securities which are outstanding as of date of this Letter of Offer.

2. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Ganesh Shivashankarappa Shamanur, on behalf of the Promoter and Promoter Group has, *vide* his letter (the “**Subscription Letters**”) undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. 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.

3. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations

- i. The shareholding pattern of our Company as on March 31, 2022, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/davangere-sugar-company-td/davangere/543267/shareholding-pattern>

- ii. Statement showing shareholding pattern of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on March 31, 2022 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=543267&qtrid=113.00&QtrName=March%202022>
 - 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 March 31, 2022 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=543267&qtrid=113.00&QtrName=March%202022>
4. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 5.10/- per equity share.

5. Details of shares locked-in, pledged, encumbrance by promoters and promoter group:

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. However, the Equity Shares held by our Promoters and certain members of the Promoter Group Equity has been locked-in for the period of 3 years from the date of listing of our Equity Shares on BSE i.e., March 19, 2021.

6. Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the Letter of Offer:

Our Promoters and members of Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of the Letter of Offer.

7. Details of the shareholders holding more than 1% of the issued and paid-up Equity Share capital

The details of shareholders of our Company holding more than 1% of the issued and paid -up Equity Share capital of our Company, as on March 31, 2022 are available at <https://www.bseindia.com/stock-share-price/davangere-sugar-company-ltd/davangere/543267/shareholding-pattern>

8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company;
2. General Corporate Purposes

(collectively, referred to hereinafter as the “Objects”)

We intend to utilize the gross proceeds raised through the Issue (the “Issue Proceeds”) after deducting the Issue related expenses (“Net Proceeds”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be repaid in full or part from the Net Proceeds.

Details of objects of the Issue

The details of objects of the Issue are set forth in the following table:

Particulars	Amount
Gross Proceeds from the Issue	4,800.00
Less: Issue related expenses	50.00
Net Proceeds from the Issue	4750.00

Requirement of Funds and utilization of Net Proceeds

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

Particulars	Amount
Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company;	3,600.00
General Corporate Purposes	1,150.00
Gross Proceeds from the Issue	4,750.00

Means of Finance

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

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2023.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of the Objects of the Issue

1. *Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company*

Our Company has availed interest bearing unsecured loans from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company. These unsecured loans were raised by our Company for the purpose of working capital requirements. Our Company intends to utilize ₹ 3,600 lacs of the Net Proceeds towards part repayment or prepayment of these unsecured loans. The unsecured loans are callable by our Promoters. There are no prepayment penalties for prepayment of such unsecured loans. The following table provides details along with the terms on which the unsecured loans have been availed by our Company, as on December 31, 2021, which are proposed to be repaid from the Net Proceeds:-

No.	Name of the Promoter Group	Outstanding unsecured loans as on December 31, 2021 (₹ in lacs)	* Purpose of availing unsecured loans	Interest rate (%) p.a.	Repayment Terms	Proposed repayment or prepayment from Net Proceeds (₹ in lacs)
1.	Ganesh Shivashankarappa Shamanur	800.0	Working capital requirements	12.00	Recallable on demand	3,600
		300.00		15.00		
		4,224.81		NA		
Total		5,324.81				3,600

* Our Statutory auditors have provided a report of factual findings dated May 24, 2022 in connection with agreed-upon procedures related to the statement of loan availed.

Given the nature of these borrowing facilities and the terms of repayment, the aggregate outstanding unsecured loan amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements to avail unsecured loans. In such cases or in case any of the above unsecured loans are paid or further unsecured loans have been availed prior to the completion of the Issue, we may utilise Net Proceeds of the Issue towards repayment or prepayment of such additional unsecured loans.

Our Promoter and the Promoter Group members have undertaken to subscribe, jointly and severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. 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. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 5.10/-.

Interest of Promoters and Directors in the objects of the Issue

Ganesh Shivashankarappa Shamanur, our Promoter has *vide* its letter dated January 5, 2022 confirmed that an amount of ₹ 3,600 lacs, which has been availed by our Company, in the nature of identified unsecured loans as per the details mentioned in the above table, is proposed to be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from our Promoter, to the extent of its entitlement, renunciation of entitlement in favour of the members of Promoter Group (if any) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

2. General Corporate Purposes

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes is not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in

course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

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

Issue related expenses

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

Particulars	Amount* (₹ In lacs)	As a percentage of total expenses*	As a percentage of Issue size*
Fees of the Lead Managers, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	32.00	64.00	0.67
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	10.00	20.00	0.21
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	8.00	16.00	0.17
Total estimated Issue expenses	50.00	100.00	1.04

**Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Appraisal and Bridge Financing Facilities

Our Company has not raised any bridge loan 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.

Monitoring of utilization of funds

Since the Issue is for an amount not exceeding ₹10,000 lacs, in terms of Regulation 82(1) 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 appointed by 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, 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.

As per the requirements of Regulations 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. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the 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 the 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.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters and Promoter Group, Directors, Key Managerial Personnel of our Company, except for the part of the Net Proceeds that will be utilized towards the repayment/prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company and payments made in the ordinary course of business, there are no material existing or anticipated transactions.

STATEMENT OF TAX BENEFITS

Statement of possible special tax benefits available to the Company and its Shareholders

To,
The Board of Directors
Davangere Sugar Company Limited
73/1, P.B. No. 312, Shamanur Road,
Davangere, Karnataka, 577004

Dear Sirs,

Subject: Statement of Possible Special Tax Benefits available to Davangere Sugar Company Limited (“the Company”) and shareholders of the Company under the direct& indirect tax laws.

We have been requested by the Company to issue a report on the special tax benefits available to the Company and its shareholders attached for inclusion in this Draft Letter of Offer in connection with the proposed rights issue of equity shares of the Company (the “**Issue**”). The Statement has been prepared by the management of the Company and stamped by us for identification purpose only.

The statement showing the current position of special tax benefits available to the Company and the shareholders of the Company as per the provisions of Income- tax Act, 1961 (“**the IT Act**”) and the Central Goods And Services Tax Act, 2017/ Integrated Goods And Services Tax Act, 2017 relevant State Goods and Services Tax Act (“**SGST**”) read with rules, circulars, and notifications (“**GST law**”), the Customs Act, 1962, Customs Tariff Act, 1975 (“**Customs law**”) and Foreign Trade Policy 2015-2020 (“**FTP**”) (herein collectively referred as “**Indirect Tax Laws**”) as amended by Finance Act, 2020, i.e. applicable for the assessment year AY 2022-23 relevant to the financial year 2021-22 for inclusion in the Letter of Offer (“**LOF**”) for the issue of rights shares is annexed herewith.

These possible special tax benefits are dependent on the Company and the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the corresponding Tax laws. Hence, the ability of the Company and the shareholders of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

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

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

Limitation:

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not

assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

Yours faithfully,

For and on behalf of M/s. D G M S & Co.
Chartered Accountants
Firm Registration Number: 0112187W

Name: Shashank P Doshi
Partner
ICAI Membership Number: 108456
Date: 24th May 2022
Place: Mumbai
UDIN: 22108456AJPVUY1829

Encl: As above

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO DAVANGERE SUGAR COMPANY LIMITED (“THE COMPANY AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax & indirect tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

The tax benefits stated below are as per the Income tax Act, 1961 (“IT Act”) as amended from time to time and applicable for financial year 2021-22 relevant to assessment year 2022- 23 and Indirect Tax Laws as amended from time to time and applicable for financial year 2021-22

I. Under the IT Act

1. Special tax benefits available to the Company under the Act

a) Lower Corporate Tax Rate under section 115BAA

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act 2019”) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the Financial Year 2019-20, provided such companies do not avail specified exemptions/incentives (i.e. deduction under section 10AA, 32(1)(iia), 33ABA, 35 (2AB), 80-IA etc.)

The Amendment Act, 2019 also provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax (“MAT”) under section 115JB. The CBDT has further issued Circular 29/2019 dated Oct 02, 2019 clarifying that since the MAT provisions under section 115JB itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under section 115JAA dealing with MAT credit.

B. Deductions from Gross Total Income

Section 80JJAA- Deduction in respect of Employment of new employees

Subject to fulfillment of prescribed conditions, the company IS entitled to claim deduction, under the provision of Section 80JJAA of the Act, of an amount equal to thirty percent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M-Deduction in respect of inter-corporate dividends

A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. April 01, 2020 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company received any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial year, it shall be entitled to the deduction under Section 80M of the Act.

2. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the company.

With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020, to remove the cascading effect of taxes on inter-corporate dividends during financial year 2020-21 and thereafter. The Section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

NOTES:-

- a) The above statement of possible special tax benefits sets out the provisions of Tax Laws 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 covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
- c) The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provision of the Tax Laws.
- d) In respect of non-residents, the tax rate and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
- e) If the company opts for concessional corporate income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions:-
 - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
 - Deduction under clause (iia) of sub –section (1) of section 32 (Additional Depreciation)
 - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas , Investment deposit account, site restoration fund)
 - Deduction under sub-clause (ii) or sub-clause (iia) or sub clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
 - Deduction under section 35AD or section 35CCC (deduction for specified business, agricultural extension project)
 - Deduction under section 35CCD (Expenditure on skill development)
 - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M
 - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above
 - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above
- f) This statement is intended only to provide general information to the investors and is neither designed nor intended to be substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

II. Under the Indirect Tax Laws

1. Special indirect tax benefits available to the Company

The Company is not entitled to any special tax benefits under indirect tax laws.

2. Special indirect tax benefits available to Shareholders

The Shareholders of the company are not entitled to any special tax benefit under indirect tax laws.

NOTES:

This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The 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.

Yours faithfully,

For and on behalf of M/s. D G M S & Co.
Chartered Accountants
Firm Registration Number: 0112187W

Name: Shashank P Doshi
Partner
ICAI Membership Number: 108456
Date: 24th May 2022
Place: Mumbai
UDIN: 22108456AJPVUY1829

Encl: As above

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, 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.

GOLBAL ECONOMY AT LARGE

Economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

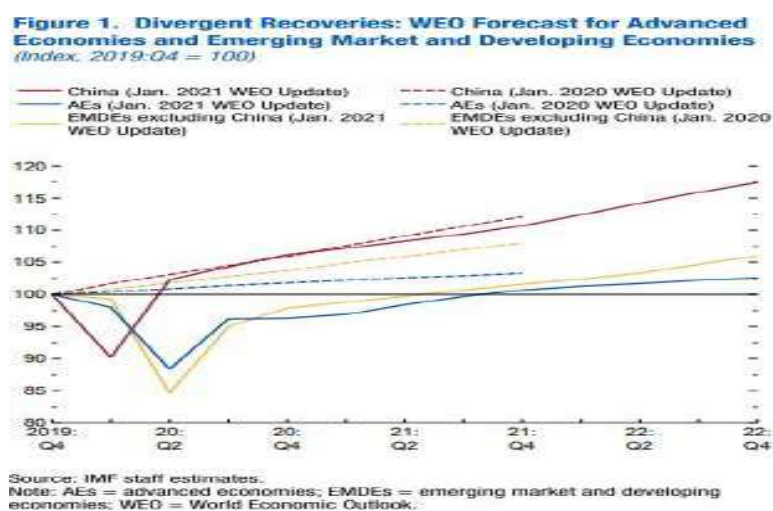
Recent price pressures for the most part reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high. Elevated inflation is also expected in some emerging market and developing economies, related in part to high food prices. Central banks should generally look through transitory inflation pressures and avoid tightening until there is more clarity on underlying price dynamics. Clear communication from central banks on the outlook for monetary policy will be key to shaping inflation expectations and safeguarding against premature tightening of financial conditions. There is, however, a risk that transitory pressures could become more persistent and central banks may need to take preemptive action.

Risks around the global baseline are to the downside. Slower-than-anticipated vaccine rollout would allow the virus to mutate further. Financial conditions could tighten rapidly, for instance from a reassessment of the monetary policy outlook in advanced economies if inflation expectations increase more rapidly than anticipated. A double hit to emerging market and developing economies from worsening pandemic dynamics and tighter external financial conditions would severely set back their recovery and drag global growth below this outlook's baseline.

Multilateral action has a vital role to play in diminishing divergences and strengthening global prospects. The immediate priority is to deploy vaccines equitably worldwide. A \$50 billion IMF staff proposal, jointly endorsed by the World Health Organization, World Trade Organization, and World Bank, provides clear targets and pragmatic actions at a feasible cost to end the pandemic. Financially constrained economies also need unimpeded access to international liquidity. The proposed \$650 billion General Allocation of Special Drawing Rights at the IMF is set to boost reserve assets of all economies and help ease liquidity constraints. Countries also need to redouble collective efforts to reduce greenhouse gas emissions. These multilateral actions can be reinforced by national-level policies tailored to the stage of the crisis that help catalyze a sustainable, inclusive recovery. Concerted, well-directed policies can make the difference between a future of durable recoveries for all economies or one with widening fault lines—as many struggle with the health crisis while a handful see conditions normalize, albeit with the constant threat of renewed flare-ups.

Financially constrained economies also need unimpeded access to international liquidity. The proposed \$650 billion General Allocation of Special Drawing Rights at the IMF is set to boost reserve assets of all economies and help ease liquidity constraints. Countries also need to redouble collective efforts to reduce greenhouse gas emissions. These multilateral actions can be reinforced by national-level policies tailored to the stage of the crisis

that help catalyze a sustainable, inclusive recovery. Concerted, well-directed policies can make the difference between a future of durable recoveries for all economies or one with widening fault lines—as many struggle with the health crisis while a handful see conditions normalize, albeit with the constant threat of renewed flare-ups. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding for the COVAX facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines, and facilitating access to therapeutics at affordable prices for all. Many countries, particularly low-income developing economies, entered the crisis with high debt that is set to rise further during the pandemic. The global community will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20. A stronger starting point for the 2021–22 forecast. Multiple vaccine approvals and the launch of vaccination in some countries in December have raised hopes of an eventual end to the pandemic. Moreover, economic data released after the October 2020 WEO forecast suggest stronger-than-projected momentum on average across regions in the second half of 2020. Despite the high and rising human toll of the pandemic, economic activity appears to be adapting to subdued contact-intensive activity with the passage of time. Finally, additional policy measures announced at the end of 2020—notably in the United States and Japan—are expected to provide further support in 2021–22 to the global economy. These developments indicate a stronger starting point for the 2021–22 global outlook than envisaged in the previous forecast. Linger concerns. However, surging infections in late 2020 (including from new variants of the virus), renewed lockdowns, logistical problems with vaccine distribution, and uncertainty about take-up are important counterpoints to the favorable news. Much remains to be done on the health and economic policy fronts to limit persistent damage from the severe contraction of 2020 and ensure a sustained recovery. These developments raise three interrelated questions for the global outlook. First, how will restrictions needed to curb transmission affect activity in the near term before vaccines begin delivering effective society-wide protection? Second, how will vaccine-rollout expectations and policy support affect activity? Third, how will financial conditions and commodity prices evolve? The baseline forecast requires forming a view on these unknowns. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillover, and structural characteristics entering the crisis (Figure 1).



Infections and restrictions will soften momentum in early 2021. Third quarter GDP outturns mostly surprised on the upside (Australia, euro area, India, Japan, Korea, New Zealand, Turkey, United States) or were in line with expectations elsewhere (China, Mexico). Among components, private consumption rebounded the most. Investment picked up relatively slowly, except in China (Figure 2). The expenditure decompositions suggest a release of pent-up demand and adjustments to telework. Given the largely one-off nature of such spending, it is likely to dissipate once the adjustments are made. High-frequency data suggest some tapering into the fourth quarter of 2020—for example, in new orders, industrial production, and global trade (Figure 3). The US December employment report also showed the first net decline in nonfarm payrolls since April 2020. Moreover, services output remains subdued and is likely to soften further in the coming months with renewed restrictions to combat rising infections. The softening in early 2021 is expected to give way to rising momentum in the second quarter as vaccines and therapies become more readily available, allowing contact-intensive activity to strengthen. Vaccines, therapies and containment efforts. The baseline assumes broad vaccine availability in advanced economies and some emerging market economies in summer 2021 and across most countries by the second half

of 2022— an accelerated timeline relative to expectations at the time of the previous forecast. Vaccine rollout speed is assumed to vary across economies based on country-specific factors. Moreover, therapies are expected to gradually become more effective and more accessible worldwide over the course of 2021–22. The baseline also assumes the possibility of lockdowns, including to contain transmission of new variants, before vaccines become widely available. Additional fiscal policy support set to boost activity in some countries, but most are expected to experience lower deficits in 2021. The sizable fiscal support announced for 2021 in some countries, including most recently in the United States and Japan, together with the unlocking of Next Generation EU funds, will help lift economic activity among advanced economies with favourable spill overs to trading partners. However, as noted in the January 2021 Fiscal Monitor Update, fiscal deficits in most countries are projected to decline in 2021 as revenues rise and expenditures decline automatically with the recovery. Supportive financial conditions. Major central banks are assumed to maintain their current policy rate settings throughout the forecast horizon to the end of 2022. As a result, financial conditions are expected to remain broadly at current levels for advanced economies while gradually improving for emerging market and developing economies. Within this latter group, differentiation between investment-grade sovereigns (who have been able to issue external debt in large amounts in 2020) and high-yield borrowers (many of whom are constrained in their ability to take on additional debt and until recently have not accessed international markets during the pandemic) is expected to subside as the recovery takes hold. As noted in the January 2021 Global Financial Stability Report Update, markets remain upbeat about prospects for 2021, banking on continued policy support. Rising commodity prices. Reflecting the projected global recovery, oil prices are expected to rise in 2021 just over 20 percent from the low base for 2020, but will still remain well below their average for 2019. Non-oil commodity prices are also expected to increase with those of metals, in particular, projected to accelerate strongly in 2021.

Global growth. After an estimated 3.5 percent contraction in 2020, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022 (Table 1). The estimate for 2020 is 0.9 percentage point higher than projected in the October WEO forecast. This reflects the stronger than-expected recovery on average across regions in the second half of the year. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections. The upgrade is particularly large for the advanced economy group, reflecting additional fiscal support—mostly in the United States and Japan—together with expectations of earlier widespread vaccine availability compared to the emerging market and developing economy group. Global trade. Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in 2021, before moderating to 6 percent in 2022. Services trade is expected to recover more slowly than merchandise volumes, however, which is consistent with subdued cross-border tourism and business travel until transmission declines everywhere. Global activity will remain well below the pre-COVID, January 2020 WEO projections through the forecast horizon (Figure 4). The strength of the projected recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity (related to the structure of the economy and its reliance on contact-intensive sectors), the exposure to cross-border spill overs, and—importantly—the effectiveness of policy support to limit persistent damage. Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans, and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding-for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. Recovery paths vary within the group, with the US and Japan projected to regain end-2019 activity levels in the second half of 2021, while in the euro area and the United Kingdom activity is expected to remain below end-2019 levels into 2022. The wide divergence reflects to an important extent differences across countries in behavioural and public health responses to infections, flexibility and adaptability of economic activity to low mobility, pre-existing trends, and structural rigidities entering the crisis. The 2021 forecast for the United States is revised up 2 percentage points relative to the October 2020 WEO projection, reflecting carryover from the strong momentum in the second half of 2020 and additional support from the December 2020 fiscal package. Similarly, the 0.8 percentage point upward revision to Japan’s 2021 forecast is largely because of the additional boost from the fiscal measures introduced at the end of 2020. These upgrades are partially offset by downward revisions to the 2021 forecast for the euro area reflecting an observed softening of activity toward the end of 2020, which is anticipated to continue into early 2021 amid rising infections and renewed lockdowns. Emerging market and developing economies are also projected to trace diverging recovery paths. Considerable differentiation is expected between China—where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery—and other economies. Oil exporters and tourism-based economies within the group face particularly difficult prospects considering the expected slow normalization of cross-border travel and the subdued outlook for oil prices. As noted in the October 2020 WEO, the pandemic is expected to reverse the progress made in poverty reduction

across the past two decades. Close to 90 million people are likely to fall below the extreme poverty threshold during 2020–21. Across regions, vulnerabilities, economic structure, and pre-crisis growth trends, together with the severity of the pandemic and the size of the policy response to combat the fallout, shape recovery profiles. Notable revisions to the forecast include the one for India (2.7 percentage points for 2021), reflecting carryover from a stronger-than-expected recovery in 2020 after lockdowns were eased.

<https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021>

INDIAN ECONOMY AT LARGE

Introduction

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

Market size

India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22. India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

According to data from the Department of Economic Affairs, as of August 27, 2021, foreign exchange reserves in India reached US\$ 633.5 billion mark.

Recent Developments

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US\$ 10.7 billion across 137 deals in August 2021, registering a 5x YoY growth. Some of the important recent developments in Indian economy are as follows:

- India's merchandise exports between April 2021 and August 2021 were estimated at US\$ 164.10 billion (a 67.33% YoY increase). Merchandise imports between April 2021 and August 2021 were estimated at US\$ 219.63 billion (an 80.89% YoY growth).
- In August 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 52.3.
- The gross GST (Goods and Services Tax) revenue collection stood at Rs. 112,020 crore (US\$ 15.21 billion) in August 2021.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 547.2 billion between April 2000 and June 2021.
- India's Index of Industrial Production (IIP) for July 2021 stood at 131.4 against 122.6 for June 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 3.11 in August 2021 against 3.96 in July 2021.
- Consumer Price Index (CPI) – Combined inflation was 5.30 in August 2021 against 5.59 in July 2021.
- Foreign portfolio investors (FPIs) invested US\$ 2.5 billion in India in August 2021.

Government Initiatives

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term and long-term measures.

In the Union Budget 2021-22, capital expenditure for FY22 is likely to increase to increase by 34.5% at Rs. 5.5 lakh crore (US\$ 75.81 billion) over FY21 (BE) to boost the economy. Increased government expenditure is expected to attract private investments, with production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.

In September 2021, Prime Minister Mr. Narendra Modi approved the production-linked incentive (PLI) scheme in the textiles sector—for man-made fibre (MMF) apparel, MMF fabrics and 10 segments/products of technical textiles—at an estimated outlay of Rs. 10,683 crore (US\$ 1.45 billion). In September 2021, the government approved a production-linked incentive (PLI) scheme for automobile and drone industries with an outlay of Rs. 26,058 crore (US\$ 3.54 billion) to boost the country's manufacturing capabilities. In September 2021, Union Cabinet approved major reforms in the telecom sector, which is expected to boost employment, growth, competition and consumer interests. Key reforms include rationalisation of adjusted gross revenue, rationalisation of bank guarantees (BGs) and encouragement to spectrum sharing. In September 2021, the government announced plans to release Rs. 56,027 crore (US\$ 7.62 billion) under various export promotion schemes to boost exports.

In August 2021, the Indian government approved Deep Ocean Mission (DOM) with a budget outlay of Rs. 4,077 crore (US\$ 553.82 million) over the next five years.

In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).

The Union Cabinet approved the production linked incentive (PLI) scheme for white goods (air conditioners and LED lights) with a budgetary outlay of Rs. 6,238 crore (US\$ 848.96 million) and the 'National Programme on High Efficiency Solar PV (Photo Voltic) Modules' with an outlay of Rs. 4,500 crore (US\$ 612.43 million).

In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.

To boost the overall audit quality, transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives and large non-banks and housing finance firms.

In May 2021, the Government of India has allocated Rs. 2,250 crore (US\$ 306.80 million) for development of the horticulture sector in 2021-22.

In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the Government are listed below:

- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.
- In August 2021, NITI Aayog and Cisco collaborated to encourage women's entrepreneurship in India.
- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US\$ 400 billion merchandise export target by FY22.
- In August 2021, Prime Minister Mr. Narendra Modi launched digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.
- In June 2021, RBI Governor, Mr. Shaktikanta Das announced the policy repo rate unchanged at 4%. He also

announced various measures including Rs. 15,000 crore (US\$ 2.05 billion) liquidity support to contact-intensive sectors such as tourism and hospitality.

- In June 2021, Finance Ministers of G-7 countries, including the US, the UK, Japan, Italy, Germany, France and Canada, attained a historic contract on taxing multinational firms as per which the minimum global tax rate would be at least 15%. The move is expected to benefit India to increase foreign direct investments in the country.
- In June 2021, the Indian government signed a US\$ 32 million loan with World Bank for improving healthcare services in Mizoram.
- In May 2021, the Government of India (GoI) and European Investment Bank (EIB) signed the finance contract for second tranche of EUR 150 million (US\$ 182.30 million) for Pune Metro Rail project.
- According to an official source, as of September 15, 2021, 52 companies have filed applications under the Rs. 5,866 crore (US\$ 796.19 million) production-linked incentive scheme for the white goods (air conditioners and LED lights) sector.
- In May 2021, Union Cabinet has approved the signing of memorandum of understanding (MoU) on migration and mobility partnership between the Government of India, the United Kingdom of Great Britain and Northern Ireland.
- In April 2021, Minister for Railways and Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, launched 'DGFT Trade Facilitation' app to provide instant access to exporters/importers anytime and anywhere.
- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US\$ 110 billion by 2030.
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is going to increase public health spending to 2.5% of the GDP by 2025.
- For implementation of Agriculture Export Policy, Government approved an outlay Rs. 2.068 billion (US\$ 29.59 million) for 2019, aimed at doubling farmers income by 2022.

Road Ahead

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

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

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from 175 gigawatt (GW) by 2022. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power

parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

Source: <https://www.ibef.org/economy/indian-economy-overview>

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.014

HIGHLIGHTS OF UNION BUDGET 2021-22

Key highlights of the Union Budget 2021-22 are as follows:

The government announced several measures to boost economic growth under the following six pillars:

Health and Wellbeing

Rs. 35,000 crore (US\$ 4.80 billion) for COVID-19 vaccine was announced in BE for FY22; Made-in-India Pneumococcal Vaccine was announced across the country; a new centrally sponsored scheme—PM Aatmanirbhar Swasth Bharat Yojana—was launched; announcement of the National Health Mission and Mission Poshan 2.0 and other plans were made including Universal Coverage of Water Supply, Urban Swachh Bharat Mission 2.0 and Vehicle Scrapping Policy.

Physical & Financial Capital and Infrastructure

Primary initiatives include the Production-linked Incentive Scheme (PLI) in 13 sectors; the Mega Investment Textiles Parks (MITRA) scheme for seven textile parks in three years; expansion of the National Infrastructure Pipeline (NIP) to 7,400 projects; establishment of institutional infrastructure financing structure; the National Monetization Pipeline; the National Rail Plan for India (2030); and increase in FDI limit in the insurance sector from 49% to 74%.

Inclusive Development for Aspirational India

Key steps include ensuring that MSPs are at least 1.5x the cost of production across all commodities; expanding the SWAMITVA scheme to all states/UTs; strengthening funds for agricultural credit and infrastructure; investing in the construction of modern fishing ports and fish landing centres; encouraging adoption of One Nation One Ration Card; and allocating Rs. 15,700 crores (US\$ 2.16 billion) to the MSME sector.

Reinvigorating Human Capital

Primary initiatives include qualitative reinforcement of 15,000 schools under the National Education Policy; creation of 100 new Sainik Schools; India's Higher Education Commission; Leh Central University; and 750 tribal-area Eklavya model residential schools.

Innovation and R&D

An outlay of Rs. 50,000 crores (US\$ 6.89 billion) under the National Research Foundation (NRF), financial incentives worth Rs. 1,500 crore (US\$ 206.76 million) to encourage digital payment methods, launch of the PSLV-CS51, Gaganyaan mission operations and launch of the Deep Ocean Mission.

Minimum Government and Maximum Governance

Key initiatives include the National Commission for Allied Healthcare Professionals Bill in the parliament to ensure transparent and effective regulation of 56 allied healthcare professions; establishment of a contractual dispute resolution mechanism; allocation of funds worth Rs. 3,768 crore (US\$ 519.37 million) for the first digital census in India; and Rs. 1,000 crores (US\$ 137.84 million) for the welfare of tea workers in Assam and West Bengal.

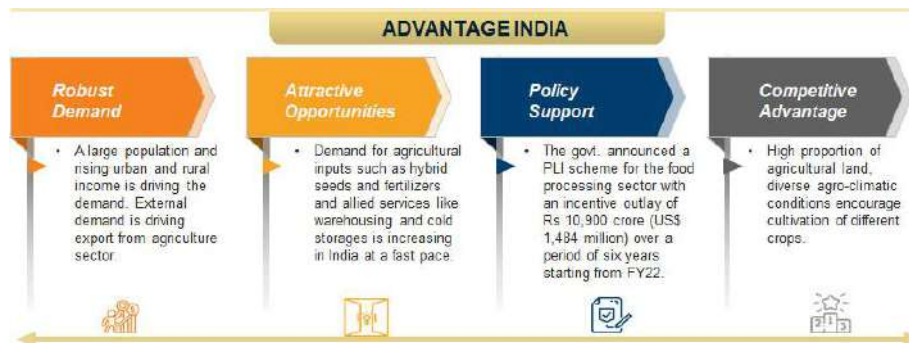
Under the Aatmanirbhar Bharat (self-reliant India) Mission, structural reforms and policy push, along with a series of steps announced in the Union Budget 2021-22 to achieve broad-based inclusive development, are likely to reinforce the economy and put it back on a strong and sustainable growth path in the coming year. India's real GDP growth for FY22 is projected at 11% by the Economic Survey 2020-21. The January 2021 WEO update forecasts 11.5% growth in FY22 and 6.8% in FY23, closer to the potential growth rate for the economy. According to the

IMF, in the next two years, India is also expected to emerge as the fastest-growing economy. In February 2021, the MPC projected GDP growth to be 10.5% in FY22.

Note: Conversion rate used for February 2021 is Rs. 1 = US\$ 0.014
(Source: <https://www.ibef.org/economy/monthly-economic-report>)

INDIAN AGRICULTURE INDUSTRY ANALYSIS

INTRODUCTION



Introduction

India has the second-largest arable land resources in the world. With 20 agri-climatic regions, all the 15 major climates in the world exist in India. The country also has 46 of the 60 soil types in the world. India is the largest producer of spices, pulses, milk, tea, cashew, and jute, and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton, and oilseeds. Further, India is second in the global production of fruits and vegetables and is the largest producer of mango and banana. During 2019-20 crop year, food grain production reached a record of 296.65 million tonnes. In 2020-21, Government of India is targeting food grain production of 298 MT. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added by agriculture, forestry, and fishing was estimated at Rs. 19.48 lakh crore (US\$ 276.37 billion) in FY20. Share of agriculture and allied sectors in gross value added (GVA) of India at current prices stood at 17.8 % in FY20. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.

Total area sown with rabi crops was 34.8 million hectares by November 27, 2020, 4% more than the previous season, and 2% above the average of the last five years. According to the Ministry of Agriculture, 44% of wheat and other rabi crops were harvested out of a total of 97 lakh hectares sown area in the 2020-21 rabi season. As of October 06, 2021, the total kharif area stood at 34.79 lakh hectares. A total of 50.90 lakh hectares of kharif crops will be sown in the kharif season of 2021-22. In the rabi marketing season 2021-22, the government purchased a record 43.33 MT of wheat. In case of pulses and oilseeds, the government through nodal agencies has procured total 1.04 million tonne at MSP value of US\$ 761.63 million (Rs. 5662.82 crores) so far in 2021.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.

The total agricultural and allied products exports stood at US\$ 41.25 billion in FY21.

Market Size

The Economic Survey of India 2020-21 report stated that in FY20, the total food grain production in the country was recorded at 296.65 million tonnes—up by 11.44 million tonnes compared with 285.21 million tonnes in FY19. The government has set a target to buy 42.74 million tonnes from the central pool in FY21; this is 10% more than the quantity purchased in FY20. For FY22, the government has set a record target for farmers to raise food grain production by 2% with 307.31 million tonnes of food grains. In FY21, production was recorded at 303.34 million tonnes against a target of 301 million tonnes.

Production of horticulture crops in India was estimated at a record 326.6 million metric tonnes (MMT) in FY20 as per third advance estimates, an increase of 5.81 million metric tonnes over FY20. India has the largest livestock population of around 535.78 million, which translates to around 31% of the world population. Milk production in the country is expected to increase to 208 MT in FY21 from 198 MT in FY20, registering a growth of 10% y-o-y. Area under horticulture is projected to rise by 2.7% in FY21.

Sugar production in India reached 26.46 MT between October 2019 and May 2020 sugar season according to Indian Sugar Mills Association (ISMA).

India is among the 15 leading exporters of agricultural products in the world. Agricultural export from India reached US\$ 38.54 billion in FY19 and US\$ 35.09 billion in FY20.

The Indian agricultural sector is predicted to increase to US\$ 24 billion by 2025.

The private sector's share in seed production increased from 57.28% in 2017 to 64.46% in FY21.

India is the world's second-largest producer of rice, wheat, sugarcane, cotton, groundnuts and fruits & vegetables. It also produced 25% of the world's pulses, as of last decade, until 2019.

The organic food segment in India is expected to grow at a CAGR of 10% during 2015-25 and is estimated to reach Rs. 75,000 crore (US\$ 10.73 billion) by 2025 from Rs. 2,700 crore (US\$ 386.32 million) in 2015.

The processed food market in India is expected to grow to Rs. 3,451,352.5 crore (US\$ 470 billion) by 2025, from Rs. 1,931,288.7 crore (US\$ 263 billion) in FY20 on the back of government initiatives such as planned infrastructure worth US\$ 1 trillion and Pradhan Mantri Kisan Sampada Yojna. The food processing industry employs about 1.77 million people. The sector allows 100% FDI under the automatic route.

Between April 2020 and February 2021, the total value of processed food products exports was Rs. 43,798 crore (US\$ 6.02 billion). India exported key processed food products such as pulses, processed vegetables, processed fruits and juices, groundnuts, guar gum, cereal preparations, milled products, alcoholic beverages and oil meals.

Investments

According to the Department for Promotion of Industry and Internal Trade (DPIIT), the Indian food processing industry has cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 10.43 billion between April 2000 and June 2021.

Some major investments and developments in agriculture are as follows:

- From 2017 to 2020, India received ~US\$ 1 billion in agritech funding. With significant interest from the investors, India ranks third in terms of agritech funding and number of agritech start-ups. By 2025, Indian agritech companies are likely to witness investments worth US\$ 30-35 billion.
- In March 2020, F&N, the oldest large-scale fertiliser manufacturer in the country, crossed one million production and sales mark.
- Nestle India will invest Rs. 700 crore (US\$ 100.16 million) in construction of its ninth factory in Gujarat.
- In November 2019, Haldiram entered into an agreement for Amazon's global selling program to E-tail its delicacies in the United States.
- In November 2019, Coca-Cola launched 'Rani Float' fruit juices to step out of its trademark fizzy drinks.
- Two diagnostic kits developed by Indian Council of Agricultural Research (ICAR) - Indian Veterinary Research Institute (IVRI) and the Japanese Encephalitis IgM ELISA were launched in October 2019.
- Investment worth Rs. 8,500 crore (US\$ 1.19 billion) have been announced in India for ethanol production.

Government Initiatives

Some of the recent major Government initiatives in the sector are as follows:

- In October 2021, Agricultural and Processed Food Products Export Development Authority (APEDA) signed a Memorandum of Understanding (MoU) with ICAR-Central Citrus Research Institute (ICAR-CCRI), Nagpur, for boosting exports of citrus and its value-added products.
- In October 2021, the Union Ministry of Agriculture and Farmers Welfare announced that 820,600 seed mini-kits will be distributed free of cost in 343 identified districts across 15 major producing states under a special programme. This programme is likely to boost production and productivity by speeding up the seed replacement rate and subsequently, help in increasing farmer's income.
- In September 2021, Prime Minister Narendra Modi launched 35 crop varieties with special traits such as climate resilience and higher nutrient content.
- Prime Minister of India launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and transferred Rs. 2,021 crore (US\$ 284.48 million) to bank accounts of more than 10 million beneficiaries on February 24, 2019. As per the Union Budget 2021-22, Rs. 65,000 crore (US\$ 8.9 billion) was allocated to Pradhan Mantri Kisan Samman Nidhi (PM-Kisan).
- The Indian government has initiated Digital Agriculture Mission for 2021-25 for agriculture projects based on new technologies such as artificial intelligence, block chain, remote sensing and GIS technology, drones, robots and others.
- In September 2021, the Union Ministry of Agriculture and Farmers' Welfare signed five MoUs with CISCO, Ninjacart, Jio Platforms Limited, ITC Limited and NCDEX e-Markets Limited. This MoU will have five pilot projects, which will help farmers make decisions on the kind of crops to grow, variety of seeds to use and best practices to adopt to maximise yield.
- With a budget of US\$ 1.46 billion, the 'Production-Linked Incentive Scheme for Food Processing Industry (PLISFPI)' has been approved to develop global food manufacturing champions commensurate with India's natural resource endowment and to support Indian food brands in international markets.
- As per Union Budget 2021-22, Rs. 4,000 crore (US\$ 551.08 million) was allocated towards implementing Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC).
- The Ministry of Food Processing has been allocated Rs. 1,308.66 crore (US\$ 180.26 million) in the Union Budget 2021-22.
- Under Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PM FME), an outlay of Rs. 10,000 crore (US\$ 1.34 billion) over a period of five years from FY21 to FY25 has been sanctioned.
- To boost farmer incomes and growth of the agricultural economy, the Indian government released funds in June 2021 for farm mechanisation such as establishment of custom hiring centres, farm machinery bank and high-tech hubs in different states.
- In April 2021, the Government of India approved a PLI scheme for the food processing sector with an incentive outlay of Rs 10,900 crore (US\$ 1,484 million) over a period of six years starting from FY22.
- The Government of India came out with Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.
- The Agriculture Export Policy, 2018 was approved by the Government of India in December 2018. The new policy aimed to increase India's agricultural export to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime.

- The Government of India is going to provide Rs. 2,000 crore (US\$ 306.29 million) for computerization of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.
- The Government of India launched the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an investment of Rs. 50,000 crore (US\$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.
- Government plans to triple the capacity of food processing sector in India from the current 10% of agriculture produce and has also committed Rs. 6,000 crore (US\$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
- The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the automatic route.

Achievements in the sector

- As of October 06, 2021, the total kharif area stood at 34.79 lakh hectares.
- As per first advance estimates released by the Ministry of Agriculture and Farmers Welfare, record foodgrain production of 150.50 million tonnes is likely in the 2021-22 kharif season.
- As per first advance estimates released by the Ministry of Agriculture and Farmers Welfare, production of rice was estimated at 102.36 million tonnes (MT), while production of food grains was estimated at 144.52 MT in the crop year 2020-21.
- In July 2021, the first commercial consignment of Kashmir's Mishri cherry was shipped to Dubai, paving the way to boost horticulture crop exports.
- In June 2021, India exported 24 metric tonnes of groundnuts to Nepal from West Bengal, boosting groundnut exports from Eastern India.
- In FY21, India exported 1.91 lakh tonnes of banana worth Rs. 619 crore (US\$ 82.90 million).
- Paddy procurement in Kharif Marketing Season (KMS) 2020-21 until January 10, 2020, reached over 534.44 lakh metric tonnes (LMT), an increase of 26.24% against the last year corresponding purchase of 423.35 LMT.
- In November 2020, the planting of winter crops exceeded by 10% compared with the last year and witnessed 28% increase in area under pulses. The total area acreage under pulses increased to 8.25 million hectares from 6.45 million hectares last year.
- Out of the total 37 mega food parks that were sanctioned, 22 mega food parks are operational, as of January 2021.
- In November 2020, Minister of Consumer Affairs, Food and Public Distribution, Mr. Piyush Goyal announced that the Food Cooperation of India and state agencies are set to procure a record quantity of 742 LMT (lakh metric tonnes) paddy during the ongoing Kharif crop season as against 627 LMT paddy last year.
- The Electronic National Agriculture Market (e-NAM) was launched in April 2016 to create a unified national market for agricultural commodities by networking existing APMCs. It had 16.9 million farmers and 157,778 traders registered on its platform until February 2021. Over 1,000 mandis in India are already linked to e-NAM and 22,000 additional mandis are expected to be linked by 2021-22.
- Sale of tractors in the country stood at 880,048 units in 2020 with the export of 77,378 units.
- The principal commodities that posted significant positive growth in exports between FY20 and FY21 were the following:
 - Wheat and Other Cereals: 727% from Rs. 3,708 crore (US\$ 505 million) to Rs. 5,860 crore (US\$ 799 million)
 - Non-Basmati Rice: 132% from Rs. 13,130 crore (US\$ 1,789) to Rs. 30,277 crore (US\$ 4,126 million)
 - Soya Meal: 132% from Rs. 3,087 crore (US\$ 421 million) to Rs. 7,224 crore (US\$ 984 million)
 - Raw Cotton: 68% from Rs. 6,771 crore (US\$ 923 million) to Rs. 11,373 crore (US\$ 1,550 million)
 - Sugar: 39.6% from Rs. 12,226 crore (US\$ 1,666 million) to Rs. 17,072 crore (US\$ 2,327 million)
 - Spices: 11.5% from Rs. 23,562 crore (US\$ 3,211 million) to Rs. 26,257 crore (US\$ 3,578 million)
 - During FY20 (till February 2020), tea export stood at US\$ 709.28 million.
 - Coffee export stood at US\$ 742.05 million in FY20.

Road Ahead

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted effort of scientists to get early maturing varieties of pulses and

the increase in minimum support price.

In the next five years, the central government will aim US\$ 9 billion in investments in the fisheries sector under PM Matsya Sampada Yojana. The government is targeting to raise fish production to 220 lakh tonnes by 2024-25.

Going forward, the adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP) by the food processing industry will offer several benefits. The agri export from India is likely to reach the target of US\$ 60 billion by the year 2022.

References: *Agricultural and Processed Food Products Export Development Authority (APEDA), Department of Commerce and Industry, Union Budget 2021-22, Press Information Bureau, Ministry of Statistics and Programme Implementation, Press Releases, Media Reports, Ministry of Agriculture and Farmers Welfare, Crisil*

**as per 3rd advance estimates, PE- Provisional Estimates*

Note: Conversion rate used in October 2021, Rs. 1 = US\$ 0.01324

Disclaimer: This information has been collected through secondary research and IBEF is not responsible for any errors in the same.

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 22, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 86 and 146, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Financial Statements and Limited Reviewed Financial Statements.

Davangere Sugar Company Limited (“DSCL”) was incorporated in the year 1970 as Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFCI and local farmers with initial equity capital base of ₹ 160 lacs. DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250TCD. The Government of Karnataka was managing the affairs of the company till the year 1995. Shamanur group acquired the shares owned by Government of Karnataka & took over the management of the company during the FY 1995-96. During the post-acquisition, the new management continuously expanded sugar crushing operations of the company.

Manufacturing Units	Products/Facilities	Capacities
Kukkuwada Village, Davangere Taluk & District, Karnataka State – 577 525	Sugar manufacturing	4750 MTs per day

We work under the guidance of our Promoter and Managing Director, Ganesh Shivashankarappa Shamanur, who has an experience of more than two decades in the sugar industry and been associated with our Company since the year 2001. He has been instrumental in evolving our business operations, growth and future prospects.

Our audited revenues from operations for Fiscals 2021, 2020 and 2019 were ₹ 14747.02 lacs, ₹ 20284.71 lacs and ₹ 11360.05 lacs respectively and for the nine months period ended December 31, 2021 were ₹ 7692.86 lacs. Our audited EBITDA for Fiscals 2021, 2020 and 2019 were ₹ 3163.75 lacs, ₹ 3335.08 lacs and ₹ 2846.79 lacs respectively and for the nine months period ended December 31, 2021 were ₹ 2,137.43 lacs. Our audited profit after tax for Fiscals 2021, 2020 and 2019 were ₹ 322.21 lacs, ₹ 209.92 lacs and ₹ 235.82 lacs respectively and for the nine months period ended December 31, 2021 were ₹ 217.14 lacs.

For further details, please refer to the section titled “Financial Information” on page 86 of this Letter of Offer.

In the year 2014 equity shares of our Company were transferred from Bangalore Stock Exchange Ltd to the dissemination board of BSE. Our Company made application with BSE for listing of equity shares through Direct Listing mechanism. On March 19, 2021, we obtained the listing and trading approval from BSE Limited and consequently our equity shares were listed and started trading on BSE. The market capitalization (*full float*) of our Company as at December 31, 2022 on BSE was ₹ 9,020,.88 lacs.

OUR OPERATIONS:

Following is our detailed revenue breakup for the financial years ending March 31, 2021, 2020 and 2019 and for nine months period ended December 31, 2021:

(₹ in Lacs)					
Sl. No.	Particulars	Nine months period ended December 31, 2021	FY 2019	FY 2020	FY 2021
1.	Sugar	5,444.94	6,993.10	16,150.72	10,645.39
2.	Molasses	--	1,136.37	1,211.14	1,331.84
3.	Electricity (Power)	889.13	2,333.92	1,347.69	1,470.49
4.	Press Mud	--	0.89	5.86	5.32
5.	Sale of sugarcane seeds	1,194.00	734.19	1,312.73	1,226.54
6.	Others	164.79	161.55	256.53	67.41
	TOTAL	7,692.86	11,360.05	20,284.71	14,747.02

For further details, please refer to the section titled “Financial Information” on page 86 of this Letter of Offer.

Our Business Strategy

The company's basic strategy is to develop sugarcane growing area. During the season 2020-21, our Company was having a sugarcane growing area of 8580 acres of land and crushed about 3,31,712 MTs of sugarcane. During the current season 2021-22 the company's strategy is to crush 5,50,000 MTs of sugarcane and to develop sugarcane growing area to about 15,000 acres to ensure the availability of the sugarcane to the extent of 6,00,000 MTs every year.

Further, in order to explore the opportunity created by the Central Government by announcing new Ethanol Policy in the year 2018, as amended from time to time, the Company decided to set up a 65 KLPD Ethanol Plant along with Zero Liquid Discharge (ZLD) System. The Central Government also announced interest subvention of 6% p.a. for the loans borrowed from the banks and arranged the buyback of the Ethanol Produced from the sugar industry at very remunerative market prices. In the lines of this, Government of India, Department of Food and Public Distribution, Directorate of Sugar & Vegetable Oils, has conveyed its in-principal approval dated September 29, 2018 for grant of interest subvention for a maximum loan amount 73.80 Crore Rupees for 65 KLPD Ethanol Plant along with Zero Liquid Discharge (ZLD) System.

The commissioning of 65 KLPD Ethanol Plant was commenced in November 2020 and the overall project cost of the Ethanol Unit is estimated to be ₹ 99.31 crores and Company availed a term loan of ₹ 63.34 crores from the existing consortium banks. The New Ethanol Policy of the Central Government is very supportive for the growth of companies having sugar manufacturing facilities like us.

The Company has entered into contracts with oil marketing companies (OMC) for supplying of ethanol commencing from the expected date of commercial production. The ethanol project commissioning is completed and expected to start production from 31st May, 2022. Company has obtained Consent to Operate for commencing production. from the Karnataka State Pollution Control Board.

DETAILS OF OUR BUSINESS

• PRODUCTS AND SERVICES

We are in the business of manufacturing and marketing of Sugar, Molasses and Power.

Our Product Portfolio is as follows:

Product	Description
Sugar	White Crystal Sugar is manufactured from the Sugarcane.
Molasses	By-Product in the process of manufacturing of the sugar.
Electricity	Co-generation of Electricity

Production Facilities

A) Factory



B) Molasses Storage Tank



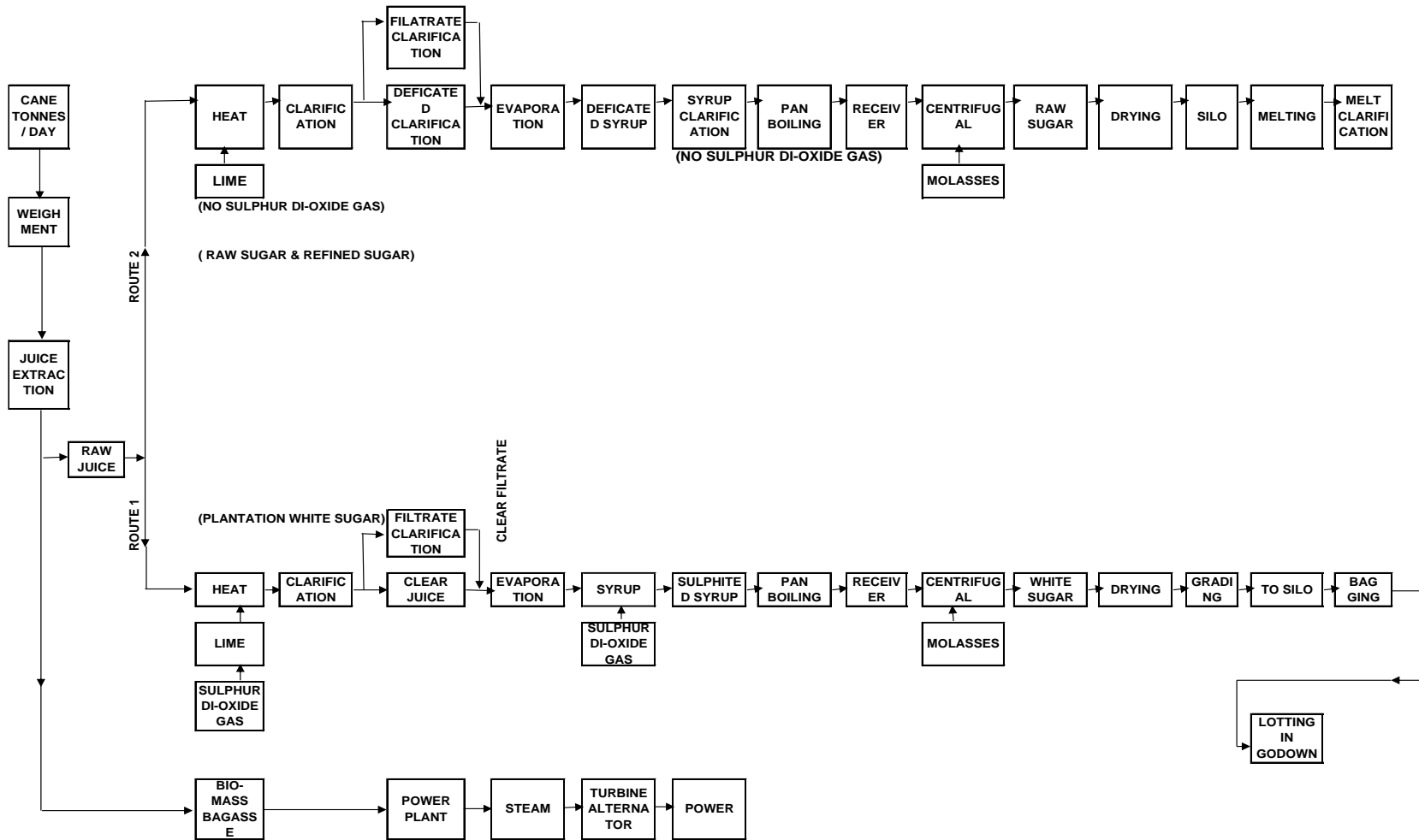
C) Storage Facilities



D) Power Generation Plant



SUGAR PROCESS FLOW CHART



Raw Material Procurement

The Sugarcane is the main raw-material for the Sugar Industry. The other raw-materials are chemicals, coal, lime, sulphur, Magnafloc, gunny bags, spares and components and other consumables. The Sugar is procured from the farmers who are growing sugarcane in the lands surrounding our sugar factory. The sugarcane is abundantly available from the surrounding areas.

The other raw-materials are procured from the manufacturers who are regularly supplying these items. The other raw-materials consist of inputs like lime, chemicals and other consumables which are used in the process of manufacture of Sugar. Further the spares and components are purchased to take care of the repairs and maintenance of the Plant and Machineries. The raw materials available perennially throughout the year from the manufacturers spread thought the state of Karnataka and Maharashtra.

• **PLANT AND MACHINERY**

All our manufacturing units are equipped with various machinery, technology and equipment for the purpose of effectively carrying out the manufacturing process effectively and efficiently. Our factory has 3 divisions like Sugar Unit, Co-generation Unit and Ethanol Unit. All units are equipped with the required plant and machineries to effectively carryout the manufacturing process. The Company has undertaken the modernization of the technology from time to time to adopt the latest technology in the manufacturing process.

Revenue Break-up

Our revenue break up on standalone basis for the financial years ending March 31, 2021, 2020 and 2019 and for nine months period ended December 31, 2021 is as follows:

(₹ in lacs)

S. No.	Particulars	Nine months period ended December 31, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
1.	Domestic	7,692.86	10,952.87	19,653.28	10,073.82
2.	Exports	--	3,794.15	631.43	1,286.23
	Total	7,692.86	14,747.02	20,284.71	11,360.05

Utilities:

Power

Sugar Unit

The Company is having Co-generation Power Plant with an installed capacity of 24.45 MWs. The production capacity is 5,25,000 Units per day. Average seasonal days is 125 days and installed capacity for 125 days works out to be 7,33,50,000 Units. During the season, sugar plant requires steam for sugar manufacturing and electricity for machine and motors running and for factory utilities. Steam is required for boiling of the sugarcane juice for further crystallization Steam is generated from Co-generation unit and supplied to Sugar Unit. The total power requirement of the Sugar unit is around 9 MWs per day which is generated by the Co-generation unit. Hence, Sugar Unit power requirement is self-reliant and meet through the in-house co-generation power plant.

Co-gen Unit

The Cogeneration power plant is equipped with an installed capacity of 24.45 MWs of electricity. The Co-gen unit requires electricity for plant lighting and running of machineries for generation of electricity which may be around 0.75 MWs per day. The power requirement is meeting through the power generated from the Co-generation unit.

Fuel

Sugar Unit

No separate fuel is required for the sugar unit. The steam which is generated by the co-gen unit is taking care of the boiling of the sugarcane juice for manufacture of sugar. Hence, no separate fuel is required for the sugar unit.

Co-gen Unit

The fuel required for the Co-generation power plant is coal and bagasse (waste generated after sugarcane crushing). The Coal is purchased locally from Mangalore. About 4,000 MTs to 5,000 MTs of Coal is required for the power plant. The bagasse is generated in the course of the crushing of the sugarcane during the season time and used as fuel for Co-generation power plant for generation of power. Hence the coal and bagasse are the fuel for co-generation unit.

Water

Sugar Unit

Our Company has constructed 4 water reservoir tanks inside the factory premises. The total storage capacity of these tanks is around 9,00,000 Kilo litres. The water is drawn from the nearby stream flowing through the Kukkuwada Village nearby factory which is main source of the water. The water requirement of the sugar unit is supplied from these in-house tanks. The water requirement of the sugar plant is around 1,500 Kilo Litres per day during the season time and about 300 Litres during the off season period.

Co-gen Unit:

The required water supply for co-gen plant is through existing 4 tanks constructed by the company within the factory premises. Each tank is having a capacity to store and total storage capacity is 9,00,000 Kilo- Liters of water. The daily consumption of water is 2,000 Kilo-Liters by the Co-gen Unit. The storage in tanks is sufficient to take care of about 5 month's water requirement of our co-gen plant. The water is drawn from Shagale Halla (stream flowing from Bhadra river reservoir) flowing through Kukkuwada village.

Waste Management

The fluid waste generated by the sugar unit is treated through ETP plant and recycling is done. This recycled water is once against used for manufacturing process. The waste water treatment is done as per the approval treatment process from Pollution Control Board.

Capacity Installed and Capacity Utilisation

Set forth below is the detail of the installed and utilized capacity of our manufacturing unit for the last three financial years.

Sugar		
Financial Year	Installed Capacity	Percentage of utilization (%)
2018-2019	4750 MTs per day	55.87%
2019-2020	4750 MTs per day	54.94%
2020-2021	4750 MTs per day	73.46%

Power		
Financial Year	Installed Capacity	Percentage of utilization (%)
2018-2019	24.45 MWs	97.73%
2019-2020	24.45 MWs	59.96%
2020-2021	24.45 MWs	60.67%

CORPORATE SOCIAL RESPONSIBILITY

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility (“CSR”) initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR committee has been constituted as per the applicable Act. We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with Indian legal requirements. In furtherance of the same, we endeavor to undertake CSR activities such as, basic education, basic health, early childhood care and education by supplementing the effort of Government and suitably identifying the critical gaps and addressing it squarely.

Marketing

The products manufactured by the Company is Sugar, Molasses (By-product) and Power. The Sugar is an essential commodity which is regularly required by households and commercial establishments like hotels, sweet manufacturers, biscuit industries and other manufacturers of sweet and savoury products. As per the estimates of sugar consumption about 90% of the sugar is consumed by the commercial establishments as stated above and 10% is consumed by households.

The demand for sugar is perennial throughout the year. The company can sell the quantity of sugar manufactured in the market. The Company is selling the sugar to wholesalers who are spread throughout the State. The company is having established relationship with the wholesale traders for decades who are lifting the sugar regularly throughout the year. The Company sells the sugar whenever there is good price for the sugar and hold the stock sometimes anticipating the price increase and sells the same when there is hike in the market price of the sugar. Hence, the sugar is having ready market to sell and there is no waiting period for selling the sugar.

Another by-product Molasses is also having ready market. The Molasses is purchased by the distilleries and poultry feeds manufacturers. Company sells the Molasses whenever there is a good price in the market. Usually the Molasses is largely sold during the off-season when the price moves upward. The company can sell whatever the quantity manufactured.

The power generated is sold to ESCOMS (State Electricity Supply Companies) as per the Power Purchase Agreement. The excess power after using the required quantum of power by sugar unit is sold to the ESCOMS.

HUMAN RESOURCES

We believe that our employees are key contributors to our business success. We have 338 employees including our Directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

Following is a department wise employee break-up:

Department	Number of Employees
Top level management	9
Accounts	22
HR	4
Secretarial	3
Marketing & Sales	13
Administration	47
Production	130
Maintenance & Electrical	68
Quality	6
Civil	8
IT	3
Legal	0
Store	8
Project	17
Total	338

COMPETITION

The sugar is an essential commodity required by every household and commercial establishments like hotels and sweets and savoury product manufacturers. The demand for sugar is perennial throughout the year. There is no such a keen competition in selling the sugar in the market. But the price of the sugar is fluctuating every day which is market driven. The company is selling the entire quantity of sugar produced every year before the commencement of the ensuing sugar season. The company is having established business relationship with regular wholesale buyers who are having regular business relationship over the decades. Hence, company is not finding any difficulty in selling the sugar.

Molasses is having regular demand from the distilleries and poultry feeds manufacturers. There are regular buyers of Molasses and entire quantity is sold during the year without holding stock for longer period of time.

Electricity is generated is supplied to ESCOMS (Electricity Supply Companies owned by the State Government) as per the power purchase agreement entered into. Hence there is a ready market for sale of power. There is no competition for sale of power.

HEALTH AND SAFETY

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an environment, energy, occupational health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working under our management. We have implemented work safety measures to ensure a safe working environment, such measures include general guidelines for health and safety at our offices and warehouses, accident reporting, wearing safety equipment and maintaining clean and orderly work locations.

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

Our Board of Directors

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than fifteen Directors, unless otherwise determined by our Company through a special resolution. As on the date of this Letter of Offer, our Board comprises 6 (Six) Directors, of which 1 (one) Director is Managing Director, 1 (one) Director is Executive Director, 1 (one) Director is Non-Executive Woman Director and 3 (three) Directors are Independent Directors including 1 (one) woman Director. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

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

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)		Other Directorships
<p>Ganesh Shivashankarappa Shamanur</p> <p>DIN: 00451383</p> <p>Date of Birth: September 13, 1961</p> <p>Designation: Chairman and Managing Director</p> <p>Address: #2634/1, Shamanur Road, MCC B Block, Southern Extension – DVG, Davangere – 577 004, Karnataka, India</p> <p>Occupation: Business</p> <p>Term: For a period of five years with effect from September 24, 2019 until September 23, 2024</p> <p>Nationality: Indian</p>	60	i. ii. iii.	<p>Mafatlal Plywood Industries Private Limited</p> <p>Shamanur Starch Private Limited</p> <p>Vishala India Commercial Developers Private Limited</p>
<p>Rekha Ganesh</p> <p>DIN: 02764230</p> <p>Date of Birth: September 18, 1967</p> <p>Designation: Non-Executive Woman Director</p> <p>Address: #2634/1, Shamanur Road, MCC B Block, Southern Extension – DVG, Davangere – 577 004, Karnataka, India</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>Nationality: Indian</p>	54		Nil
<p>Abhijith Ganesh Shamanur</p> <p>DIN: 03451918</p> <p>Date of Birth: April 29, 1988</p> <p>Designation: Executive Director</p>	34		Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
<p>Address: #2634/1, Shamanur Road, MCC B Block, Southern Extension – DVG, Davangere – 577 004, Karnataka, India</p> <p>Occupation: Business</p> <p>Term: For a period of five (05) years with effect from August 30, 2019 and liable to retire by rotation</p> <p>Nationality: Indian</p>		
<p>Tumbegere Rudrappa</p> <p>DIN: 08717189</p> <p>Date of Birth: June 20, 1953</p> <p>Designation: Independent Director</p> <p>Address: Kadajji, Davangere – 577 002 Karnataka, India</p> <p>Occupation: Business</p> <p>Term: For a period of five (05) years with effect from October 4, 2019</p> <p>Nationality: Indian</p>	68	Nil
<p>Thappagondanahally Rajashekarappa</p> <p>DIN: 08794960</p> <p>Date of Birth: July 6, 1968</p> <p>Designation: Independent Director</p> <p>Address: #2070/21, 1st Main, Pushpa Mahalingappa, School Road, Swamy Vivekanand Layout, South Extension – DVG, Davangere – 5770 004, Karnataka, India.</p> <p>Occupation: Business</p> <p>Term: For a period of five (05) years with effect from July 16, 2021</p> <p>Nationality: Indian</p>	53	Nil
<p>Veena Umopathy</p> <p>DIN: 09424792</p> <p>Date of Birth: September 18, 1963</p> <p>Designation: Additional Independent Director</p> <p>Address: H No 1216, 6th Cross, Taralabalu Badavane Davangere – 577 005, Karnataka, India.</p> <p>Occupation: Educationist</p> <p>Term: For a period of five (05) years with effect from December 21, 2021</p>	58	Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
----------------------------------------------------------------------------------	-------------	---------------------

Nationality: Indian

Confirmations

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Letter of Offer, during the term of his/ her directorship in such company.
2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past ten years from the date of this Letter of Offer.

Our Key Managerial Personnel

In addition to our Managing Director, set forth below are the details of our Key Managerial Personnel as on the date of filing of this Letter of Offer:

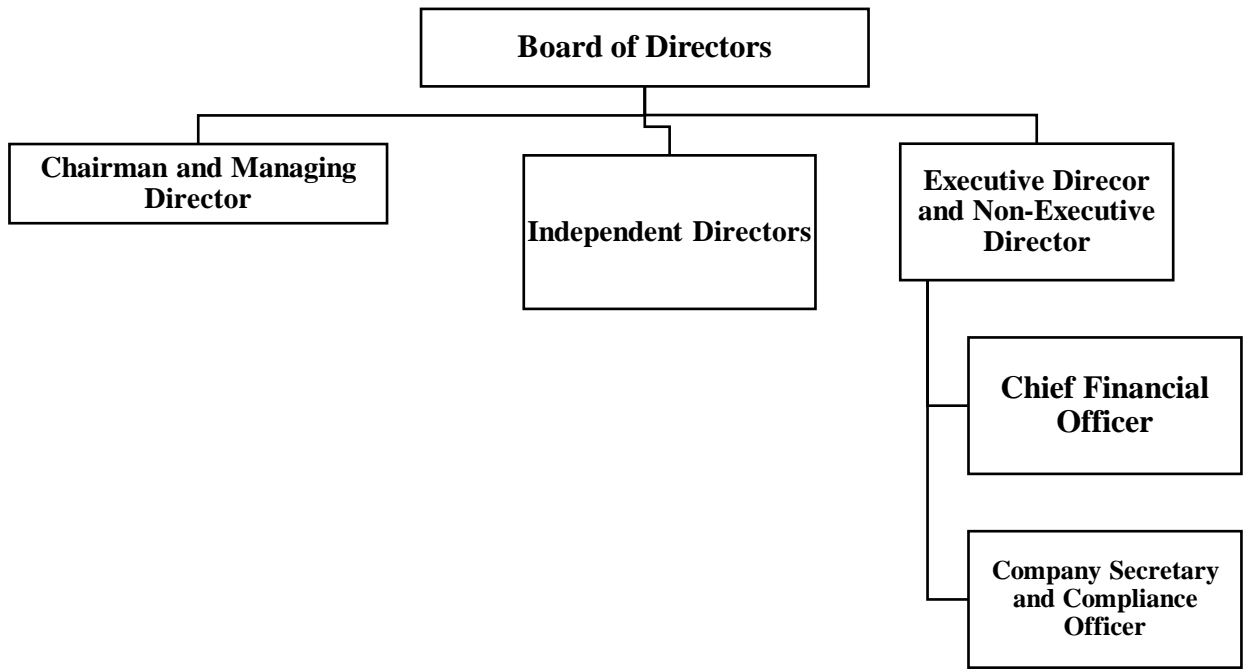
Virupakshappa Ganesh Rao, aged 62 years, is the Chief Financial Officer of our Company. He has Completed his Bachelor of Commerce in the year 1994 from Gulbarga University, further he has also completed his Master of Business Administration in the year 2014 from Sikkim Manipal University. He has been associated with our Company since February 11, 2022 in the capacity of a Chief Financial Officer.

Musale Mohanbabu Pooja, aged 28 years, is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since January 2, 2020 in the capacity of a Company Secretary and Compliance Officer.

All our Key Managerial Personnel are permanent employees of our Company.

Management Organization Structure

Set forth is the organization structure of our Company:



SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

S. No.	Details	Page Number
1.	Unaudited Limited Reviewed Financial Statements for the nine months period ended December 31, 2021.	87
2.	Audited Financial Statements as at and for the years ended March 31, 2021.	91

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**Shashank P. Doshi**

B Com., F.C.A., ISA

Independent Auditor's Review Report on unaudited quarterly and nine months ended December 31, 2021 standalone financial results of Davangere Sugar Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Davangere Sugar Company Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Davangere Sugar Company Limited ('the Company') for the quarter ended December 31, 2021 and year to the date from 1st April 2021 to 31st December 2021 ("the Statement") attached herewith, being prepared and submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended to date, (the "Listing Regulations"), which has been initialed by us for identification purpose.
2. The preparation of the Statement is in accordance with the recognition and measurement principles laid down in Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Listing Regulations, is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial consist of making inquiries, primarily of a person responsible for financials and accounting matters, and analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing 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.

Branch Address : B-15/16, 5Th Floor, B Wing, Shree Siddhivinayak Plaza, Veera Desai Industrial Estate,
Next to T Series Business Park, Andheri West, Mumbai - 400053. (M) +91 9484941944

Main Branch Address : 217,218 - Manek Centre, P.N. Marg, Jamnagar - 361008.
Cell : +91 98242 31214 Email: dgmsco.jam@gmail.com



4. Based on our review conducted as per para 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in all material respects in accordance with applicable Indian Accounting Standards (Ind-AS) prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder including the amendment thereof and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For D G M S & Co
Chartered Accountants
F R No.: 112187W

Sshank



CA. Shashank P Doshi
Partner
Membership No 108456
Date 14/02/2022
Place: Mumbai
UDIN: 22108456ACAWQR9929

M/s. DAVANGERE SUGAR COMPANY LIMITED.

Kukkuwada, Davanagere Tq & Dist.

Registered Office : 73/1,P.B.No.312,Shamanur Road,Davanagere-577004 . www.davangeresugar.com



CIN : L37100Ka1970PLC001949

Phone: (08192) 222022 to 222027

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31.12.2021

Rs in Lakh

Sr.No.	PARTICULARS	For the quarter ended			For the nine month ended		Year Ended
		31 Dec, 2021 Unaudited	30 Sept,2021 Unaudited	31 Dec, 2020 Unaudited	31 Dec,2021 Unaudited	31 Dec,2020 unaudited	31 Mar,2021 Audited
I	Revenue from operations	4,898.97	1,451.46	4,839.61	7,683.79	8,657.29	14,452.78
II	Other income	7.50	1.43	19.06	9.07	20.57	328.39
III	Total Income (I+II)	4,906.47	1,452.89	4,858.67	7,692.86	8,677.86	14,781.17
IV	Expenses						
	(a) Cost of materials consumed	7,114.55	28.18	7,711.03	7,217.67	7,711.03	9,015.60
	(b) Changes in inventories of finished goods and work-in-prog	(4,113.98)	591.00	(5,268.89)	(2,711.98)	(2,632.87)	652.22
	(d) Employee benefits expense	140.27	212.48	291.20	494.24	496.01	760.59
	(e) Finance Cost	513.65	362.59	813.56	1,198.78	1,523.10	1,651.68
	(f) Depreciation and amortisation expense	221.90	221.90	224.88	665.70	674.61	887.60
	(g) Other expenses	236.75	106.24	440.51	409.31	602.66	1,270.50
	(h) Power & Fuel	109.33	9.96	61.91	146.19	100.50	221.28
	Total Expenses (IV)	4,222.47	1,532.35	4,274.20	7,419.91	8,475.04	14,459.47
V	Profit before exceptional items and tax (III-IV)	684.00	(79.46)	584.47	272.94	202.82	321.70
VI	Exceptional items	-	-	-	-	-	-
VII	Profit after exceptional items and before tax (V-IV)	684.00	(79.46)	584.47	272.94	202.82	321.70
VIII	Tax expenses						
	-Current year	45.56	-	-	45.56	-	58.80
	- Deferred tax (Net of Mat credit entitlement)	3.40	3.41	-	10.24	-	12.97
	- Prior period tax expense	-	-	-	-	-	-
IX	Net Profit for the period from continuing operations (VII-VIII)	635.04	(76.05)	584.47	217.14	202.82	249.93
X	Other Comprehensive Income/(Loss)						
	A (i) items that will not be reclassified to Profit or Loss	-	-	-	-	-	-
	(ii) income tax relating to items that will be reclassified to pr	-	-	-	-	-	-
	B (i) items that will be reclassified to Profit or Loss	-	-	-	-	-	(20.15)
	(ii) income tax relating to items that will be reclassified to pr	-	-	-	-	-	6.05
	Total Other Comprehensive Income/(Loss), net of taxes	-	-	-	-	-	(14.10)
XI	Total Comprehensive Income for the period (IX+X)	635.04	(76.05)	584.47	217.14	202.82	235.83
XII	Paid up Equity Share Capital (Face value of Rs.10 per share	5,568.45	5,568.45	5,568.45	5,568.45	5,568.45	5,568.45
XIII	Other equity	19,235.60	18,558.43	4,057.72	19,235.60	4,057.72	18,962.66
XIV	Earnings Per Share (before extraordinary items) (of Rs.1 each) (not annualised):						
	(a) Basic (Rs.)	1.14	(0.14)	1.05	0.39	0.36	0.45
	(b) Diluted (Rs.)	1.14	(0.14)	1.05	0.39	0.36	0.45
XV	Earnings Per Share (After extraordinary Items) (of Rs.1 each) (not annualised):						
	(a) Basic (Rs.)	1.14	(0.14)	1.05	0.39	0.36	0.45
	(b) Diluted (Rs.)	1.14	(0.14)	1.05	0.39	0.36	0.45



For Davangere Sugar Company Ltd.

Managing Director

M/s. DAVANGERE SUGAR COMPANY LIMITED.

Kukkuwada, Davanagere Tq & Dist.

Registered Office : 73/1,P.B.No.312,Shamanur Road,Davanagere-577004 . www.davangeresugar.com



CIN : L37100Ka1970PLC001949

Phone: (08192) 222022 to 222027

SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

Rs in Lakhs

Sr.No.	PARTICULARS	For the quarter ended			For the nine months ended		Year ended
		31-Dec-21	30-Sep-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Mar-21
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
a)	Sugar	3,930.58	1,402.11	3,776.98	6,638.94	7,566.15	13,208.86
b)	Co Generation	889.13	-	1,043.98	889.13	1,043.98	1,471.00
c)	Aviation	79.26	49.35	30.21	155.72	47.16	67.17
d)	Distillery						
e)	Others	7.50	1.43	7.50	9.07	20.57	34.14
	Income from operations	4,906.47	1,452.89	4,858.67	7,692.86	8,677.86	14,781.17
2	Segment Results						
	Profit (+)/Loss(-) before tax, Interest and exceptional items from each segment						
a)	Sugar	527.50	358.88	872.42	1,025.48	1,364.71	1,166.24
b)	Co Generation	655.49	(56.04)	545.29	502.23	423.11	805.00
c)	Aviation	14.65	(19.71)	(19.68)	(42.28)	(61.90)	(180.00)
d)	Distillery						
	Total	1,197.65	283.13	1,398.03	1,485.43	1,725.92	1,791.24
	Add: Exceptional item						
	Less: Interest	513.65	362.59	813.56	1,198.78	1,523.10	1,541.32
	Other Unallocable expenditure net off						
	Unallocable corporate assets						
	Total Profit Before Tax	684.00	(79.46)	584.47	272.94	202.82	249.92
	Current Tax						
	Deferred Tax						
3	Segment Assets -						
a)	Sugar	35,941.22	30,474.05	28,041.18	35,941.22	28,041.18	32,210.03
b)	Co Generation	11,859.60	10,602.79	5,866.85	11,859.60	5,866.85	11,030.26
c)	Aviation	927.31	641.66	670.41	927.31	670.41	637.00
d)	Distillery	7,949.09	5,123.92		7,949.09		
	Total segment assets	56,677.23	46,842.42	34,578.44	56,677.23	34,578.44	43,877.29
	Segment Liabilities -						
a)	Sugar	23,588.87	17,972.99	24,880.72	23,588.87	24,880.72	19,216.81
b)	Co Generation	162.43	143.45	63.47	162.43	63.47	125.17
c)	Aviation	3.83	3.44	8.08	3.83	8.08	4.20
d)	Distillery	8,118.05	4,595.66		8,118.05		
	Total Segment Liabilities	31,873.18	22,715.54	24,952.27	31,873.18	24,952.27	19,346.18



For Davangere Sugar Company Ltd.

Managing Director

INDEPENDENT AUDITORS' REPORT**To,****The Members of the Davangere Sugar Company Limited,****Report on the Audit of the Standalone Indian Accounting Standards ("Ind AS")
Financial Statements****Opinion**

We have audited the accompanying standalone Ind AS financial statements of Davangere Sugar Company Ltd., (the Company), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, the Statement of Cash flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.





Sr No	Key Audit Matters	Auditor's response
1	<p>Determination of net realizable value of inventory of sugar as at the year ended March 31, 2021</p> <p>As on March 31, 2021, the Company has inventory of sugar with the carrying value Rs 32,95,43,760. The inventory of sugar is valued at the lower of cost and net realizable value.</p> <p>We considered the value of the inventory of sugar as a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors such as minimum sale price, monthly quota, fluctuation in selling prices and the related notifications of the Government in determination of net realizable value.</p>	<p>Principal Audit Procedures</p> <p>We understood and tested the design and operating effectiveness of controls as established by the management in determination of net realizable value of inventory of sugar.</p> <p>We considered various factors including the actual selling price prevailing around and subsequent to the year-end minimum selling price & monthly quota and other notifications of the Government of India, initiatives taken by the Government with respect to sugar industry as a whole.</p> <p>Based on the above procedures performed, the management's determination of the net realizable value of the inventory of sugar as at the year end and comparison with cost for valuation of inventory, is considered to be reasonable.</p>

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds



and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

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

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

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 through a separate report on the complete set of financial statements on whether the company has





adequate internal financial controls with reference to financial statements 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 in the standalone financial results made by the Management and Board of Directors.

■ Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

■ Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have 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. •

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 (" the Order") issued by the Central Government of India in terms of Section 143(3) of the Act, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



**Shashank P. Doshi**

B.Com., F.C.A., ISA

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representation received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to the standalone Ind As financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our
- (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; and
- (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:
- The Company has disclosed the impact of pending litigations as at 31st March, 2021 on its financial position on its standalone Ind AS financial statements – Refer note 32 to the standalone Ind AS financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



**Shashank P. Doshi**

B.Com., F.C.A., ISA

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For D G M S & Co
Chartered Accountants
Firm M.No: 0112187W

Mr Shashank P Doshi
Partner
M No. 108456
UDIN : 21108456AAAAEO4124



Date: 30-06-2021

Place: Mumbai



“Annexure A” referred to in our Independent Auditors’ Report to the Members of Davangere Sugar Company Limited (“the Company”) on the standalone Ind AS financial statements for the year ended year ended 31st March, 2021, we report that:

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) Company has done the physical verification of inventory at reasonable intervals and in our opinion the coverage and procedure of such verification by management is commensurate with operation of the company and nature of business.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (“the Act”). Accordingly, the provisions of clause 3 (iii) (a), (b) (c) (d) (e) & (f) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments of Sections 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 and 76 of the Act, any other relevant provisions of the Act and the relevant rules framed there under.
- (vi) We have broadly reviewed the books of accounts relating to the materials, labour and other items of cost maintained by the company in pursuant to rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and





maintained. However, we are neither required to carry out nor have carried out any detailed examination of such accounts and records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales tax, value added tax, service tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs.

(b) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Nature of the statute	Nature of the dues	Amount demand after netting off the amount paid under protest	Forum where dispute is pending
The customs Act 1944	Customs duty demanded on import	Rs 77,04,571	Supreme court
The customs Act 1944	Customs duty demanded on import	Rs 1,22,30,424	CESTAT Bengaluru
The Central Excise Act	Dis allowance of CENVAT credit on various items	Rs 2,07,18,766	Appeal before Commissioner of Customs and Central Excise Bengaluru
The customs Act 1944	Customs duty demanded on import	Rs 2,07,11,917 entire amount is paid under protest	Appeal before Chief Commissioner of Customer New Delhi

(viii) According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayments of its dues to banks. The Company has not taken any loan from debenture holders, government and financial Institution.



**Shashank P. Doshi**

B.Com., F.C.A., ISA

- (ix) According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans raised during the year have been applied for the purpose for which term loan has been raised.
- (x) According to the information and explanations given to us, no cases of on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xii) According to the information and explanations given to us, the company has paid/ provided managerial remuneration in accordance with the requisite approvals as mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According the information and explanations given to us, in our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order is not applicable to the company and, not commented upon.
- (xv) In our opinion and on the basis of information and explanations given to us, during the year Company has not entered into non-cash transactions with directors or persons connected to its directors and hence the provisions of section 192 of Act are not applicable to the Company.





Shashank P. Doshi

B.Com., F.C.A., ISA

(xvi) In our opinion and on the basis of information and explanations given to us,
the Company is not required to be registered under section 45-IA of the
Reserve Bank of

For D G M S & Co
Chartered Accountants
Firm M.No: 0112187W

Mr Shashank P Doshi
Partner
M No. 108456
UDIN : 21108456AAAAEO4124



Date: 30-06-2021
Place: Mumbai

**"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of the Davangere Sugar Company Ltd.,****Report on the Internal Financial Controls under Clause (l) of Sub-Section 143 of the Companies Act, 2013(" the Act").**

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Davangere Sugar Company Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements of the Company that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the 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 Company's internal financial controls with reference to standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements of the Company, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.



**Shashank P. Doshi**
B.Com., F.C.A., ISA

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to standalone Ind AS financial statements, 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the Company's internal financial control system with reference to standalone Ind AS financial statements.

Meaning of Internal Controls with reference to standalone Ind AS Financial Statements

A Company's internal control with reference to standalone Ind AS financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone Ind AS financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in



DAVANGERE SUGAR COMPANY LIMITED
KUKKWADA-577525

BALANCE SHEET AS AT 31.03.2021

All Figures in Rs.				
Particulars	Note No.	As At 31.03.2021	As At 31.03.2020	As At 01.04.2019
1. ASSETS				
A) NON-CURRENT ASSETS				
a) Property, Plant and Equipments	4	2,71,07,60,376	2,79,82,50,330	2,82,63,64,308
b) Capital work in progress		-	-	5,45,68,280
Total		2,71,07,60,376	2,79,82,50,330	2,88,09,32,587
c) Financial Assets				
i) Investments	5	2,34,45,900	1,54,45,900	1,15,45,900
ii) Loans and advances	6	-	20,15,00,818	-
d) Other Non Current assets:	7	4,16,05,410	4,15,97,758	4,15,96,970
2. CURRENT ASSETS				
a) Inventories	8	42,41,97,871	47,07,60,349	1,01,09,35,133
b) Financial Assets				
i) Trade Receivables	9	31,75,51,869	23,62,88,166	19,75,08,661
ii) Cash and cash equivalents	10	17,03,14,777	6,64,82,295	1,03,99,920
iii) Loans and advances	11	69,98,53,549	70,92,97,095	62,56,00,577
TOTAL		4,38,77,29,751	4,53,96,22,712	4,77,85,19,748

The accompanying notes are an integral part of these financial statements
As per our Audit Report of even date annexed

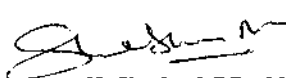


All Figures in Rs.				
Particulars	Note No.	As At 31.03.2021	As At 31.03.2020	As At 01.04.2019
I EQUITY AND LIABILITIES				
A) EQUITY				
a) Share Capital	12	55,68,44,620	55,68,44,620	55,68,44,620
b) Other equity	13	1,89,62,66,495	1,87,26,83,866	1,85,42,69,126
		2,45,31,11,115	2,42,95,28,486	2,41,11,13,748
B) LIABILITIES				
1) NON-CURRENT LIABILITIES				
a) Financial Liabilities				
i) Borrowings	14	50,68,83,508	3,76,17,493	7,12,32,520
ii) Other	15	55,47,81,294	83,14,39,443	76,10,29,617
b) Deferred Tax Liability	16	1,00,48,370	93,55,891	92,48,968
2) CURRENT LIABILITIES				
a) Financial Liabilities				
i) Borrowings	17	71,41,25,335	1,06,75,85,117	1,33,79,65,652
ii) Trade Payables	18	9,90,001	2,97,50,512	5,42,21,812
iii) Other Financial Liabilities	19	10,48,95,273	6,96,68,663	7,79,32,956
b) Other Current liabilities	20	3,70,14,709	6,03,20,496	4,61,04,614
c) Short term Provisions	21	58,80,146	43,56,612	96,69,862
TOTAL		4,38,77,29,751	4,53,96,22,712	4,77,85,19,748

As per our Audit Report of even date annexed

For and on behalf of the Board of Directors

For D G M S & Co
Chartered Accountants
Firm M.No: 0112187W



Mr Shashank P Doshi
Partner
M No. 108456
UDIN: 21108456AAAAE04124


Arun Kumar N M
CFO


Pooja M M
Compliance Officer


Abhijith G Shamanur
Executive Director
DIN : 03451918


S S Ganesh
Managing Director
DIN : 00451383

Date : 30-06-2021
Place : Davangere



DAVANGERE SUGAR COMPANY LIMITED
KUKKWADA-577525

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2021

All Figures in Rs.

PARTICULARS	Note No.	As At 31.03.2021	As At 31.03.2020
I REVENUE FROM OPERATIONS	22	1,47,47,02,947	2,02,84,71,408
II Other Income	23	34,14,435	21,50,730
III Total Revenue		1,47,81,17,382	2,03,06,22,138
IV EXPENSES			
a) Cost of Materials Consumed	24	92,36,88,738	95,04,30,533
b) Changes in inventories of finished goods and work in progress	25	6,52,22,138	53,30,06,910
c) Employees Benefit Expenses	26	7,60,58,636	7,75,78,586
d) Interest on Borrowings	27	15,41,32,507	20,93,12,888
e) Bank Charges	27	1,10,34,306	81,19,429
f) Depreciation	4	8,87,60,982	8,99,47,434
g) Other Expenses	28	12,70,50,120	13,60,93,942
TOTAL EXPENSES		1,44,59,47,427	2,00,44,89,722
V PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		3,21,69,955	2,61,32,416
VI Exceptional Items		-	-



VII PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		3,21,69,955	2,61,32,416
VIII Extraordinary Items		-	-
IX PROFIT / LOSS BEFORE TAX (VII-VIII)		3,21,69,955	2,61,32,416
X TAX EXPENSES			
a) MAT Provision		58,80,146	43,56,612
b) Deferred Tax		12,96,980	10,83,164
TOTAL		71,77,126	54,39,776
XI PROFIT / LOSS FOR THE PERIOD (IX-X)		2,49,92,829	2,06,92,639
XII Other Comprehensive Income			
i) Items that will be reclassified to profit / (loss)		20,15,000	32,54,141
ii) Income tax relating to items that will not be reclassified to profit / (loss)		(6,04,500)	(9,76,242)
XIII Total comprehensive income for the year		2,35,82,329	1,84,14,740
XII Earnings per Share (Basic and Diluted) Rs.		0.45	0.37
Corporate information	1		
Basis of preparation of Financial Statement	2		
Significant Accounting Policies	3		

As per our Audit Report of even date annexed

For and on behalf of the Board of Directors

For DGMS & Co
Chartered Accountants
Firm M.No: 0112187W


Mr Shashank P Doshi
Partner
M No. 108456
UDIN: 21108456AAAAEO4124


Arun Kumar N M
CFO


Pooja M M
Compliance Officer


Abhijith G Shamanur
Executive Director
DIN : 03451918


S S Ganesh
Managing Director
DIN : 00451383

Date : 30-06-2021
Place : Davangere



DAVANGERE SUGAR COMPANY LIMITED, KUKKWADA-577525
CASH FLOW STATEMENT ANNEXED TO ANNUAL REPORT FOR THE YEAR ENDED ON 31.03.2021

	As at 31.03.2021	As at 31.03.2020
A Cash flow from Operating activities :		
Net profit after tax	2,49,92,829	2,06,92,639
Adjustment for provision for taxation	71,77,126	54,39,776
	3,21,69,955	2,61,32,416
Adjustment for depreciation	8,87,60,982	8,99,47,434
Operating profit before working capital adjustment	12,09,30,937	11,60,79,849
Adjustment for :		
Inventories	4,65,62,478	54,01,74,784
Sundry Debtors & trade receivables	(8,12,63,702)	(3,87,79,505)
Trade payables	(2,87,60,511)	(2,44,71,301)
Deferred Tax	(23,98,561)	10,83,164
Others		
Net cash flow from operating activities	5,50,70,641	59,40,86,991
B Cash flow from Investing Activities:		
Sale of Fixed Assets		
Purchase of Fixed Assets	(12,71,028)	(1,27,05,741)
From Investments	(80,00,000)	(39,00,000)
Net Cash flow from Investing activities	(92,71,028)	-1,66,05,741
C Cash flow from Financing activities:		
Proceeds from Short Term Borrowings	(35,34,59,782)	(27,03,80,535)
Proceeds from Long Term Borrowings	46,92,66,015	(3,36,15,027)
Proceeds from Other Long Term Liabilities	(27,66,58,149)	8,15,09,332
Proceeds from Long Term Loans and Advances	20,14,93,166	(20,15,00,818)
Proceeds from Other Current Liabilities	2,29,80,475	-84,02,059
Proceeds from Short Term Loans and Advances	2,91,289	(8,36,96,519)
Proceeds from Short Term Provisions	(58,80,146)	(53,13,250)
Net cash flow from financing activity	5,80,32,868	(52,13,98,876)
Net Cash and Cash Equivalents (A+B+C)	10,38,32,482	5,60,82,374
Cash and Cash Equivalents at the beginning of the year	6,64,82,295	1,03,99,920
Cash and Cash Equivalents at the end of the year	17,03,14,777	6,64,82,295

As per our Audit Report of even date annexed

For and on behalf of the Board of Directors

For D G M S & Co
Chartered Accountants
 Ftm M.No: 0112187W

Mr Shashank P Doshi
 Partner
 M No. 108456
 UDIN: 21108456AAAEO4124

Date : 30-06-2021
 Place : Davangere

Arun Kumar N M
 CFO

Pooja M M
 Compliance Officer

Abhijith G Shamanur
 Executive Director
 DIN : 03451918

S S Ganesh
 Managing Director
 DIN : 00451383



STATEMENT OF CHANGES IN EQUITY

A Share capital	As at April 01, 2021	Changes during the year	As at April 01, 2020	Changes during the year	As at April 01, 2019
Balance of equity share capital	55,68,44,620		55,68,44,620		55,68,44,620

B Other equity

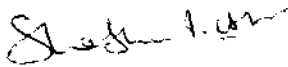
Particulars	Reserves and Surplus			Items of other comprehensive income		
	Retained Earnings	Capital Reserve	Security Premium Reserve	General Reserve	Revaluation surplus	Actuarial Gain & Losses on Defined Benefits Plan
As at April 01, 2019	33,34,47,446	4,07,160	2,49,46,750	59,96,136	1,49,49,35,791	(54,63,858)
Opening Ind As adjustment Measurement (net)						
Restated balance April 01, 2019	33,34,47,446	4,07,160	2,49,46,750	59,96,136	1,49,49,35,791	(54,63,858)
Movement during FY 2019-2020						
Profit for the year	2,06,92,639					
Other comprehensive income						(22,77,899)
As at March 31, 2020	35,41,40,085	4,07,160	2,49,46,750	59,96,136	1,49,49,35,791	(77,41,757)
Movement during FY 2020-2021						
Profit for the year	2,49,92,829					
Other comprehensive income						(14,10,500)
As at March 31, 2021	37,91,32,914	4,07,160	2,49,46,750	59,96,136	1,49,49,35,791	(91,52,257)

The accompanying notes are an integral part of these financial statements As per our Audit Report of even date annexed

As per our Audit Report of even date annexed

For and on behalf of the Board of Directors

For D G M S & Co
Chartered Accountants
Firm M.No: 0112187W



Mr Shashank F Doshi
Partner
M No. 108456
UDIN: 21106456AAAEO4124

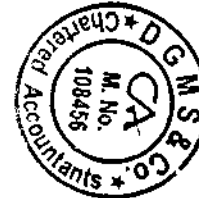
Date : 30-06-2021
Place : Davangere


Arun Kumar N M
CFO


Pooja M M
Compliance Officer


**Abhijith G
Shamanur**
Executive Director
DIN : 03451918


S S Ganesh
Managing Director
DIN : 00451383



1. CORPORATE INFORMATION :

Davangere Sugar Company Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed in the Bombay Stock Exchange on 19th March 2021. The registered office of the Company is at Davangere, India. Davangere Sugar Company Limited (DSCL) was incorporated in the year 1970 as Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFCI and local farmers with initial equity capital base of Rs. 160.00 lakhs. DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250 TCD. The standalone financial statements for the year ended 31 March 2020 are approved by the Board of Directors on 04-09-2020. The present capacity of the sugar plant is 4750 TCD and the present co-gen plant is of 24.45 MW.

2. Basis of accounting and preparation of Financial Statements :

(A) Statement of Compliance with Ind AS :

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2017 with restatement of previous year figures presented in this financial statements. Accordingly, the financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Company has adopted all the applicable Ind AS and the adoption was carried out in accordance with Ind AS-101 First time adoption of Indian Accounting Standards.

The transition was carried out from Generally Accepted Accounting Principles in India which comprised of applicable Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India (ICAI), relevant applicable provisions of the Companies Act, 1956, and the Companies Act, 2013 to the extent applicable ("Previous GAAP"). These financial statements for the year ended March 31, 2021 are the first financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is April 1, 2016. All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved by the Board of Directors have been considered in preparing these financial statements. These financial statements are approved and adopted by board of directors of the company in their meeting held on 30 June 2021.

(B) Basis of preparation and presentation :

These financial statements have been prepared in accordance with Ind AS under the historical cost basis except for the following:

- i) Certain financial assets and financial liabilities - measured at fair value and
- ii) Defined benefits plan – plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(C) Current / Non-current assets and liabilities :

A. Current Assets – An asset is classified as current when :

- (a) The company expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The company holds the asset primarily for the purpose of trading;
- (c) The company expects to realise the asset within twelve months after the reporting period;



- (d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

B. Current Liability – A liability is classified as current when :

- (a) The company expects to settle the liability in its normal operating cycle;
- (b) The company holds the liability primarily for the purpose of trading;
- (c) The liability is due to be settled within twelve months after the reporting period; or
- (d) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

(D) Functional and presentation currency :

The financial statements including notes thereon are presented in Indian rupees, which is the functional currency of the company. All the financial information presented in Indian rupees has been rounded to the nearest crore as per the requirement of Schedule III to the Act, unless stated otherwise.

(E) Use of judgment, estimates and assumptions :

The preparation of financial statements in conformity with Ind AS requires the Management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- a) **Property, plant and equipment and intangible assets :** The useful life and residual value of plant, property equipment and intangible assets are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.
- b) **Recognition and measurement of defined benefit obligations :** The cost of the leave encashment, defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are periodically reviewed at each reporting date.
- c) **Fair value measurement of financial instruments :** When the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market price in active markets, their fair value is measured using valuation technique. The input to these models are taken from the observable market wherever possible, but where this is not feasible, a review of judgment is required in establishing fair values. Changes in assumption relating to these assumption could affect the fair value of financial instrument.
- d) **Provision for litigations and contingencies :** The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.



- e) **Impairment of financial and non-financial assets :** The Impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or Cash generating unit (CGU) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(F) Fair value measurement :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as explained above, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

3. Significant accounting policies :

(A) Property, plant and equipment and Capital work-in-progress :

Property, plant and equipment are stated at original cost net of tax/ duty credit availed, less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase cost of materials including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest



on borrowings used to finance the construction of qualifying assets are capitalized as part of cost of the asset until such time that the asset is ready for its intended use. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and it is depreciated accordingly. Likewise when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred. Internally manufactured property, plant and equipment are capitalised at factory cost.

Capital work in progress include property plant & equipment under installation/under development as at the balance sheet date and are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

Property, plant and equipment are derecognised from the financial statement, either on disposal or when no economic benefits are expected from its use or disposal. Losses arising in the case of retirement of property, plant and equipment and gain or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, except Land, recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. For Land the company has elected to use Fair Value at the transition to Ind AS and use this value as its deemed cost.

(B) Investment Property :

Investment properties are properties, either land or building or both, held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

(C) Intangible assets :

Intangible asset are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of asset can be measured reliably.

Capital expenditure on purchase and development of identifiable assets without physical substance is recognized as intangible assets in accordance with principles given under Ind AS-38 – Intangible Assets.

Internally generated intangible asset, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of profit & loss in the period in which the expenditure is incurred.

The useful lives of intangible asset are asessed as either finite or indefinite. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible asset with indefinite useful lives, if they are not amortised, but are tested for impairment either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. Currently there are no intangible assets with indefinite useful life.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit & loss when the asset is derecognised.

(D) Depreciation and amortization :

Depreciation on Property, Plant and Equipment (PPE) and Intangible assets is calculated on the basis of useful lives as prescribed under Schedule II to the Companies Act, 2013. The following methods of depreciation are used for PPE and Intangible assets:



Plant and machinery
Computer software

Straight line method
Straight line method

(E) Lease :

The company has applied IndAS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IndAS 17. The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(F) Government grants :

Government grants are recognised at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants are recognised in statement of profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(G) Borrowing costs :

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset till such time that is required to complete and prepare the asset to get ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

(H) Segment accounting and reporting :

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting :

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter segment transfers. Inter segment transfers are accounted for based on the transaction price agreed to between the segments which is at cost in case of transfer of Company's intermediate and final products and estimated realisable value in case of by-products.
- Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and/or on a reasonable basis, have been disclosed as "Unallocable"

(I) Employee benefits



Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard (Ind AS)-19 - 'Employee Benefits'.

- a. **Short-term employee benefits :** Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- b. **Defined contribution plan :** Retirement benefits in the form of provident fund, pension fund, superannuation fund and ESI are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.
- c. **Defined benefit plan :** The liability or assets recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

(J) Inventories

- a. Finished goods are valued at lower of cost or net realisable value. In case of Dead Burnt Magnesite Dust Stocks to the extent these are considered saleable, valuation is done at raw materials cost plus packing charges or net realizable value, whichever is lower. Byproducts are valued at net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods (as on March 31, 2017 & transition date April 01, 2016) includes excise duty. Cost is determined on a weighted average basis.
- b. Work in progress is valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.
- c. Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items of inventories held for use in the production are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
- d. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(K) Financial Instrument :

- i. **Classification :** The company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTO CI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and contractual cash flow characteristics of the financial asset.
- ii. **Initial Recognition and Measurement :** The financial assets include equity and debt securities, trade and other receivables, loans and advances, cash and bank balances and derivative financial instruments. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- iii. **Subsequent Measurement :** for the purpose of subsequent measurement the financial assets are classified in three categories:
 - At amortised cost - For debt instruments only.
 - At fair value through profit & loss account • At fair value through other comprehensive income.
- iv. **Debt instruments at amortized cost :** A Financial Asset i.e. a debt instrument is measured at the amortized cost if both the following condition are met.
 - The assets is held within a business model whose objective is to hold assets for collecting contractual cash flow (business model test), and



- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

After initial measurement (at Fair value minus transaction cost), such financial assets are subsequently measurement at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount and premium and fee or costs that are an integral part of an EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

- v. **Debt Instrument at Fair value through Profit or loss :** Debt instruments included within the fair value through profit or loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

- vi. **Debt Instruments at Fair value through other comprehensive income :** A financial asset should be measured at FVTO CI if both the following condition are met :

- The assets is held within a business model in which asset are managed both in order to collect contractual cash flows and for sale (business model test), and
- Contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principle amount outstanding (contractual cash flow characteristics).

After initial measurement (at Fair value minus transaction cost), such financial assets are measured at Fair value with changes in fair value recognized in OCI except for:(a) Interest calculated using EIR(b) Foreign exchange gain and losses; and(c) Impairment losses and gains.

- vii. **Equity investments :** All equity investments other than investment in subsidiaries, joint venture and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at fair value through other comprehensive income (FVTO CI) or FVTPL. The company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTO CI, then fair value changes on the instrument, excluding dividends, are recognised in other compressive income (OCI). There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of such investments.

Equity instrument includes within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit or loss.

- viii. **Derecognition :** A financial assets (or, where applicable, a part of a financial asset) is primarily derecognised when :

- The right to receive cash flows from the assets have expired or
- The company has transferred substantially all the risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

(b) Financial liabilities & Equity

- i. **Classification :** Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
- ii. **Initial recognition and measurement of Financial Liability :** The company recognizes financial liability when it becomes a party to the contractual provisions of the instrument. All financial liability are recognized initially at fair value minus, for financial liability not subsequently measured at FVTPL, transaction costs that are directly attributable to the issue of financial liability.
- iii. **Subsequent Measurement of Financial Liability :** All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies



- iv. **Financial Liability at amortised cost** : After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) Method. Gain and losses are recognised in statement of profit and loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and transaction cost. The EIR amortization is included as finance cost in the statement of profit and loss. This category generally applies to loans & Borrowings.
- v. **Financial Liability at FVTPL** : Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.
- vi. **Equity Instruments** : An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.
- vii. **Derecognition** : A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount recognised in the Statement of Profit and loss.
- viii. **Offsetting of financial instrument** : Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(L) Investments in Associate, Joint venture & Associate

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each balance sheet date.

(M) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances..

Sale of Goods

Revenue is recognized net of returns and discounts when the significant risks and rewards of ownership of the goods have passed to the buyer for a consideration.

Sale of Power

Revenue from power has been recognized on transmission of electricity to Grid. Power generated at power plant is consumed at manufacturing units and excess power is sold to Grid, which is included in sales at power tariff prevailing as per the respective Power Purchase Agreements.

(N) Foreign currency translation / conversion

Standalone financial statements have been presented in Indian Rupees, which is the Company's functional and presentation currency.

- **Initial recognition** : Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.
- **Conversion** : Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.



- **Exchange differences :** The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

(O) Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax : Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss. 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.

Minimum alternate tax : Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax : Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets are 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 assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

- (P) Earnings per share :** Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

- (Q) Provisions, contingent liabilities and contingent assets Provisions :** Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement.



If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of :

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets : Contingent assets are not recognized in the financial statements.

- (R) **Cash and cash equivalents :** Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

- (S) **Impairment Non-financial assets :** Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Financial assets : The company applies 'simplified approach' measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- Financial assets that are debt instrument 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 company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.



4. Property plant & equipment, intangible assets & capital work in progress Rs. are in Thousands for purpose of presentation

Particulars	Tangible Assets											Intangible Assets	
	Land Free hold	Buildings	Plant and Equipment	Furniture and Fixture	Vehicles	Office equipment	Computers	Well & Water	Library	Canteen Equipments	Water Storage Tank	Software	Total
Cost or revalued amount	55,605.43	5,05,301.55	21,60,168.66	2,502.70	56,874.46	1,583.66	5,655.20	1,976.43	41.21	143.61	42,600.43	-	2,852.37
as at April 1 2019 (IGAAP)	4,35,254.57	4,40,093.01	6,72,407.58	-	-	-	-	-	-	-	-	-	1,547.76
as at April 1 2019 (IND AS)	490.86	945.39	2,852.58	2.50	56.87	1.50	5.66	1.98	0.04	0.14	42.60	-	4.40
Additions	-	-	54,568	-	9,031	-	-	-	-	-	-	2,250.00	65.85
Disposal	-	-	-	-	6,806.00	-	-	-	-	-	-	-	6.00
Gross as at March 31 2020	4,90,860.00	9,45,394.56	29,07,144.71	2,502.70	59,905.81	1,583.66	5,655.20	1,976.43	41.21	143.61	42,600.43	2,250.00	44,99,978.33
Additions	-	1.27	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross as at March 31 2021	490.86	945.40	2,907.14	2.50	59.91	1.50	5.66	1.98	0.04	0.14	42.60	2.25	4,459.96
Depreciation & amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
as at April 1 2019	-	2,48,344.20	12,58,785.96	2,379.65	36,817.96	1,416.18	5,257.24	1,786.49	40.91	139.48	18,792.32	-	1,573.76
Provided in current year	-	9,673.29	75,998.20	10.23	2,977.93	10.12	177.60	51.21	-	0.82	870.36	177.66	89.95
Disposal	-	-	-	-	1,983.83	-	-	-	-	-	-	-	1.98
as at March 31 2020	-	258.02	1,334.78	2.39	37.81	1.43	5.43	1.84	0.04	0.14	19.66	0.18	1.69
Provided in current year	-	16,548.24	67,342.70	10.20	3,189.40	7.63	43.62	38.20	-	0.43	867.99	712.58	88,788.96
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
as at March 31 2021	-	2,74,565.74	14,02,126.87	2,400.07	41,001.46	1,435.93	5,478.47	1,877.91	40.91	140.73	28,530.66	890.23	17,49,598.75
Net Block	-	-	-	-	-	-	-	-	-	-	-	-	-
as at March 31, 2019	56,840.69	2,57,397.44	9,22,055.30	123.05	20,056.51	85.46	397.95	187.94	0.30	4.13	23,806.11	-	1,288.16
as at March 31 2020	55,605.43	2,47,724.15	9,00,625.38	112.83	22,893.75	75.36	220.35	136.72	0.30	3.31	22,937.75	2,072.34	1,251.61
as at March 31 2021	4,90,860.00	6,72,099.85	15,05,017.85	102.63	18,904.35	67.73	176.73	96.53	0.30	2.88	22,069.77	1,359.77	2,710.76



NOTES TO FINANCIAL STATEMENTS

NOTE 5 : NON - CURRENT INVESTMENTS			
<i>All Figures in Rs.</i>			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A) NON-TRADE (CARRIED AT COST)	-	-	-
I Investment in government securities	19,900	19,900	19,900
II Others			
a) Shares with DSCL Employee's Co-operative Society (500 Shares of Rs.10/- each)	5,000	5,000	5,000
b) Shares with Bapuji Co-operative Bank Limited, (200 Shares of Rs.50/- each)	10,000	10,000	10,000
c) Shares with Davangere Harihar Urban Co-operative Bank Limited, (1001 Shares of Rs.1000/- each)	10,01,000	10,01,000	10,01,000
d) Shares with Chitradurga District Co-operative Bank Limited, (288200 Shares of Rs.50/- each)	2,24,10,000	1,44,10,000	1,05,10,000
TOTAL	2,34,45,900	1,54,45,900	1,15,45,900

NOTE 6 : LOANS AND ADVANCES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
Unsecured considered good ADVANCES :			
Advance against Harvesting & Transportation with roll over facility	-	20,15,00,818	
TOTAL	-	20,15,00,818	



NOTE 7 :			
OTHER NON CURRENT ASSETS :			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
M A T Credit Entitlement	4,16,05,410	4,15,97,758	4,15,96,970
TOTAL	4,16,05,410	4,15,97,758	4,15,96,970

CURRENT FINANCIALS ASSETS			
NOTE 8 :			
INVENTORIES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A. Finished Goods			
I Sugar	32,95,43,760	36,08,07,048	91,15,82,900
II Molasses	11,20,000	3,50,78,850	1,73,09,908
B. Consumable Stores	7,23,38,760	7,17,08,810	7,88,76,430
C. Stock of Coal	2,11,95,350	31,65,841	31,65,895
TOTAL	42,41,97,871	47,07,60,349	1,01,09,35,133

NOTE 9 :			
TRADE RECEIVABLES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A. UNSECURED CONSIDERED GOOD			
I Out standing for a period exceeding 180 days	-	2,16,925	
II Out standing for a period below 180 days	24,90,08,445	23,60,71,241	18,58,13,661
III Central Govt. Subsidy receivable against FRP	6,85,43,424	-	1,16,95,000
TOTAL	31,75,51,869	23,62,88,166	19,75,08,661



NOTE 10 :**CASH AND CASH EQUIVALENTS**

	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A BALANCE WITH BANKS			
I Cash on hand	30,67,152	24,35,481	21,83,634
II In Current Account with Schedule Banks	7,56,62,001	5,52,58,517	47,61,640
III In Current Account with Non Schedule Banks	6,30,41,092	4,03,939	2,42,949
IV Term Deposits with Schedule Banks	2,85,44,532	83,84,358	32,11,697
TOTAL	17,03,14,777	6,64,82,295	1,03,99,920

NOTE 11 :**LOANS AND ADVANCES**

	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
I Sundry Deposit	2,63,608	2,63,608	2,63,608
II In Deposit with Central Excise Department	5,20,77,447	5,24,18,092	5,05,91,034
III Advances recoverable in cash or in kind	64,75,12,493	65,66,15,394	57,47,45,934
TOTAL	69,98,53,549	70,92,97,095	62,56,00,577

NOTE 12 :**EQUITY SHARE CAPITAL**

	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
Authorised Share Capital : 6,00,00,000 Equity Shares of Rs. 10/- each	60,00,00,000	60,00,00,000	60,00,00,000
Issued , Subscribed and Paid-up Capital : 5,56,84,462 Equity Shares of Rs. 10/- each	55,68,44,620	55,68,44,620	55,68,44,620
TOTAL	55,68,44,620	55,68,44,620	55,68,44,620



A Reconciliation of ordinary equity shares outstanding at the beginning and end of the reporting year

	AS AT 31.03.2021		AS AT 31.03.2020	
	No of shares	Rs	No of shares	Rs
At the beginning of the year	5,56,84,462	55,68,44,620	5,56,84,462	55,68,44,620
Changes during the year	-	-	-	-
At the end of the year	5,56,84,462	55,68,44,620	5,56,84,462	55,68,44,620

B Terms / rights attached to ordinary equity shares

The Company has only one class of ordinary equity shares having a face value of Rs. 10 per share. Each ordinary equity shareholder is entitled to one vote per share.

In the event of winding-up of the company, the ordinary equity shareholders shall be entitled to be repaid remaining assets of the company, in the ratio of the amount of capital paid up on such ordinary equity shares.

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

Ordinary Equity shares of Rs 10 each fully paid up	AS AT 31.03.2021		AS AT 31.03.2020		AS AT 01.04.2019	
	No of shares	% Holding	No of shares	% Holding	No of shares	% Holding
Shamanur Shivashankarappa Ganesh	1,55,22,478	27.88	1,55,22,478	27.88	1,55,22,478	27.88
Abhijith Ganesh Shamanur	69,14,724	12.42	69,14,724	12.42	69,14,724	12.42
Rekha Ganesh	60,86,200	10.93	60,86,200	10.93	60,86,200	10.93
M/s. Mafatal Plywood Industries P Ltd	80,00,000	14.37	80,00,000	14.37	80,00,000	14.37

NOTE 13 : OTHER EQUITY

	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
1 Capital Reserve :			
Opening balance as per last financial statement	4,07,160	4,07,160	4,07,160
Less : Transferred to retained earnings	-	-	-
Closing balance	4,07,160	4,07,160	4,07,160
2 Securities Premium Reserve :			
Opening balance as per last financial statement	2,49,46,750	2,49,46,750	2,49,46,750
Less : Transferred to retained earnings	-	-	-
Closing balance	2,49,46,750	2,49,46,750	2,49,46,750
3 General Reserve :			
Opening balance as per last financial statement	59,96,136	59,95,836	59,95,836
Less : Transferred to retained earnings	-	-	-
Closing balance	59,96,136	59,95,836	59,95,836
4 Surplus :			
Balance brought forward from previous year	35,41,40,085	33,34,47,446	30,12,26,146
Add: Transfer from the Statement of Profit and Loss Account for the year	2,49,92,829	2,06,92,639	3,22,21,300
Other Comprehensive			
Opening Balance	1,48,71,94,034	1,48,94,71,933	
Additions	(14,10,500)	(22,77,899)	
Closing Balance	1,48,57,83,534	1,48,71,94,034	1,48,94,71,933
TOTAL	1,89,62,66,495	1,87,26,83,866	1,85,42,69,126



NON-CURRENT LIABILITIES

NOTE 14 : FINANCIAL LIABILITIES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
Borrowings			
Secured			
Term loan from banks			
i Working Capital Demand Loan			
Davangere District Central Co-operative Bank	19,48,64,953	-	-
State Bank Of India	11,78,56,362	-	-
ii Soft Loan	-	-	-
State Bank of India	99,38,140	1,31,43,205	-
Canara Bank	79,20,000	1,14,40,000	-
Indian Bank	29,87,407	36,31,339	-
Union Bank	-	60,64,031	-
iii Covid -19 Loan			
State Bank of India	26,13,333	-	-
Canara Bank	44,46,000	-	-
Indian Bank	38,15,917	-	-
iv GECL-2 Loan			
State Bank of India	8,16,66,667	-	-
Canara Bank	4,75,00,000	-	-
Indian Bank	2,13,45,833	-	-
v Ethanol Plant Term Loan			
Davangere District Central Co-operative Bank	1,00,00,000	-	-
vi Syndicate Bank Term Loan - I			3,50,27,038
Syndicate Bank Term Loan - II			3,45,12,280
vii Vehicles Loans	19,28,896	33,38,918	16,93,203
TOTAL	50,68,83,508	3,76,17,493	7,12,32,520



NOTE 15 : OTHERS			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
a) Unsecured Loan from the Managing Director	27,49,81,294	22,48,28,294	22,09,30,111
b) H & T Recovery and Remittance	27,98,00,000	60,66,11,149	54,00,99,506
TOTAL	55,47,81,294	83,14,39,443	76,10,29,617

NOTE 16 : DEFERRED TAX LIABILITIES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
1 Deferred Tax Liability			
2 On account of Timing differences in Depreciation of Fixed Assets	93,55,891	92,48,968	64,95,086
3 Net Deferred Tax Liabilities / (Assets) thereon			
4 Less: Provided for in the previous year	93,55,891	92,48,968	64,95,086
5 Deferred Tax Provided / (Reversed)	6,92,480	1,06,922	27,53,883
TOTAL	1,00,48,370	93,55,891	92,48,968

CURRENT FINANCIAL LIABILITIES

NOTE 17 : BORROWINGS			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A SECURED :			
From Banks			
(i) WORKING CAPITAL LOAN			
State Bank of India	24,61,55,918	40,16,60,326	40,63,13,611
Canara Bank	19,01,06,470	25,10,70,102	25,24,07,598



Indian Bank	4,54,80,538	11,00,01,338	11,12,68,767
DDCC Bank	7,99,22,068	8,00,00,000	
Union Bank of India		14,48,53,348	2,00,18,984
IDBI Bank			6,63,94,667
(ii) OTHER SHORT TERM LOANS :			
a) DDCC Bank Fertilizer seeds loan	4,99,60,341	-	-
b) DDCC Bank Sugar Pledge Loan	10,25,00,000	8,00,00,000	34,99,99,998
TOTAL	71,41,25,335	1,06,75,85,117	1,33,79,65,652

TERMS OF BORROWING :

State Bank of India / Canara Bank / Indian Bank :- Cash Credit / WCDL of State Bank of India Hypothecation charge on the goods imported under LC., Hypothecation over sugar stocks, consumables, stores, spares, components, packing materials, coal, receivables and all other current assets on pari-passu basis with other consortium bankers.

Davangere Distric Cooperative Bank Ltd :- Cash Credit / WCDL First pari pasu charge on fixed and current assets of the company with other consortium bankers.

NOTE 18 : TRADE PAYABLES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
A Secured :			
On Cane Purchases	1,60,213	33,78,075	
Sundry Creditors	8,29,788	2,63,72,437	5,42,21,812
TOTAL	9,90,001	2,97,50,512	5,42,21,812

NOTE 19 : OTHER FINANCIAL LIABILITIES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
a) Current maturities of Long Term Liabilities	9,87,52,041	5,93,83,434	7,79,32,956
b) Interest accrued and due on Borrowings	61,43,232	1,02,85,229	
TOTAL	10,48,95,273	6,96,68,663	7,79,32,956



NOTE 20 : OTHER CURRENT LIABILITIES			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
a) Statutory Remittances	61,92,992	35,97,874	1,52,72,470
b) Trade or Security Deposits received	14,88,545	39,48,565	90,88,778
c) Others	2,93,33,171	5,27,74,057	2,17,33,366
TOTAL	3,70,14,709	6,03,20,496	4,61,04,614

NOTE 21 : SHORT TERM PROVISIONS			
	AS AT 31.03.2021	AS AT 31.03.2020	AS AT 01.04.2019
For Minimum Alternate Tax	58,80,146.00	43,56,612.00	96,69,862.00
TOTAL	58,80,146.00	43,56,612.00	96,69,862.00

NOTE 22 : REVENUE FROM OPERATIONS		
	For the year ended March 31, 2021	For the year ended March 31, 2020
A) SALE OF PRODUCTS		
I a. Sugar Domestic	77,87,55,050	1,58,91,47,781
b. Sugar Export	21,72,41,860	2,59,25,130
c. Subsidy on Sugar Export	6,85,43,424	-
II a. Molasses Domestic	3,95,53,602	8,38,96,811
b. Molasses Export	9,36,31,479	3,72,18,910
III Power	14,70,49,728	13,47,69,180
IV Pressmud	5,32,058	5,86,755
B) OTHER OPERATING INCOME		
1 Aviation Receipts	67,41,167	2,56,53,330
2 Sale of Sugar cane Seeds	12,26,54,580	13,12,73,511
TOTAL	1,47,47,02,947	2,02,84,71,408



NOTE 23 : OTHER INCOME

	For the year ended March 31, 2021	For the year ended March 31, 2020
A) INTEREST INCOME		
I From Loans and Advances	12,43,355	40,18,474
II From Deposits	1,89,101	2,15,856
B) DIVIDEND FROM INVESTMENTS	-	83,065
C) OTHER NON OPERATING INCOME		
I Profit or loss on sale of vehicles	-	(23,02,366)
II Rent received	30,000	30,000
III Insurance claims received	19,51,979	1,05,700
TOTAL	34,14,435	21,50,730

NOTE 24 : COST OF MATERIALS CONSUMED

	For the year ended March 31, 2021	For the year ended March 31, 2020
A) Sugar Cane purchased and consumed (Inclusive of Cane purchase Tax and Other procurement Charges)	90,15,60,775	91,16,55,907
B) Steaming Coal purchased and consumed (Inclusive of Duties and Transportation Charges)	2,21,27,962	3,87,74,627
TOTAL	92,36,88,738	95,04,30,533



NOTE 25 : (INCREASE) / DECREASE IN INVENTORIES :		
	For the year ended March 31, 2021	For the year ended March 31,2020
A) FINISHED GOODS		
a) Opening Stock :		
Sugar	36,08,07,048	91,15,82,900
Molasses	3,50,78,850	1,73,09,908
TOTAL	39,58,85,898	92,88,92,808
B) Closing Stock :		
Sugar	32,95,43,760	36,08,07,048
Molasses	11,20,000	3,50,78,850
Total	33,06,63,760	39,58,85,898
GRAND TOTAL (a)-(b)	6,52,22,138	53,30,06,910

NOTE 26 : EMPLOYEE BENEFIT EXPENSES		
	For the year ended March 31, 2021	For the year ended March 31,2020
A) Salaries, wages and allowances	6,81,79,327	7,00,04,689
B) Contribution to Provident fund and Other funds	49,01,710	47,23,163
C) Staff Welfare Expenses	29,77,600	28,50,735
TOTAL	7,60,58,636	7,75,78,588

NOTE 27 : FINANCE COSTS		
	For the year ended March 31, 2021	For the year ended March 31, 2020
A) Interest Expenses	15,41,32,507	20,93,12,888
B) Other Borrowings Costs	1,10,34,306	81,19,429
TOTAL	16,51,66,813	21,74,32,317



NOTE 28 : OTHER EXPENSES		
	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of Stores and spares	1,40,30,320	1,23,50,981
Packing and storage expenses	1,36,14,254	1,52,29,797
Water Charges	3,728	5,798
Rent	39,86,135	75,33,965
Legal and Professional Charges	47,40,325	43,45,923
Repairs and Maintenance :		
on Buildings	7,36,724	8,14,862
on Plant and Machinery	4,97,21,516	4,98,97,098
on Others	7,97,829	18,45,935
Supply and Distribution Expenses	88,28,998	72,51,843
Travelling and Conveyance	11,37,452	16,51,293
Freight and Forwarding	88,11,985	82,75,591
Postage and Telephone Expenses	4,59,582	5,89,439
Printing and Stationery	5,51,280	7,63,283
Insurance	60,09,409	60,50,629
Vehicle Maintenance	59,75,062	43,62,428
Advertisement	3,675	80,736
Travelling Expenses to Managing Director	36,37,864	79,74,596
Audit Fee :		
For Statutory Audit	2,50,000	50,000
For Tax Audit	50,000	35,000
For Cost Audit	50,000	60,000
For Other Services	1,32,460	1,41,015
Other Expenses	35,21,522	67,83,730
TOTAL	12,70,50,120	13,60,93,942

29 Tax Expense		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
The major components of income tax expense for the financial year 2020-21 & 2019-2020		
Current Tax is provided on minimum alternative tax bases	58,80,146	43,56,612
Deferred Tax on timing difference of on depreciation	12,96,979	10,83,164



30 Other Comprehensive Income		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Items that will classified to profit and loss	20,15,000	32,54,141
Income tax effect on Items that will be classified to profit and loss	6,04,500	9,76,242

31 Earning Per Share		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit / Loss attributable to equity share holders	2,49,92,829	2,06,92,639
Number equity shares outstanding during the year	5,56,84,462	5,68,44,620
Face value of equity shares	10	10
Earning per shares		
Basic	0.45	0.37
Diluted	0.45	0.37

32 Contingent liabilities and commitment (to the extent not provided for)			
	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
a) Claims against the company not acknowledged as debt			
(f) Contingent Liability			
A) In respect of show cause notices from Central Excise and Customs department in various cases against which the company has preferred appeal at various authority level	4,06,53,761	4,06,53,761	4,06,53,761
B) The company has given corporate guarantee on Harvesting and Transportation loan taken by farmers from the bank	36,98,00,000	40,66,00,000	52,90,00,000
(II) Commitments On ethanol projects ; Estimate amount of contracts remaining to be executed on ethanol projects Rs. 65.00 Crores			

33 Remuneration paid to auditors		
Particulars	2020-21	2019-20
Statutory auditor		
i) Audit fees	2,50,000	50,000
ii) Tax audit fees	50,000	35,000
iii) Other services	1,32,460	1,41,015



34 Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company Particulars		
	Year ended 31.03.2021	Year ended 31.03.2021
i) Principal amount and Interest due thereon remaining unpaid to any supplier as at end of each accounting year	-	-
ii) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
iii) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
iv) The amount of interest accrued and remaining unpaid	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

35 Segment information for the year ended March 31, 2021 prepared under Ind AS 108

i) Information on the primary business segments ;

Segment Information for the year ended 31st March, 2021

	Rs. in lakhs			
	SUGAR	POWER	AVIATION	TOTAL
Primary :				
Revenues				
1 External revenues	13,243	1,471	67	14,781
2 Total Income from operations	(18,680)	(1,348)	(257)	(20,285)
3 Segment results before Interest	1,348	805	-180	1,973
4 Less: Interest expenses	(1,858)	(664)	(34)	(2,556)
5 Total	1,651	0	0	1,651
6 Provision for Taxation/ Deferred Tax Liability	(2,174)	0	0	(2,174)
7 Segment Profit	-303	805	-180	322
8 Segment assets	(424)	(602)	(79)	(207)
9 Segment liabilities	72	0	0	72
	(54)	0	0	(54.00)
	-375	805	-180	250
	(316)	(602)	(79)	(207)
	32,210	11,030	637	43,877
	(24,462)	(5,350)	(634)	(30,446)
	19,216	125	4	19,346
	(28,406)	(2,400)	0	(30,446)



ii) Geographical location

The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
	Revenue from operation	Revenue from operation
Domestic	1,16,38,29,608	1,96,53,27,368
Overseas	31,08,73,339	6,31,44,040

36 Related party disclosure as required by Ind AS 24 for the year ended March 2021

(a) Name of the related parties and description of relationship

(i) Enterprise over which management personnel is able to exercise significant influence	Nature of relationship
(a) M/s. Kalleshwar Traders	MD relative is partner in the firm
(b) M/s. S Kallappa and Sons	MD is partner in the firm
(c) M/s. Shivshankar Associates	MD is partner in the firm

ii) Key management personnel	Managing Director
- Shri Shamanur Shivashankarappa Ganesh	Managing Director
- Smt Rekha Ganesh	Director
- Shri Abhijith Shamanur Ganesh	Executive Director
- Shri Arun Kumar N M	Chief Financial Officer
- Smt Pooja M M	Compliance Officer

(b) Details of transactions carried out with related party in the normal course of business

	Nature of transaction	Amount Rs.
(i) Shri Shamanur Shivashankarappa Ganesh	Remuneration	36,00,000
(ii) Shri Abhijith Shamanur Ganesh	Remuneration	19,44,000
(iii) Mr. Arun Kumar N M	Remuneration	13,29,534
(iv) Ms. Pooja M M	Remuneration	1,62,528
(v) M/s. Kalleshwar Traders	Purchases	1,66,325
(vi) M/s. S Kallappa and Sons	Purchases	19,720
(vii) M/s. Shivshankar Associates	Purchases	74,770



37 Transition to IND As

These financial statements, for the year ended March 31, 2021, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2021, together with the comparative period data as at and for the year ended March 31, 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2019, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2019 and the financial statements as at and for the year ended March 31, 2020.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from the previous GAAP to Ind AS :

a. Deemed cost

The Company has opted to revalue its property, plant and equipment / Building / Land as per INDAS transition guidance from (i.e. April 1, 2019) except well and water works / Furniture and fixtures / Vehicles / Office equipments / Library / Canteen equipments / Computers / Water Storage tank / Intangible where company is opted to with carrying value as recognised in the previous GAAP financial statement as their deemed cost at the transition date to Ind AS i.e. April 1, 2019 as deemed cost on the date of transition to Ind AS.

b. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing on the date of transition to Ind AS, except where the effect is expected to be not material.

c. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



Reconciliation of equity as previously reported under IGAAP to IND AS as at April 01, 2019

PARTICULARS	AS AT March 31, 2019 IGAP	AS AT March 31, 2019 Adjustment	AS AT March 31, 2019 As per IND AS
I ASSETS			
A) NON -CURRENT ASSETS			
a) Property, Plant and Equipments	1,27,86,09,150	1,54,77,55,158	2,82,63,64,308
b) Capital Work in Progress	5,45,68,280	5,45,68,280	
	1,33,31,77,430	1,54,77,55,158	2,88,09,32,588
c) Financial Assets			
i) Investments	1,15,45,900	-	1,15,45,900
ii) Loans and advances	-	-	-
d) Other Non Current assets:	4,15,96,970	-	4,15,96,970
B) CURRENT ASSETS			
a) Inventories	1,01,09,35,133	-	1,01,09,35,133
b) Financial Assets			
i) Trade Receivables	19,75,08,661	-	19,75,08,661
ii) Cash and cash equivalents	1,03,99,920	-	1,03,99,920
iii) Loans and advances	67,84,19,944	(5,28,19,367)	62,56,00,577
TOTAL	3,28,35,83,957	1,49,49,35,791	4,77,85,19,748
I EQUITY AND LIABILITIES			
A) EQUITY			
a) Share Capital	55,68,44,620	-	55,68,44,620
b) Other equity	38,47,97,193	1,48,94,71,934	1,85,42,69,127
	92,16,41,813		2,41,11,13,747
B) LIABILITIES :			
1) NON-CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	7,12,32,520	-	7,12,32,520
ii) Other	76,10,29,617	-	76,10,29,617
b) Deferred Tax Liability	1,15,90,621	(23,41,653)	92,48,968
2) CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	1,33,79,65,652	-	1,33,79,65,652
ii) Trade Payables	5,42,21,812	-	5,42,21,812
iii) Other Financial Liabilities	7,79,32,956	-	7,79,32,956
a) Other Current liabilities	3,82,99,103	78,05,511	4,61,04,614
b) Short term Provisions	96,69,862	-	96,69,862
TOTAL	3,28,35,83,957	1,49,49,35,792	4,77,85,19,749



Reconciliation of equity as previously reported under IGAAP to IND AS as at 31st March, 2020

PARTICULARS	AS AT March 31,2020 IGGAP	AS AT March 31,2020 Adjustment	AS AT March 31,2020 As per IND AS
I ASSETS			
A) NON-CURRENT ASSETS			
a) Property, Plant and Equipments	1,25,04,95,172	1,54,77,55,158	2,79,82,50,330
	1,25,04,95,172	1,54,77,55,158	2,79,82,50,330
b) Financial Assets			
i) Investments	1,54,45,900		1,54,45,900
ii) Loans and advances	20,15,00,818		20,15,00,818
c) Other Non Current assets :	4,15,97,758		4,15,97,758
B) CURRENT ASSETS			
a) Inventories	47,07,60,349		47,07,60,349
b) Financial Assets			
i) Trade Receivables	23,62,88,166		23,62,88,166
ii) Cash and cash equivalents	6,64,82,295		6,64,82,295
iii) Loans and advances	76,21,16,462	(5,28,19,367)	70,92,97,095
TOTAL	3,04,46,86,921	1,49,49,35,791	4,53,96,22,712
I EQUITY AND LIABILITIES			
A) EQUITY			
a) Share Capital	55,68,44,620		55,68,44,620
b) Other equity	38,54,89,832	1,48,71,94,034	1,87,26,83,866
	94,23,34,452	1,48,71,94,034	2,42,95,28,486
B) LIABILITIES :			
1) NON-CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	3,76,17,493		3,76,17,493
ii) Other	83,14,39,443		83,14,39,443
b) Deferred Tax Liability	92,48,968	1,06,922	93,55,891
2) CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	1,06,75,85,117		1,06,75,85,117
ii) Trade Payables	2,97,50,512		2,97,50,512
iii) Other Financial Liabilities	6,96,68,663		6,96,68,663
a) Other Current liabilities	5,70,66,355	32,54,141	6,03,20,496
b) Short term Provisions	43,56,612		43,56,612
TOTAL	3,04,90,67,615	1,49,49,35,791	4,53,96,22,712



Reconciliation of profit and loss for the year ended March 31, 2020

PARTICULARS	For the year ended 31-Mar-20 IGAAP	For the year ended 31-Mar-20 adjustments	For the year ended 31-Mar-20 As per IND AS
I REVENUE FROM OPERATIONS (GROSS)	2,02,84,71,408	-	2,02,84,71,408
II Other Income	21,50,730	-	21,50,730
III Total Revenue	2,03,06,22,138	-	2,03,06,22,138
IV EXPENSES			
a) Cost of Materials Consumed	95,04,30,533	-	95,04,30,533
b) Changes in inventories of finished goods and work in progress	53,30,06,910	-	53,30,06,910
c) Employees Benefit Expenses	7,75,78,586	-	7,75,78,586
d) Interest on Borrowings	20,93,12,888	-	20,93,12,888
e) Bank Charges	81,19,429	-	81,19,429
f) Depreciation	8,99,47,434	-	8,99,47,434
g) Other Expenses	13,60,93,942	-	13,60,93,942
TOTAL EXPENSES	2,00,44,89,722	-	2,00,44,89,722
V PROFIT / LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)	2,61,32,416	-	2,61,32,416
VI Exceptional Items	-	-	-
VII PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)	2,61,32,416	-	2,61,32,416
VIII Extraordinary Items	-	-	-
IX PROFIT /LOSS BEFORE TAX (VII-VIII)	2,61,32,416	-	2,61,32,416
X TAX EXPENSES-			
a) MAT Provision	43,56,612	-	43,56,612
b) Deferred Tax	10,83,164	-	10,83,164
Total tax expense	54,39,776	-	54,39,776
XI PROFIT / LOSS FOR THE YEAR FROM OPERATION (IX-X)	2,06,92,639	-	2,06,92,639
XII Other Comprehensive Income			
i) Items that will be reclassified to profit / (loss)		32,54,141	32,54,141
ii) Income tax relating to items that will not be reclassified to profit / (loss)		(9,76,242)	(9,76,242)
XIII Total comprehensive Income for the year	2,06,92,639	-	1,84,14,740

Footnotes to the reconciliation of equity as at April 1, 2019 and March 31, 2020 and Statement of Profit and Loss for the year ended March 31, 2020 :

Equity as at the transition date has been adjusted consequent to the above Ind AS transitional adjustments.

Detailed reconciliation of Equity as per I GAAP & Equity as per IND AS is as per the below table.



Other Equity Reconciliation

Particular	As at April 1, 2019	As at March 31, 2020
As per IGAAP	36,47,97,193	38,54,89,832
Fair valuation of Land and Buildings and Plant and Machinery	1,54,77,55,157	1,54,77,55,157
Impairment of loans and advances	(5,28,19,366)	(5,28,19,366)
Recognition of defined benefit obligation (net of tax)	(54,63,858)	(77,41,757)
	1,48,94,71,933	1,48,71,94,034
As per Ind As	1,85,42,69,126	1,87,26,83,866

Property, plant and equipment & Intangible Assets

The company has elected to use fair value method for valuation of Land and Building, Plant and Machinery at the date of transition to Ind AS i.e 1st April 2019 and use that fair value as deemed cost at that date

Ind AS 101 permits a first-time adopter to elect to value its assets as fair value method as deemed cost as on that date to value its land, building and property, plant and equipment as recognised in the financial statements as deemed cost

Particular	As at April 1, 2019	As at March 31, 2020
As per IGAAP	-	-
Land	5,56,05,433	5,56,05,433
Fair valuation of Land on transition	43,52,54,568	43,52,54,568
As per IND AS	49,08,60,001	49,08,60,001
Building	50,53,01,550	50,53,01,550
Fair valuation of Building on transition	45,66,11,067	45,66,11,067
As per IND AS	96,19,12,617	96,19,12,617
Property, Plant and Equipment	2,18,01,68,855	2,23,47,37,134
Fair valuation on transition	65,58,89,522	65,58,89,522
As per IND AS	2,83,60,58,377	2,89,06,26,657

Defined benefit obligation

Company recognised costs related to its post-employment defined benefit plan on an actuarial basis under IND AS in IND AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost recognised in the balance sheet as at April 01, 2019 Rs 54,63,858 and March 31, 2020 Rs 22,77,899 net of taxes

38 Lease

Payment recognised as an expense

Particular	Year ended 31.03.2021	Year ended 31.03.2020
Minimum lease payment	39,86,134	75,33,964



39 Financial Instruments

Particulars	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
		Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets designated at amortised cost							
Investment	Carried at amortised cost	2,34,45,900	2,34,45,900	1,54,45,900	1,54,45,900	1,15,45,900	1,15,45,900
Loans and advances (non current)	Carried at amortised cost	-	-	20,15,00,818	20,15,00,818	-	-
Trade receivables	Carried at amortised cost	31,75,51,869	31,75,51,869	23,62,88,166	23,62,88,166	19,75,08,661	19,75,08,661
Cash and cash equivalents	Carried at amortised cost	17,03,14,777	17,03,14,777	6,64,82,295	6,64,82,295	1,03,99,920	1,03,99,920
Loans and advances (current)	Carried at amortised cost	69,98,53,549	69,98,53,549	70,92,97,095	70,92,97,095	62,56,00,577	62,56,00,577
Financial liabilities designated at amortised cost							
Borrowing (non current)	Carried at amortised cost	50,68,83,508	50,68,83,508	3,76,17,493	3,76,17,493	7,12,32,520	7,12,32,520
Others liabilities (non current)	Carried at amortised cost	55,47,81,294	55,47,81,294	83,14,39,443	83,14,39,443	76,10,29,617	76,10,29,617
Borrowing (current)	Carried at amortised cost	71,41,25,335	71,41,25,335	1,06,75,85,117	1,06,75,85,117	1,33,79,65,652	1,33,79,65,652
Trade Payables	Carried at amortised cost	9,90,001	9,90,001	2,97,50,512	2,97,50,512	5,42,21,812	5,42,21,812
Others liabilities (current)	Carried at amortised cost	10,48,95,273	10,48,95,273	6,96,68,663	6,96,68,663	7,79,32,956	7,79,32,956

Company has adopted effective rate of interest for calculating interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



40 Financial risk management objectives and policies

Sugar industry being an industry which is cyclical in nature, the company's operational activities are exposed to various financial & operational risks, such as economical & political risk, market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

A Market Risk

Major market risk which the company has is the selling prices of its mainstream product i.e. sugar. Market demand supply plays a very much dominating role with strong outcomes in both the situations i.e. over production & under production. Sugar industry being cyclical in nature, the company is exposed to sugar market price risk in respect of the inventories held at the year-end as any decline in prices below the carrying cost inflicts losses to the Company. However, the Company has mitigated this risk by well integrated business model by diversifying into co-generation and distillation, thereby utilizing the by-products.

B Credit Risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The Company is exposed to credit risks from its operating activities, primarily trade receivables. Since there is a blend of institutional & non institutional buyers with the company and also considering the fact that major sales gets effected after receipt of advance from the customers, the credit risks in respect of trade receivables is minimized.

Table hereunder provides the data with regard to trade receivables and its ageing.

Trade Receivables	More than 6 months	Less than 6 months	Total
AS at 31.03.2021	-	31,75,51,869	31,75,51,869
AS at 31.03.2020	2,16,925	23,60,71,241	23,62,88,166
AS at 31.03.2019		19,75,08,661	19,75,08,661

C Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities, short term loans and to reduce debts to be able to meet the cyclicalities of the sugar business.

Table hereunder provides the current ratios of the Company as at the year end

Particulars	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Total current assets	161,19,18,064	148,28,27,905	184,44,44,291
Total current liabilities	86,29,05,463	123,16,81,399	152,58,94,896
Current Ratio	1.87	1.20	1.21



MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since December 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.

ACCOUNTING RATIOS

Unless context requires otherwise, the following tables present certain accounting and other ratios derived from the relevant Audited Financial Statements and Unaudited Financial Results, as applicable. For details see “Financial Statements” on page 86.

(in ₹)

Particulars	For the year ended			
	Nine months period ended December 31, 2021	31-03-2021	31-03-2020	31-03-2019
Basic and Diluted Earnings Per Share (₹)				
Basic Earnings Per Share (Basic EPS)				
Net profit / (loss) after tax, attributable to equity shareholders	2,17,14,000	2,49,92,829	2,06,92,639	3,22,21,300
Weighted average number of Equity Shares outstanding	5,56,84,462	5,56,84,462	5,56,84,462	5,56,84,462
Basic EPS in ₹	0.39	0.45	0.37	0.58
Face value in ₹	10.00	10.00	10.00	10.00
Diluted Earnings Per Share (Diluted EPS)				
Net profit / (loss) after tax, as attributable to equity shareholders	2,17,14,000	2,49,92,829	2,06,92,639	3,22,21,300
Weighted average number of shares considered for calculating Diluted EPS	5,56,84,462	5,56,84,462	5,56,84,462	5,56,84,462
Diluted EPS in ₹	0.39	0.45	0.37	0.58
Face value in ₹	10.00	10.00	10.00	10.00
Net Asset Value Per Equity Share (₹)				
Net Asset Value (Net-worth)	2,48,04,05,000	2,45,31,11,115	2,42,95,28,486	2,41,11,13,746
Number of equity shares outstanding	5,56,84,462	5,56,84,462	5,56,84,462	5,56,84,462
Number of adjusted equity shares outstanding at the year end	5,56,84,462	5,56,84,462	5,56,84,462	5,56,84,462
Net Assets Value per equity share (₹)	44.54	44.05	43.63	43.30
Return on Net worth				
Net Profit / (loss) after tax	2,17,14,000	2,49,92,829	2,06,92,639	3,22,21,300
Net worth	2,48,04,05,000	2,45,31,11,115	2,42,95,28,486	2,41,11,13,746
Return on net worth	0.88%	1.02%	0.85%	1.34%
EBITDA				
Profit / (loss) after tax (A)	2,17,14,000	2,49,92,829	2,06,92,639	3,22,21,300
Income tax expense (B)	55,80,000	71,77,126	54,39,776	1,47,65,398
Finance costs (C)	11,98,78,000	16,51,66,813	21,74,32,317	17,95,52,758
Depreciation and amortization expense (D)	6,65,70,000	8,87,60,982	8,99,47,434	8,98,38,450.00
EBITDA (A+B+C+D)	21,37,42,000	28,60,97,750	33,35,12,166	31,63,77,906

The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share

$$\frac{\text{Net Profit after tax, as attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

(ii) Net Assets Value (NAV)

$$\frac{\text{Net Asset Value, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

(iii) Return on Net worth (%)

Net Profit after tax, as attributable to equity share holders

Net worth (excluding revaluation reserve), at the end of the year

Net-worth (excluding revaluation reserve), means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss.

(iv) EBITDA

Profit/(loss) after tax for the period adjusted for income tax, expense, finance costs, depreciation and amortization expense, as presented in the standalone statement of profit and loss.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the "Financial Information" beginning on page 86. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on page 22 and 18, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2021, Fiscal 2020 and Fiscal 2019 included herein is based on the Audited Financial Statements and Interim Condensed Financial Statements for the nine months period ended December 31, 2021, included in this Letter of Offer. For further information, see "Financial Statements" beginning on page 86.

OVERVIEW OF OUR BUSINESS

Davangere Sugar Company Limited (DSCL) was incorporated in the year 1970 as Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFICI and local farmers with initial equity capital base of ₹ 160.00 lacs. DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250TCD. The Govt. of Karnataka was managing the affairs of the company till the year 1995. Shamanur group acquired the shares owned by Govt. of Karnataka & took over the management of the company during the FY 1995-96. During the post-acquisition, the new management continuously expanded sugar crushing operations of the company.

Manufacturing Units	Products/Facilities	Capacities
Kukkuwada Village, Davangere Taluk & District, Karnataka State – 577 525	Sugar manufacturing Power Generation	4750 MTs per day 24.45 MW per day

We work under the guidance of our Promoter and Managing Director, Ganesh Shivashankarappa Shamanur, who has an experience of more than 2 decades in the sugar industry and been associated with our Company since its from the year 2001. He has been instrumental in evolving our business operations, growth and future prospects.

Our audited revenues from operations for Fiscals 2021, 2020 and 2019 were ₹ 14747.02 lacs, ₹ 20284.71 lacs and ₹ 11,360.06 lacs respectively. Our audited EBITDA for Fiscals 2021, 2020 and 2019 were ₹ 2860.98 lacs, ₹ 3335.12 lacs and ₹ 3163.78 lacs respectively. Our audited profit after tax for Fiscals 2021, 2020 and 2019 were ₹ 249.93 lacs, ₹ 206.93 lacs and ₹ 322.21 lacs respectively.

For further details, please refer to the section titled "Financial Information" on page 86 of this Letter of Offer.

In the year 2014 equity shares of our Company were transferred from Bangalore Stock Exchange Ltd to the dissemination board of BSE. Our Company made application with BSE for listing of equity shares through Direct Listing mechanism. On March 19, 2021, we obtained the listing and trading approval from BSE Limited and consequently our equity shares were listed and started trading on BSE. The market capitalization (*full float*) of our Company as at December 31, 2021 on BSE was ₹ 9,020.88 lacs.

OUR OPERATIONS:

Following is our detailed revenue breakup for the financial years ending March 31, 2021, 2020 and 2019 for the nine months period ended December 31, 2021:

(₹ in Lacs)					
Sl. No.	Particulars	Nine months period ended December 31, 2021	FY 2019	FY 2020	FY 2021
1	Sugar	5,444.94	6993.10	16150.72	10645.39
2	Molasses	--	1136.37	1211.14	1331.84
3	Electricity (Power)	889.13	2333.92	1347.69	1470.49
4	Press Mud	--	0.89	5.86	5.32

Sl. No.	Particulars	Nine months period ended December 31, 2021	FY 2019	FY 2020	FY 2021
5	Sale of sugarcane seeds	1194.00	-	1312.73	1226.54
6	Others	164.79	161.55	256.53	67.41
	TOTAL	7692.86	10625.83	20284.71	14747.02

For further details, please refer to the section titled “*Financial Information*” on page 86 of this Letter of Offer.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled ‘*Risk Factors*’ on page 86. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Karnataka;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- 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;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- 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;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, sour customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Individual Promoter and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled “*Financial Information*” on page 86.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter “*Financial Information*” on page 86, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled “*Financial Information*” on page 86.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

There are no qualifications or adverse remarks which require any explanation from the Board of Directors.

Principal components of our statement of profit and loss account Revenue

The following descriptions set forth information with respect to the key components of the Summary Statements.

Total income

Our revenue comprises of:

Revenue from operations

Our revenue from operations consists of sale of products and other operating revenue. Sale of products primarily consists of sale of Sugar, power, aviation, which are primarily manufactured/produced and service rendered by us.

Other Income

Other income primarily comprises certain non-recurring income such as profit on sale of fixed assets, interest income and other non operative income.

Expenses

Our expenses primarily comprise cost of raw materials such sugar cane, chemicals and consumables for sugar processing unit, power and fuel cost, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Changes in inventories of stock-in-trade

Changes in inventories of stock-in-trade comprises of difference in closing balance *vis-a-vis* opening balance of stock in trade.

Power and Fuel expenses

Power and Fuel is one of the important component of expenses incurred by the Company, used in the various manufacturing processes.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds and staff welfare & training expenses.

Other expenses

Other expenses comprise of sugar distribution expenses, vehicle maintenance, travel expenses, rent expense, repair & maintenance expenses, freight and forwarding, insurance & Insurance and miscellaneous expenses.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans. Other finance costs consist of bank commission, loan processing charges, and loan renewal charges.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, leasehold improvements, computers, servers & network, right-of-use assets and amortization of intangible assets.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth, for the periods indicated, certain items derived from our Summary Statements, in each case also stated as a percentage of our total income:

Particular	Fiscal 2021 (₹ in Lacs)	Percentage of total income (%)	Fiscal 2020 (₹ in Lacs)	Percentage of total income (%)	Fiscal 2019 (₹ in Lacs)	Percentage of total income (%)
INCOME						
Revenue from operations	14,747.03	99.77%	20,284.71	99.89%	11,360.06	99.57%
Other Income	34.14	0.23%	21.51	0.11%	48.67	0.43%
Total Income (A)	14,781.17	100.00%	20,306.22	100.00%	11,408.73	100.00%
EXPENSES						
Cost of Materials Consumed	9,236.89	62.49%	9,504.31	46.80%	11,656.64	102.17%
Changes in inventories of finished goods and work in progress	652.22	4.41%	5,330.06	26.25%	(5,602.31)	(49.11%)
Employee benefit expenses	760.59	5.15%	775.79	3.82%	745.70	6.54%
Finance Cost	1,651.67	11.17%	2,174.32	10.71%	1,795.53	15.74%
Depreciation and amortisation expense	887.61	6.01%	899.47	4.43%	898.38	7.87%
Other Expenses	1,270.50	8.60%	1,360.94	6.70%	1,444.92	12.67%
Total Expenses (B)	14,459.47	97.82%	20,044.90	98.71%	10,938.86	95.88%
Profit before exceptional, extraordinary items and tax (A-B)	321.70	2.18%	261.32	1.29%	469.87	4.12%
Exceptional items	-	-	-	-	-	-
Profit / (loss) before tax	321.70	2.18%	261.32	1.29%	469.87	4.12%
<i>Tax expense:</i>						
(i) Current tax	-	-	-	-	-	-
(ii) Deferred tax	12.97	0.09%	10.83	0.05%	50.96	0.45%
(iii) MAT Provision	58.80	0.40%	43.57	0.21%	96.70	0.85%
Total Tax Expense	71.77	0.49%	54.40	0.27%	147.65	1.29%
Profit / (loss) for the year (D-E)	249.93	1.69%	206.93	1.02%	322.21	2.82%
Other Comprehensive Income						
Items not to be reclassified to profit or loss in subsequent periods						
Items that will be reclassified to profit / (loss)	20.15	0.14%	32.54	0.16%	-	-
Income tax relating to items that will not be reclassified to profit / (loss)	(6.05)	(0.04%)	(9.76)	(0.05%)	-	-
Total comprehensive income for the year	14.11	0.10%	22.78	0.11%	-	-

Particular	Fiscal 2021 (₹ in Lacs)	Percentage of total income (%)	Fiscal 2020 (₹ in Lacs)	Percentage of total income (%)	Fiscal 2019 (₹ in Lacs)	Percentage of total income (%)
Total comprehensive income	235.82	1.59%	184.14	0.91%	322.21	2.82%

Comparison of Historical Results of Operations

Fiscal 2021 compared to Fiscal 2020

Total Income

Our total income for the Fiscal 2021 was ₹ 14,781.17 lacs as compared to ₹ 20,306.22 lacs for the Fiscal 2020, representing a decrease of (27.21%). Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the Fiscal 2021 was ₹ 14,747.03 lacs as compared to ₹ 20,284.71 lacs for the Fiscal 2020, representing a decrease of (27.30%). This is primarily due to slowdown in sales of products on account COVID-19 related reasons in the first half of the year.

Other income

Other income for the Fiscal 2021 was ₹ 34.14 lacs as compared to ₹ 21.51 lacs for the Fiscal 2020, representing an increase of 58.76%. The increase in other income was primarily due to income from insurance Credit.

Expenses

Our total expenses for the Fiscal 2021 was ₹ 14,459.47 lacs as compared to ₹ 20,044.90 lacs for the Fiscal 2020, representing a decrease of (27.86%).

Our cost of goods sold was primarily determined by the cost of material consumed, power etc., and purchase of traded goods, adjusted by changes in inventories of finished goods as follows:

Cost of materials consumed

The Cost of materials consumed for the Fiscal 2021 was ₹ 9,236.89 lacs as compared to ₹ 9,504.31 lacs for the Fiscal 2020 representing a decrease of (2.81%). The change is commensurate with the change in sales of its products.

Changes in inventories of finished goods and work in progress

The changes in inventories of finished goods, work-in-progress and traded goods for the Fiscal 2021 was ₹ 652.22 lacs as compared to ₹ 5,330.07 lacs for the Fiscal 2020, primarily due to market demand supply scenario.

Employee benefits expense

Employee benefits expense for the Fiscal 2021 was ₹ 760.59 lacs as compared to ₹ 775.79 lacs for the Fiscal 2020, representing a decrease of (1.96%). This was due to decrease in salaries, wages and bonus on account of Covid 19 related reasons.

Finance costs

Finance costs for the Fiscal 2021 was ₹ 1,651.67 lacs as compared to ₹ 2,174.32 lacs for the Fiscal 2020, representing a decrease of (24.04%). The decrease in finance cost is due to reduced utilization of working capital limits and also on account of Term loan repayments.

Depreciation and amortisation expense

Depreciation and amortization expense for the Fiscal 2021 was ₹ 887.61 lacs as compared to ₹ 899.47 lacs for the

Fiscal 2020, representing a small decrease of (1.32%). The decrease is due to the adoption of Ind As accounting in the year.

Other expenses

Other expenses for the Fiscal 2021 was ₹ 1,270.50 lacs as compared to ₹ 1,360.94 lacs for the Fiscal 2020, representing a decrease of (24.04%). The decrease was mainly due to expenses incurred on repairs and maintenance and selling & distribution expenses, packing and forwarding, rent and other expenses.

Profit/(loss) before tax

The profit/(loss) before tax for the Fiscal 2021 of ₹ 321.70 lacs as compared to ₹ 261.32 lacs for the Fiscal 2020. The increase in profit/loss before tax is due to decrease in finance cost and other expenses.

Total tax expense

Total tax expense for the Fiscal 2021 ₹ 71.77 lacs as compared to ₹ 54.40 lacs for the Fiscal 2020, representing an increase of 31.94%. The increase was due to impact of deferred tax.

Profit/(loss) for the year

As a result of the aforesaid, Our Company earned a profit/(loss) for the year for the Fiscal 2021 of ₹ 249.93 lacs as compared to ₹ 206.93 lacs for the Fiscal 2020, representing a increase of 20.78%. The decrease in profit/loss after tax is due to decrease in finance cost and other expenses.

Fiscal 2020 compared to Fiscal 2019

Total Income

Our total income for the Fiscal 2020 was ₹ 20,306.22 lacs as compared to ₹ 11,408.72 lacs for the Fiscal 2019, representing an increase of 77.99%. Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the Fiscal 2020 was ₹ 20,284.71 lacs as compared to ₹ 11360.06 lacs for the Fiscal 2019, representing a increase of 78.56%. This is primarily due to carried forward sugar stock of the year 2018-19.

Other income

Other income for the Fiscal 2020 was ₹ 21.56 lacs as compared to ₹ 48.67lacs for the Fiscal 2019, representing a decrease of (55.81%). The decrease in other income was primarily due to loss on sale of fixed assets.

Expenses

Our total expenses for the Fiscal 2020 was ₹ 20,044.90 lacs as compared to ₹ 10,938.86lacs for the Fiscal 2019, representing an increase of 83.24%.

Our cost of goods sold was primarily determined by the cost of material consumed, power etc., purchase of traded goods, adjusted by changes in inventories of finished goods as follows:

Cost of materials consumed

The Cost of material consumed for the Fiscal 2020 was ₹ 9,504.31 lacs as compared to ₹ 11656.64lacs for the Fiscal 2019 representing a decrease of (18.46%). The change is commensurate with the change in sales of its products.

Changes in inventories of finished goods and work in progress

The changes in inventories of finished goods, work-in-progress and traded goods for the Fiscal 2020 was ₹ 5,330.07 lacs as compared to ₹ (5602.32)lacs for the Fiscal 2019, primarily due to market demand supply scenario.

Employee benefits expense

Employee benefits expense for the Fiscal 2020 was ₹ 775.79 lacs as compared to ₹ 745.70lacs for the Fiscal 2019, representing an increase of 4.03%. This was due to increase in employees during season and wage rate.

Finance costs

Finance costs for the Fiscal 2020 was ₹ 2174.32 lacs as compared to ₹ 1795.53 lacs for the Fiscal 2019, representing an increase of 21.10%. The increase in finance cost is due to increase in agri business loan.

Depreciation and amortisation expense

Depreciation and amortisation expense for the Fiscal 2020 was ₹ 899.47 lacs as compared to ₹ 898.38 lacs for the Fiscal 2019, representing an increase of 0.12%. The increase is due to addition of fixed assets.

Other expenses

Other expenses for the Fiscal 2020 was ₹ 1360.94 lacs as compared to ₹ 1444.92 lacs for the Fiscal 2019, representing a decrease of (5.81%). The decrease was mainly due to lower expenses incurred on repairs and maintenance, selling & distribution expenses consumption of stores and spares and travelling.

Profit/loss before tax

The profit/(loss) before tax for the Fiscal 2020 of ₹ 261.32 lacs as compared to ₹ 469.87 lacs for the Fiscal 2019. The decrease in profit/loss before tax is due to depressed market conditions for products during the year due to changes in inventory and increase in finance cost.

Total tax expense

Total tax expense for the Fiscal 2020 ₹ 54.40 lacs as compared to ₹ 147.65 lacs for the Fiscal 2019, representing a decrease of (63.16%). The decrease was due to impact of deferred tax.

Profit/(loss) for the year

As a result of the aforesaid, Our Company earned a profit/(loss) for the year on a basis for the Fiscal 2020 of ₹ 206.93 lacs as compared to ₹ 322.21 lacs for the Fiscal 2019, representing a decrease of (35.78%). The decrease in profit/loss is due to depressed market conditions for products during the year due to changes in inventory and increase in finance cost.

Comparison of Results of Operations for Nine months period ended December 31, 2021 compared with Nine months period ended December 30, 2020

(₹ in Lacs)

Particular	Nine months period ended December 31, 2021	Percentage of total income (%)	Nine months period ended December 30, 2020	Percentage of total income (%)
INCOME				
Revenue from Operations	7,683.79	99.88%	8,657.29	99.76%
Other Income	9.07	0.12%	20.57	0.24%
Total Income (A)	7,692.86	100%	8,677.86	100%
EXPENDITURE				
Cost of materials consumed	7,217.67	93.82%	7,711.03	88.86%
Changes in inventories of finished goods and work in progress	(2,711.98)	(35.25%)	(2,632.87)	(30.34%)
Employee benefit expenses	494.24	6.42%	496.01	5.72%
Finance Cost	1,198.78	15.58%	1,523.10	17.55%
Depreciation and amortisation expense	665.70	8.65%	674.61	7.77%
Other Expenses	555.50	7.22%	703.16	8.10%
Total Expenses (B)	7,419.91	96.45%	8,475.04	97.66%
Profit before exceptional, extraordinary items and tax (A-B)	272.92	3.55%	202.82	2.34%
Exceptional items	0	0.00%	0	0.00%

Particular	Nine months period ended December 31, 2021	Percentage of total income (%)	Nine months period ended December 30, 2020	Percentage of total income (%)
Profit / (loss) before tax	272.92	3.55%	202.82	2.34%
<i>Tax expense:</i>				
(i) Current tax	45.56	0.59%	0	0.00%
(ii) Deferred tax	10.24	0.13%	0	0.00%
(iii) Adjustment of tax relating to earlier periods	0	0.00%	0	0.00%
Total Tax Expense	55.80	0.73%	0	0.00%
Profit / (loss) for the year (D-E)	217.15	2.82%	202.82	2.34%
Other Comprehensive Income				
-			-	
Items not to be reclassified to profit or loss in subsequent periods				
Gain/(loss) on equity instruments through OCI	0	0.00%	0	0.00%
Income tax effect	0	0.00%	0	0.00%
Re-measurement gains / (losses) on defined benefit plans	0	0.00%	0	0.00%
Income tax effect	0	0.00%	0	0.00%
Other comprehensive income for the year, net of tax	0	0.00%	0	0.00%
Total comprehensive income for the year, net of tax	217.15	2.82%	202.82	2.34%

Comparison of Historical Results of Operations

Nine months period ended December 31, 2021 compared with Nine months period ended December 30, 2020

Total Income

Our total income for the Nine months period ended December 31, 2021 was ₹ 7692.86 lacs as compared to ₹ 8677.86 lacs for the Nine months period ended December 30, 2020 representing a decrease of (11.35%). Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Nine months period ended December 31, 2021 was ₹ 7683.79 lacs as compared to ₹ 8657.29 lacs for the Nine months period ended December 30, 2020 representing a decrease of (11.24%). This is primarily due to decrease in sales of products in the Third quarter of the year.

Other income

Other income for the Nine months period ended December 31, 2021 was ₹ 9.07 lacs as compared to ₹ 20.57 lacs for the Nine months period ended December 30, 2020, representing a decrease of (55.91%). The decrease in other income was primarily due to decrease in interest income.

Expenses

Our total expenses for the Nine months period ended December 31, 2021 was ₹ 7419.91 lacs as compared to ₹ 8475.04 lacs for the Nine months period ended December 30, 2020, representing a decrease of 12.45%.

Our cost of goods sold was primarily determined by the cost of material consumed, power etc., and purchase of traded goods, adjusted by changes in inventories of finished goods as follows:

Cost of materials consumed

The Cost of materials consumed for the Nine months period ended December 31, 2021 was ₹ 7217.67 lacs as compared to ₹ 7711.03 lacs for the Nine months period ended December 30, 2020 representing a decrease. The change is commensurate with the change in sales of its products.

Changes in inventories of finished goods, work-in-progress

The changes in inventories of finished goods, work-in-progress for the Nine months period ended December 31, 2021 was ₹ 2711.98 lacs as compared to ₹ 2632.87 lacs for the Nine months period ended December 30, 2020, primarily due to market demand supply scenario.

Employee benefits expense

Employee benefits expense for the Nine months period ended December 31, 2021 was ₹ 494.24 lacs as compared to ₹ 496.01 lacs for the Nine months period ended December 30, 2020, representing a decrease of 0.36%. This was due to decrease in salaries, wages.

Finance costs

Finance cost for the Nine months period ended December 31, 2021 was ₹ 1198.78 lacs as compared to ₹ 1523.10 lacs for the Nine months period ended December 30, 2020, representing a decrease of (21.29%). The decrease in finance cost is due to reduced utilization of working capital limits and also on account of Term loan repayments.

Depreciation and amortization expense

Depreciation and amortization expense for the Nine months period ended December 31, 2021 was ₹ 665.70 lacs as compared to ₹ 674.61 lacs for the Nine months period ended December 30, 2020, representing a small decrease of (1.32%). The decrease is due to adoption of Ind As in the year 2020-21.

Other expenses

Other expenses for the Nine months period ended December 31, 2021 was ₹ 555.50 lacs as compared to ₹ 703.16 lacs for the Nine months period ended December 30, 2020, representing a decrease of (21.00)%. The decrease was mainly due to expenses incurred on repairs and maintenance and selling & distribution expenses.

Profit/(loss) before tax

The profit/(loss) before tax for the Nine months period ended December 31, 2021 of ₹ 272.95 lacs as compared to ₹ 202.82 lacs for the Nine months period ended December 30, 2020. The change is commensurate with the change in sales of its products.

Total tax expense

Total tax expense for the Nine months period ended December 31, 2021 is ₹ 55.80 lacs as compared to ₹ Nil lacs for the Nine months period ended December 30, 2020, representing an increase. The increase was due to impact of current and deferred tax.

Profit/(loss) for the period

As a result of the aforesaid, Our Company earned a profit/(loss) for the Nine months period ended December 31, 2021 of ₹ 217.15 lacs as compared to ₹ 202.82 lacs for the Nine months period ended December 30, 2020, representing an increase of 7.07%. The change is commensurate with the change in sales of its products.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

Particulars	(₹ in lacs)			
	Nine months period ended December 31, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Profit/(loss) before exceptional items and tax	272.94	321.70	261.32	469.87
Net Cash Flow from Operating Activities (A)	264.56	550.71	5,940.87	(3,048.05)
Net Cash Flow used in Investing Activities (B)	(8,044.85)	(92.71)	(166.06)	(158.14)
Net Cash used in Financing Activities (C)	7,244.46	580.33	(5,213.99)	2,721.70
Net increase / (decrease) in Cash & Cash Equivalents (A+B+C)	(535.83)	1,038.32	560.82	(484.49)

Particulars	Nine months period ended December 31, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Cash and cash equivalents at the beginning of the period / year	1,703.15	664.82	104.00	588.49
Cash and cash equivalents at the end of the period / year	1,167.32	1,703.15	664.82	104.00

Operating Activities

Net cash from operating activities for the Nine months period ended December 31, 2021 was ₹ 264.15 lacs as compared to the profit/(loss) before tax of ₹ 272.94lacs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivables.

Net cash from operating activities for the year ended March 31, 2021 was ₹ 550.71 lacs as compared to the profit/(loss) before tax of ₹ 321.70 lacs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivables.

Net cash from operating activities for the year ended March 31, 2020 was ₹ 5940.87 lacs as compared to the profit/(loss) before tax of ₹ 261.32 lacs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivables.

Net cash from operating activities for the year ended March 31, 2019 was ₹ (3048.05) lacs as compared to the profit/(loss) before tax of ₹ 469.87 lacs for the same period. This difference is primarily on account of trade payables, trade receivables and other current assets.

Investing Activities

Net cash used in investing activities for the Nine months period ended December 31, 2021 was ₹ (8,044.85) lacs. This was on account of purchase/sale of property, plant & equipment (including capital work-in-progress and capital advances).

Net cash used in investing activities for the year ended March 31, 2021 was ₹ (92.71) lacs. This was on account of purchase/sale of property, plant & equipment (including capital work-in-progress and capital advances).

Net cash used in investing activities for the year ended March 31, 2020 was ₹ (166.06) lacs. This was on account of purchase/sale of property, plant & equipment (including capital work-in-progress and capital advances).

Net cash used in investing activities for the year ended March 31, 2019 was ₹ (158.14) lacs. This was on account of purchase/sale of property, plant & equipment (including capital work-in-progress and capital advances).

Financing Activities

Net cash flows generated from financing activities for the Nine months period ended December 31, 2021 was ₹ 7,244.46 lacs. This was on account of increase in loans and advances given to farmers.

Net cash flows used in financing activities for the year ended March 31, 2021 was ₹ 580.33 lacs. This was on account of repayment of loans and advances given to farmers and increase in borrowings.

Net cash flows used in financing activities for the year ended March 31, 2020 was ₹ (5213.99) lacs. This was on account of repayment of borrowings and payment of finance cost.

Net cash flows used in financing activities for the year ended 2019 was ₹ 2721.70 lacs. This was on account of repayment of increase borrowings.

Contingent Liabilities

The statement of contingent liabilities of our Company as per IND AS 37 and derived from the audited summary statements are as mentioned in the table below:

(₹ in lacs)

Particulars	9 months period ended December 31, 2021	As at ³ 1st March, 2021	As at ³ 1st March, 2020	As at ³ 1st March, 2019
i) Contingent liabilities:				
a) Company has given Corporate guarantee on Harvesting and Transportation loan given to farmers	3694.97	3698.00	4066.00	5290.00
b) Sales tax demands against which the Group has filed appeals	406.53	406.53	406.53	406.53

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

Capital Expenditures

Our capital expenditures are mainly related to the purchase of fixed assets located in India. The primary source of financing for our capital expenditures has been cash generated from our operations and borrowings.

Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in the market prices, including interest rate risk, foreign exchange risk, credit risk and inflation risk. We believe that our principal market risks are equity price risk, foreign exchange risk, interest rate risk and credit risk.

Total Debt

For details of our borrowings, please see section titled “*Financial Information*” on page 86 of this Letter of Offer.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 22 and 146, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income except as mentioned in the section titled “*Risk Factors*” on page 22.

Except as disclosed in this Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future

increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 22 and 146, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Increase in revenues is by and large linked to increase in sale of units of our existing portfolio of products, introduction of new categories under existing brands and addition to new distribution channels.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths like quality products, brand loyalty, timely supply and better sourcing of raw-material. Due to which, we are able to stay competitive. For further details, kindly refer the chapter titled “*Our Business*” beginning on page 73.

Total Turnover of Each Major Business Segment

We currently operate in the following business segments:

- Sugar
- Power
- Aviation

New Product or Business Segment

Except as disclosed in “*Our Business*” on page 73, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our Company’s business is seasonal in nature.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Letter of Offer, particularly in sections “*Risk Factors*” on page 22, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details please refer to the discussion in the section titled “*Financial Information*” beginning on 86.

Significant Developments since last balance sheet date

Except as disclosed above and in this Letter of Offer, including under “*Our Business*” and “*Risk Factors*” on pages 73 and 22 respectively, to our knowledge no circumstances have arisen since December 31, 2021, the date of the last financial information disclosed in this Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company is involved in certain legal proceedings from time to time, which are primarily in the nature of tax disputes, criminal complaints, civil suits, and petitions pending before various authorities. Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation involving our Company, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) or is otherwise material in terms of the Materiality Policy.

For the purpose of (v) above, as per the materiality policy in accordance with our Company's 'Policy on determination of materiality of events' framed in accordance with Regulation 30 of the SEBI Listing Regulations, the materiality threshold considered is ₹ 1,478 lacs (being 10% of Income for Fiscal 2021) or above; and (ii) any other litigation involving our Company which may be considered material by our Company for the purposes of disclosure in this section of this Letter of Offer ("Materiality Threshold").

Litigations involving our Company

Proceedings involving issues of moral turpitude or criminal liability on the part of our Company

Nil

Proceedings involving material violations of statutory regulations by our Company

Nil

Economic offences where proceedings have been initiated against our Company

Nil

Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for the renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 52 of this Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated May 11, 2021 have authorised this Issue under Section 62(1) (a) of the Companies Act, 2013.

Our Board of Directors has, at its meeting held on May 23, 2022, determined the Issue Price as ₹ 12.50 per Rights Equity Share in consultation with the Lead Manager, and the Rights Entitlement as 69 (Sixty Nine) Rights Equity Share for every 100 (One Hundred) Equity Shares held on the Record Date.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letter dated January 28, 2022 issued by BSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

Further, our Promoters and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with SEBI;
2. The reports, statements and information referred to above are available on the website of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are 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 SUBMISSION OF THIS LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ("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, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI ICDR REGULATIONS"). 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 THE 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 THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 26, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS LETTER OF OFFER PERTAINING TO THE ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE 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 AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) **THIS LETTER OF OFFER IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- b) ALL THE MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED 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, FAIR 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, TO THE EXTENT APPLICABLE, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 15 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE.
7. WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE (C) AND (D) OF SUB-REGULATION (9) OF REGULATION 25 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.
8. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE CREDITED/TRANSFERRED IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 90 OF THE SEBI ICDR REGULATIONS, AS AMENDED.
9. WE CERTIFY THAT 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 OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED TO THE EXTENT APPLICABLE.

10. WE CERTIFY THAT THE 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. AS ON THE DATE OF THIS LETTER OF OFFER, OUR COMPANY HAS NOT ISSUED ANY SR EQUITY SHARES AND THERE ARE NO OUTSTANDING SR EQUITY SHARES; AND**
- b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

11. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS, AS AMENDED WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.

12. WE CONFIRM THAT THE ISSUER IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – NOT APPLICABLE.

13. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS’ EXPERIENCE, ETC.- COMPLIED WITH.

14. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH.

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE 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, our Directors and the LM

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisements or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information, including our Company’s website www.davangeresugar.com or the respective websites of our Promoter Group or an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations,

guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of 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 Karnataka, India only.

Disclaimer Clause of BSE

BSE Limited (“**the Exchange**”) has given vide its letter dated January 28, 2022, permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; 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.

Designated Stock Exchange

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

Listing

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

Selling Restrictions

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in

certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

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

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

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

Neither the delivery 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. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and the Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and

(ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

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

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

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

Consents

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Lead Manager, legal advisor, the Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Our Company has received written consent dated January 18, 2022 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) report dated June 30, 2021 on our Audited Financial Statements for the financial year ended March 31, 2021; (ii) limited review report dated February 14, 2022 on the unaudited financial statements for the Nine months period ended December 31, 2021; and (iii) statement of tax benefits dated May 24, 2022 in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

Expert Opinion

Our Company has received written consent dated January 18, 2022 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) report dated June 30, 2021 on our Audited Financial Statements for the financial year ended March 31, 2021; (ii) limited review report dated February 14, 2022 on the unaudited financial statements for the Nine months period ended December 31, 2021; and (iii) statement of tax benefits dated May 24, 2022 in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer. The term ‘expert’ and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

Except for the abovementioned documents, our Company has not obtained any expert opinions.

Filing

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

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Integrated Registry Management Services Private 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 the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, Physical folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning at page 169 of this Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Integrated Registry Management Services Private Limited

No. 30 Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru - 560 003, Karnataka, India

Telephone: +91 80 2346 0815 to 819

Facsimile: +91 80 2346 0819

E-mail: irg@integratedindia.in

Website: www.integratedindia.in

Contact person: Harish K/Giridhar S

Investor grievance: irg@integratedindia.in

CIN: U74900TN2015PTC101466

SEBI Registration No: INR0000544

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Musale Mohanbabu Pooja, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder:

73/1, post box number 312,
Shamanur Road, Davangere – 577 004,
Karnataka, India
Telephone: +91 8192-201623
E-mail: complianceofficer@davangeresugars.com

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

1) Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, our Company will at least three days before the Issue Opening Date, dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

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

- a) Our Company at www.davangeresugar.com;
- b) the Registrar to the Issue at www.integratedindia.in

- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (i.e., <https://rights.integratedindia.in/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.davangeresugar.com).

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

2) *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of 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 Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “**Davangere Sugar Company Limited – Rights Suspense Escrow Account**”) opened by our Company, for the Resident 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 Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. Friday, May 27, 2022 are requested to provide relevant details (such as copies of self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares) not later than two Working Days prior to the Issue Closing Date i.e. Thursday, June 30, 2022 in order to be eligible to apply for this Issue. Such Resident Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circular, the Resident 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 i.e. Thursday, June 30, 2022 shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

3) *Application by Resident 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 Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

4) *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 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

- 5) Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renounee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “*Procedure for Application through the ASBA process*” on page 178 of this Letter of Offer.
- 6) *Other important links and helpline:*

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.integratedindia.in>
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.integratedindia.in>
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: <https://rights.integratedindia.in>

Renounees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renounee(s) as well.

Authority for the Issue

The Board of Directors in its meeting dated May 11, 2021 has authorised this Issue under Section 62(1) (c) of the Companies Act, 2013.

The Board of Directors in their meeting held on May 23, 2022 have determined the Issue Price at ₹ 12.50 per Equity Share and the Rights Entitlement as 69 Rights Equity Share(s) for every 100 fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approval from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter dated January 28, 2022.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement (“REs”) (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., Friday, May 27, 2022, are entitled to the

number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (<https://rights.integratedindia.in>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (www.davangeresugar.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If the 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, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form. 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.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the Applicants who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

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 under applicable securities laws) and on the Stock Exchange's websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue

materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 10.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 12.50 per Rights Equity Share (including a premium of ₹ 2.50 per Rights Equity Share) in the Issue. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on May 23, 2022, has determined the Issue Price, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 69 Rights Equity Share(s) for every 100 Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

Terms of Payment

The entire amount of the Issue Price of ₹ 12.50 per Rights Equity Share shall be payable at the time of Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 69 Rights Equity Share(s) for every 100 Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 100 Equity Share(s) or not in the multiple of 100, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds 150 Equity Shares, such Shareholder will be entitled to 103 Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than 2 Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted

pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN no. INE179G20011 for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE179G01011 on BSE (Scrip Code: 543267). Our Equity Shares are not listed on National Stock Exchange of India Limited. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. DCS/RIGHT/KK/FIP/1856/2021-22 dated January 28, 2022. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalisation of the Basis of Allotment. Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

For details of trading and listing of Rights Equity Shares, please refer to the heading “*Terms of Payment*” at page 173 of this Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*” on page 50.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized 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 such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

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

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

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

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circular, our Company and will send the

Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form to the Applicants who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

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 (1) Kannada language daily newspaper with wide circulation at the place where our Registered Office is situated.

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

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, 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.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

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

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non availability of the email addresses of Eligible Equity Shareholders or electronic transmission

delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

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

- a) Our Company at www.davangeresugar.com;
- b) the Registrar to the Issue at <https://rights.integratedindia.in>
- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.integratedindia.in>) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.davangeresugar.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. Further, in accordance with the SEBI Rights Issue Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares at least two Working Days prior to the Issue Closing Date i.e. Thursday, June 30, 2022, after which they can apply through ASBA facility.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

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

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “*Grounds for Technical Rejection*” on page 188. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 178.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.integratedindia.in> and link of the same would also be available on the website of our Company at (www.davangeresugar.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circular, the resident 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 i.e. Thursday, June 30, 2022, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit 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 ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB 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 “*Application on Plain Paper under ASBA process*” on page 178.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “*Terms of the Issue*” on page 169. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “*Basis of Allotment*” on page

191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

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

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE179G20011 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., June 16, 2022 to June 27, 2022 (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 INE179G20011 and indicating the details of the Rights Entitlements they intend to sell. 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 under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

(b) Off Market Renunciation

The Investors 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 Renounees on or prior to the Issue Closing Date.

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 INE179G20011, 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.

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.

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.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue, Manager to the Issuer or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

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, may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand draft drawn at par, net of bank and postal charges, payable at Bengaluru and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see "*Modes of Payment*" on page 182.

The envelope should be super scribed "***Davangere Sugar Company Limited – Rights Issue***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Davangere Sugar Company Limited;
- 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);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ 12.50 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR 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;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- 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);
- Additionally, all such Applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US 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 (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the 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 except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

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

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

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

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

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, 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 . Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form is Thursday, June 30, 2022. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “*Terms of the Issue - Basis of Allotment*” on page 191.

Modes of Payment

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

In case of Application through 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.

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, 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 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 finalization 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.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

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 hereinafter.

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

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not

accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI 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 at irg@integratedindia.in or giri@integratedindia.in.

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.
- 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. In case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident 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 Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

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

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by 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;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in “*Application on Plain Paper under ASBA process*” beginning on page 180.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

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

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 192.

General instructions for Investors

- (a) Please read this Letter of Offer, Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circular, the resident 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, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.
- (c) Please read the instructions on the Application Form sent to you.

- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (e) Application should be made only through the ASBA facility.
- (f) 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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" on page 180.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (i) 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.
- (j) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar and the Lead Manager.
- (l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (m) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (o) 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.
- (p) 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.

- (q) All communication in connection with Application for the Rights Equity Shares, including any change in address 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, Physical folio number and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should send the intimation for such change to the respective depository participant for shares held in electronic form, and to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- (s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (u) 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.

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

- (a) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (b) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead 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.
- (c) 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.
- (d) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the

prescribed limits under the applicable law.

- (e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (f) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (h) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (i) Do not submit multiple Applications.
- (j) No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.
- (k) 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.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) 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.
- (d) Investors should provide correct DP ID and client ID/ folio number 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.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

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 Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER

APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number 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. Hence, 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. By signing the Application Forms, the 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.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, 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) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "*Investment by Mutual Funds*" below on page 196.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoters or members of the Promoter Group as described in *Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue* " on page 50.).

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Issue schedule

Last date for credit of Rights Entitlements	Thursday, June 16, 2022
Issue Opening Date	Thursday, June 16, 2022
Last date for on Market Renunciation*	Monday, June 27, 2022
Last date for receiving requests for Application Form and Rights Entitlement Letter	Tuesday, June 28, 2022
Issue Closing Date	Thursday, June 30, 2022
Finalising the basis of allotment (on or about)	Tuesday, July 05, 2022
Date of Allotment (on or about)	Tuesday, July 05, 2022
Initiation of refunds	Tuesday, July 05, 2022
Date of credit (on or about)	Wednesday, July 06, 2022

**Our Board may, however, decide 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).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Basis of Allotment

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

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.
- (b) As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored, therefore those Equity Shareholders holding less than 2 (TWO) Equity Shares would be entitled to 'Zero' Rights Equity Shares under this Issue. Application Form with 'Zero' entitlement will be send to such shareholders. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the allotment of 1 (One) Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for. Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall 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 unsubscribed Rights Equity Shares after making full Allotment under (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 the Issue and will not be a preferential allotment.
- (d) Allotment to Renounees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.
- (f) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

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

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

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice, refund instructions or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House (“**NACH**”) except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“**RTGS**”).

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post or email intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019.

The letter of allotment or refund order would be sent by registered post, email or speed post to the sole/ first Investor's address or the email address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the event, our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund the entire proceeds of the Issue within four days of receipt of intimation from the Stock Exchange rejecting the application for listing of Equity Shares, and if any such money is not repaid within four days after our Company becomes liable to repay we shall, on and from the expiry of the fourth day, be liable to repay that money with interest at the rate of fifteen per cent. per annum.

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

1. Unblocking amounts blocked using ASBA facility;
2. **National Automated Clearing House (“NACH”)** – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.
3. **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the

Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

4. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.

5. RTGS – If the refund amount exceeds ₹ 200,000, Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

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

7. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Option to receive Right Equity Shares in Dematerialised Form

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

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form.

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

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

- Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue for further details, please refer to “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 184.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the ASBA 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, only Category I FPIs, 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 eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**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.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lacs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lacs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

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

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth 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.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten 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. Where such fraud (i) involves an amount which is less than ₹ 10 lacs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lacs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements dated October 06, 2005 and March 15, 2021 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE179G01011.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date.

For further instructions, please read the Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, 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; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.

- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Filing

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

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchange will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Important

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 the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*”

on page 22.

All enquiries in connection with this Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP 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 “*Davangere Sugar Company Limited – Rights Issue*” on the envelope to the Registrar at the following address:

Integrated Registry Management Services Private Limited

No 30 Ramana Residency,
4th Cross Sampige Road, Malleswaram,
Bengaluru, Karnataka - 560 003

Telephone: +91 80 2346 0815 to 819

Facsimile: +91 80 2346 0819

E-mail ID: irg@integratedindia.in

Website: www.integratedindia.in

Contact Person: S Giridhar/Mr K Harish

SEBI Registration No: INR000000544

Validity of Registration: Permanent

The Issue will remain open for a minimum period of 7 (seven) 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 (thirty) 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 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, 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 August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 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 between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the 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 SEBI 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.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

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.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date.

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 documents for inspection referred to hereunder, would be available on the website of the Company at www.davangeresugar.com from the date of this Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated January 6, 2022 entered into between our Company and the Lead Manager.
- (ii) Registrar Agreement dated January 7, 2022 entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated February 21, 2022 amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

2. Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Annual Reports of the Company for the past five years.
- (iii) Certificate of incorporation dated September 28, 1970.
- (iv) Certificate of commencement of business dated December 31, 1970.
- (v) Resolution of the Board of Directors dated May 11, 2021 in relation to the Issue.
- (vi) Resolution of the Board of Directors dated May 26, 2022 approving and adopting this Letter of Offer.
- (vii) Resolution of the Rights Issue Committee dated May 26, 2022 approving and adopting this Letter of Offer.
- (viii) Resolution of our Board dated May 23, 2022, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- (ix) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead manager, Bankers to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Letter of Offer in their respective capacities.
- (x) The report dated June 30, 2021 of the Statutory Auditor, on our on our Audited Financial Statements for the financial year ended March 31, 2021, included in this Letter of Offer.
- (xi) The limited review report dated February 14, 2022 on the unaudited financial statements for the nine months period ended December 31, 2021 included in this Letter of Offer.
- (xii) Statement of Tax Benefits dated May 24, 2022 from the Statutory Auditor included in this Letter of Offer.
- (xiii) Tripartite Agreement dated October 06, 2005 between our Company, NSDL and the Registrar to the Issue.
- (xiv) Tripartite Agreement dated March 15, 2021 between our Company, CSDL and the Registrar to the Issue.

(xv) Due Diligence Certificate dated May 26, 2022 addressed to SEBI from the Lead Manager.

(xvi) In principle listing approvals dated January 28, 2022 issued by BSE.

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 shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to 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, as the case may be. We further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Ganesh Shivashankarappa Shamanur
(Chairman and Managing Director)

Sd/-

Rekha Ganesh
(Non-Executive Director)

Sd/-

Abhijith Ganesh Shamanur
(Executive Director)

Sd/-

Tumbegere Rudrappa
(Independent Director)

Sd/-

Thappagondanahally Rajashekarappa
(Independent Director)

Sd/-

Veena Umapathy
(Additional (Independent) Director)

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Sd/-

Virupakshappa Ganesh Rao

Place: Davangere

Date: May 26, 2022

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated May 26, 2022, (“**Letter of Offer**”), which is available on the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange where the Equity Shares of our Company are listed, i.e., BSE Limited (“**BSE**”) (“referred as, the “**Stock Exchange**”). You are encouraged to read greater details available in the Letter of Offer. Capitalised terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

THIS ABRIDGED LETTER OF OFFER CONTAINS 16 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

Our Company has made available on the Registrar’s website at <https://rights.integratedindia.in> and the Company’s website at www.davangeresugar.com, the Abridged Letter of Offer and the Application Form, to the Eligible Equity Shareholders who have provided an Indian address to the Company. You may also download the Letter of Offer from the websites of the Company, the Securities and Exchange Board of India (“**SEBI**”), the Stock Exchange and the Registrar, i.e., www.davangeresugar.com, www.sebi.gov.in, www.bseindia.com and <https://rights.integratedindia.in>, respectively. The Application Form is available on the website of our Company, the Stock Exchange.



DAVANGERE SUGAR COMPANY LIMITED

Registered Office: 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India;

Telephone: +91 81 9220 1623; Facsimile: NA;

Corporate Office: No. 19, Shivashankar Plaza, 3rd floor, Richmond Circle, Lalbagh Road, Bengaluru - 560 027, Karnataka, India; **Telephone:** +91 80 2227 2183; Facsimile: NA;

E-mail: davangeresugars@gmail.com; **Website:** www.davangeresugar.com;

Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer;

Corporate Identification Number: L37100KA1970PLC001949

PROMOTERS OF OUR COMPANY: GANESH SHIVASHANKARAPPA SHAMANUR, REKHA GANESH, ABHIJITH GANESH SHAMANUR, SHAMANUR SHIVASHANKARAPPA MALLIKARJUN, AKHILA G SHAMANUR, ANCHAL G SHAMANUR, MAFATLAL PLYWOOD INDUSTRIES PRIVATE LIMITED, SHAMANUR SHIVASHANKARAPPA

ISSUE DETAILS, LISTING AND PROCEDURE

ISSUE OF UPTO 3,84,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF DAVANGERE SUGAR COMPANY LIMITED THE “COMPANY”) FOR CASH AT A PRICE OF ₹ 12.50/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2.50/- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,800 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 69 RIGHTS EQUITY SHARE(S) FOR EVERY 100 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 27, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.25 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 169 OF THIS LETTER OF OFFER.

Listing: The existing Equity Shares are listed on BSE Limited (“**BSE**”) (the “**Stock Exchange**”). Our Company has received ‘in-principle’ approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letter dated January 28, 2022. For the purpose of this Issue, the Designated Stock Exchange is BSE.

Procedure: If you wish to know about processes and procedures applicable to a rights issue, you may refer to the section titled “Terms of the Issue” on page 169 of the Letter of Offer. You may download a copy of the Letter of Offer from the websites of our Company, SEBI, the Stock Exchange, Registrar, as stated above. You can also request the Company or the Stock Exchange to provide a hard copy of the Letter of Offer. Please note that in terms of Regulation 72(5) of SEBI ICDR Regulations, the Stock Exchange may charge a reasonable amount for providing hard copy of the Letter of Offer.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Our Company is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Minimum Subscription: In accordance with Regulation 86(1) of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reasons:

1. Objects of the Issue are for a purpose which is other than financing a capital expenditure for a project; and
2. Ganesh Shivashankarappa Shamanur, on behalf of the Promoter and Promoter Group has, vide his letter (the “**Subscription Letter**”) undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Issue Opening Date	Thursday, June 16, 2022	Date of Allotment/ Initiation of Refunds (on or about)	Tuesday, July 05, 2022
Last Date for On Market Renunciation#	Monday, June 27, 2022	Date of credit of Equity Shares to demat account of Allottees (on or about)	Wednesday, July 06, 2022
Issue Closing Date*	Thursday, June 30, 2022	Date of listing / Commencement of trading of Equity Shares on the Stock Exchange (on or about)	Tuesday, July 12, 2022
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	Tuesday, July 05, 2022		

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, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

PAYMENT SCHEDULE

The Issue Price of ₹12.50/- per Equity share which is payable at the time of making the Application.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of the Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 22 of the Letter of Offer.

Name of the Lead Manager and contact details

SAFFRON CAPITAL ADVISORS PRIVATE LIMITED
605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar,
Andheri (East), Mumbai - 400 059, Maharashtra, India.
Telephone: +91 22 4973 0394
Facsimile: NA
E-mail: rights.issue@saffronadvisor.com
Website: www.saffronadvisor.com
Investor grievance: investorgrievance@saffronadvisor.com
Contact Person: Amit Wagle\ Gaurav Khandelwal
SEBI Registration Number: INM 000011211
Validity of Registration: Permanent

Name of the Registrar to the Issue and contact details	INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED No. 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003, Karnataka, India Telephone: +91 80 2346 0815 to 819 Facsimile: +91 80 2346 0819 E-mail: irg@integratedindia.in Website: www.integratedindia.in Contact person: Giridhar S / Harish K Investor grievance: irg@integratedindia.in CIN: U74900TN2015PTC101466 SEBI Registration No: INR000000544
Name of the Statutory Auditors	M/s D G M S & Co, Chartered Accountants
Self-Certified Syndicate Banks (“SCSBs”)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time.
Banker to the Issue	ICICI Bank Limited Capital Market Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400020 Telephone: 022- 66818911/23/24 Facsimile: 022- 22611138 E-mail: sagar.welekar@icicibank.com Website: www.icicibank.com SEBI Registration Number: INBI00000004 Contact Person: Mr. Sagar Welekar

SUMMARY OF BUSINESS

Our Company was incorporated in the year 1970 as Joint Sector Company by Karnataka Agro Industries Corporation Limited, Karnataka State Small Industries Development Corporation Limited, IDBI, ICICI, IFCI and local farmers with initial equity capital base of ₹ 160 lacs. DSCL commenced commercial production of Sugar in the year 1974, with a capacity of 1250TCD. The Government of Karnataka was managing the affairs of the company till the year 1995. Shamanur group acquired the shares owned by Government of Karnataka & took over the management of the company during the FY 1995-96. During the post-acquisition, the new management continuously expanded sugar crushing operations of the company. In the year 2014 equity shares of our Company were transferred from Bangalore Stock Exchange Ltd to the dissemination board of BSE. Our Company made application with BSE for listing of equity shares through Direct Listing mechanism. On March 19, 2021, we obtained the listing and trading approval from BSE Limited and consequently our equity shares were listed and started trading on BSE. The market capitalization (full float) of our Company as at December 31, 2021 on BSE was ₹ 9,020,.88 lacs. For further details, please refer to the chapter titled “Our Business” at page 74 of the Letter of Offer.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company; and
2. General corporate purposes.
(Collectively, referred to hereinafter as the “Objects”)

We intend to utilize the proceeds raised through the Issue (the “Issue Proceeds”) after deducting the Issue related expenses (“Net Proceeds”) for the abovementioned Objects.

Requirement of Funds

The proposed utilization of Proceeds by our Company is set forth in the following table: (₹ in lacs)

Particulars	Amount
Part repayment or prepayment of unsecured loans availed by our Company from Ganesh Shivashankarappa Shamanur, one of the Promoters of our Company;	3,600.00
General Corporate Purposes	1,150.00
Gross Proceeds from the Issue	4,750.00

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, Directors, key managerial personnel or associate companies (as defined under Companies Act, 2013).

Means of Finance

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

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2023. The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lacs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company. For more details, please refer to the chapter titled “Objects of the Issue” on page 52 of the Letter of Offer.

Equity Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations

(i) The shareholding pattern of our Company as on March 31, 2022

Category of Shareholder	Pre-Issue number of Equity Shares held	Total as a % of Total Voting right
(A) Promoter & Promoter Group	4,12,47,122	74.07
(B) Public	1,44,37,340	25.93
Grand Total	5,56,84,462	100

For more details, please refer to the chapter titled “Capital Structure” on page 50 of the Letter of Offer.

BOARD OF DIRECTORS

S.No.	Name	Designation	Other Directorships
1.	Ganesh Shivashankarappa Shamanur	Chairman and Managing Director	i. Mafatlal Plywood Industries Private Limited ii. Shamanur Starch Private Limited iii. Vishala India Commercial Developers Pvt Ltd
2.	Rekha Ganesh	Non-Executive Woman Director	Nil
3.	Abhijith Ganesh Shamanur	Executive Director	Nil
4.	Tumbegere Rudrappa	Independent Director	Nil
5.	Thappagondanahally Rajashekarappa	Independent Director	Nil
6.	Veena Umopathy	Independent Director	Nil

For more details, see the chapter titled “Our Management” on page 82 of the Letter of Offer.

NEITHER OUR COMPANY NOR OUR PROMOTER OR ANY OF OUR DIRECTORS HAVE BEEN DECLARED AS A WILFUL DEFAULTER BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITY

FINANCIAL INFORMATION

Following are the details as per the Audited Consolidated Financial Statements as at and for the Fiscals ended March 31, 2020 and 2021 and the Limited Reviewed Unaudited Consolidated Financial Statements for quarter ended December 31, 2021:

(₹ in lacs)

Sr. No.	Particulars	December 31, 2021*	March 31, 2021	March 31, 2020
1.	Authorised Share Capital	6,000.00	6,000.00	6,000.00
2.	Paid-up Capital	5,568.45	5,568.45	5,568.45
3.	Net Worth attributable to Equity Shareholders	24,804.50	24,531.11	24,295.28
4.	Total Revenue	7,692.86	14,781.17	20,306.22
5.	Profit after tax	272.94	249.92	206.93
6.	Earnings per Share (basic & diluted) (in ₹)	0.39	0.45	0.37
7.	Net Asset Value per Equity Share (in ₹)	44.54	44.05	43.63
8.	Total Borrowings	20638.51	18,806.85	20,063.11

**Quarterly, Unaudited, reviewed*

INTERNAL RISK FACTORS

The below mentioned risks are the top five risk factors as per the Letter of Offer:

The below mentioned are top 5 risk factors as per the Letter of Offer:

1. The novel coronavirus (Covid-19) pandemic outbreak and steps taken to control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.
2. Our business is subject to seasonal variations that could result in fluctuations in our results of operations.
3. Sugarcane is the principal raw material used for the production of sugar. Our business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect our business and results of operations.
4. Our Company has experienced insufficient capacity utilisation of our manufacturing unit in the past and may experience the same in the future as well, which could have an adverse impact on our business, results of operations and financial condition.
5. The improper handling, processing or storage of raw materials or products, or spoilage of and damage to such raw materials and products, or any real or perceived contamination in our products, could subject us to regulatory and legal action, damage our reputation and have an adverse effect on our business, results of operations and financial condition.

For further details, see the section “Risk Factors” on page 22 of the Letter of Offer.

SUMMARY OF OUTSTANDING LITIGATION, CLAIMS AND REGULATORY ACTION

A summary of the pending tax proceedings and other material litigations involving our Company is provided below:

1) Cases filed against our Company

Nature of litigation	Number of matters outstanding	Amount involved* (₹ in lacs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	NIL	NIL
Tax Proceedings	NIL	NIL
Proceedings involving material violations of statutory regulations by our Company	NIL	NIL
Economic offences	NIL	NIL
Material civil litigations above the materiality threshold	NIL	NIL

**To the extent quantifiable*

2) Cases filed by our Company

Nature of litigation	Number of matters outstanding	Amount involved* (₹ in lacs)
Criminal matters	NIL	NIL
Other civil litigation considered to be material by our Company's Board of Directors	NIL	NIL

**To the extent quantifiable*

For further details in relation to the pending litigation involving our Company, see section “*Outstanding Litigation and Defaults*” on page 158 of the Letter of Offer.

TERMS OF THE ISSUE

In accordance with the SEBI ICDR Regulations, our Company will at least three days before the Issue Opening Date, dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.davangeresugar.com;
- b) the Registrar to the Issue at www.integratedindia.in
- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (i.e., <https://rights.integratedindia.in/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.davangeresugar.com).

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number. Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares 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 Applications made with payment using third party bank accounts are liable to

be rejected. Investors are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB. Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, 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 Rights Issue Circular. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 188 of the Letter of Offer. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. The SCSBs shall accept such application forms only if all details required for making the application as per these regulations are specified in the plain paper application. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. If an investor makes an application both in an application form as well as on a plain paper, both applications are liable to be rejected. For details, see “Applications on Plain Paper under ASBA process” on page 180 of the Letter of Offer.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 69 Rights Equity Share(s) for every 100 Equity Share(s) held on the Record Date.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 69 Rights Equity Share(s) for every 100 Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 100 Equity Share(s) or not in the multiple of 100, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds 150 Equity Shares, such Shareholder will be entitled to 103 Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than 2 Equity Shares and therefore entitled to ‘Zero’ Rights Equity Share under this Issue shall be dispatched an Application Form with ‘Zero’ entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

IN ACCORDANCE WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/13 DATED JANUARY 22, 2020, THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE SHALL BE REQUIRED TO PROVIDE THEIR DEMAT ACCOUNT DETAILS TO OUR COMPANY OR THE REGISTRAR TO THE ISSUE FOR CREDIT OF RIGHTS ENTITLEMENTS NOT LATER THAN TWO WORKING DAYS PRIOR TO ISSUE CLOSING DATE, SUCH THAT CREDIT OF RIGHTS ENTITLEMENTS IN THEIR DEMAT ACCOUNT TAKES PLACE AT LEAST ONE DAY BEFORE ISSUE CLOSING DATE, THEREBY ENABLING THEM TO RENOUNCE THEIR RIGHTS ENTITLEMENTS THROUGH OFF MARKET RENUNCIATION.

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

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE179G20011 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one (1) Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., June 16, 2022 to June 27, 2022 (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 INE179G20011 and indicating the details of the Rights Entitlements they intend to sell. 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 under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

(b) Off Market Renunciation

The Investors 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 Renounees on or prior to the Issue Closing Date.

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 INE179G20011, 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.

INVESTORS TO KINDLY NOTE THAT AFTER PURCHASING THE RIGHTS ENTITLEMENTS THROUGH ON MARKET RENUNCIATION / OFF MARKET RENUNCIATION, AN APPLICATION HAS TO BE MADE FOR SUBSCRIBING THE SHARES OFFERED UNDER RIGHTS ISSUE. IF NO APPLICATION IS MADE BY THE PURCHASER OF RIGHTS ENTITLEMENTS ON OR BEFORE ISSUE CLOSING DATE THEN SUCH RES WILL GET LAPSED AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE. NO SHARES FOR SUCH LAPSED RES WILL BE CREDITED, EVEN IF SUCH RES WERE PURCHASED FROM MARKET AND PURCHASER WILL LOSE THE AMOUNT PAID TO ACQUIRE THE RES. PERSONS WHO HAVE BOUGHT RIGHTS ENTITLEMENTS, SHALL REQUIRE TO MAKE AN APPLICATION AND APPLY FOR SHARES OFFERED UNDER RIGHTS ISSUE, IF THEY WANT TO SUBSCRIBE TO THE SHARES OFFERED UNDER RIGHTS ISSUE.

FOR PROCEDURE OF APPLICATION BY SHAREHOLDERS WHO HAVE PURCHASED THE RIGHT ENTITLEMENT THROUGH ON MARKET RENUNCIATION / OFF MARKET RENUNCIATION, PLEASE REFER TO THE HEADING TITLED "PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS" ON PAGE 178 OF THE LETTER OF OFFER AND PAGE 11 OF THIS ABRIDGED LETTER OF OFFER.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “Terms of the Issue” on page 169. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “Basis of Allotment” on page 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.integratedindia.in> and link of the same would also be available on the website of our Company at (www.davangeresugar.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circular, the resident 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 i.e. Thursday, June 30, 2022, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in “Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form” on page 184.

Intention and extent of participation by our Promoter and Promoter Group in the Issue:

Ganesh Shivashankarappa Shamanur, on behalf of the Promoter and Promoter Group has, vide his letter (the “**Subscription Letters**”) undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. 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.

Availability of offer document of the immediately preceding public issue or rights issue for inspection

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

ANY OTHER IMPORTANT INFORMATION AS PER THE COMPANY

In accordance with the SEBI ICDR Regulations, our Company will at least three days before the Issue Opening Date,

dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

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

- a) Our Company at www.davangeresugar.com;
- b) the Registrar to the Issue at www.integratedindia.in
- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (i.e., <https://rights.integratedindia.in/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.davangeresugar.com).

Our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of 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 Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, **“Davangere Sugar Company Limited – Rights Suspense Escrow Account”**) opened by our Company, for the Resident 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 Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. Friday, May 27, 2022 are requested to provide relevant details (such as copies of self-attested PAN and details of address proof by way of uploading on Registrar website the records confirming the legal and beneficial ownership of their respective Equity Shares) not later than two Working Days prior to the Issue Closing Date i.e. Thursday, June 30, 2022 in order to be eligible to apply for this Issue. Such Resident Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circular, the Resident 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 i.e. Thursday, June 30, 2022 shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Application by Resident 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 Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. They may also communicate with Registrar with the helpline number (+91 80 2346 0815 to 819) and their email address: <https://rights.integratedindia.in>

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form” on page 184.

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 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renounee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “Procedure for Application through the ASBA process” on page 180 of this Letter of Offer.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.integratedindia.in>
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.integratedindia.in>
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: <https://rights.integratedindia.in>

INVESTORS TO KINDLY NOTE THAT THE RIGHT ENTITLEMENTS WOULD TRADE UNDER THE FOLLOWING ISIN: INE179G20011. THIS ISIN IS DIFFERENT FROM THE ISIN UNDER WHICH THE EQUITY SHARES OF OUR COMPANY TRADE ON THE PLATFORM OF THE STOCK EXCHANGE. INVESTORS ARE REQUESTED TO QUOTE THE ISIN: INE179G2001 WHILE TRADING THE RIGHT ENTITLEMENTS.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit 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 ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on

Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue, Manager to the Issuer or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

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, may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand draft drawn at par, net of bank and postal charges, payable at Bengaluru and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue.

The envelope should be super scribed “Davangere Sugar Company Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Davangere Sugar Company Limited;
- 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);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ 12.50 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR 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;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- 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);
- Additionally, all such Applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US 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 (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered

in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the 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 except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

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

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

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

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

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, 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 <https://rights.integratedindia.in>. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

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 Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

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

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by 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;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in "Application on Plain Paper under ASBA process" beginning on page 180.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to Issue

Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

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

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 192.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Availability of offer document of the immediately preceding public issue or rights issue for inspection

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Important

Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 22.

All enquiries in connection with this Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed quoting the Registered Folio Number or the DP 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 “*Davangere Sugar Company Limited – Rights Issue*” on the envelope to the Registrar at the following address:

Integrated Registry Management Services Private Limited

No 30 Ramana Residency, 4th Cross Sampige Road,

Malleswaram, Bengaluru, Karnataka - 560 003

Telephone: +91 80 2346 0815 to 819

Facsimile: +91 80 2346 0819

E-mail ID: irg@integratedindia.in

Website: www.integratedindia.in

Contact Person: S Giridhar/ K Harish

SEBI Registration No: INR000000544

Validity of Registration: Permanent

The Issue will remain open for a minimum period of 7 (seven) 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 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

DECLARATION BY OUR COMPANY

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to 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, as the case may be. We further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Ganesh Shivashankarappa Shamanur

(Chairman and Managing Director)

Sd/-

Rekha Ganesh

(Non-Executive Director)

Sd/-

Abhijith Ganesh Shamanur

(Executive Director)

Sd/-

Tumbegere Rudrappa

(Independent Director)

Sd/-

Thappagondanahally Rajashekarappa

(Independent Director)

Sd/-

Veena Umopathy

(Additional (Independent) Director)

SIGNED BY OUR CHIEF FINANCIAL OFFICER

Sd/-

Virupakshappa Ganesh Rao

Place: Davangere

Date: May 26, 2022

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APPLICATION FORM FOR ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY AND RENOUNCEES ONLY USING ASBA FACILITY

The Eligible Equity Shareholders who have not provided details of their respective demat account to the Company or the Registrar at least two Working Days prior to the Issue Closing Date may apply in the Issue.

Application No.:

Collecting SCSBs Sign and Seal



DAVANGERE SUGAR COMPANY LIMITED

Registered Office: 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India; Tel: +91 81 9220 1623;

Corporate Office: No. 19, Shivashankar Plaza, 3rd floor, Richmond Circle, Lalbagh Road, Bengaluru - 560 027, Karnataka, India; Tel: +91 80 2227 2183;

E-mail: davangeresugars@gmail.com;

Website: www.davangeresugar.com;

Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer;

Corporate Identification Number:

L37100KA1970PLC001949

NOT INTENDED FOR ELIGIBLE EQUITY SHAREHOLDERS IN THE UNITED STATES

ISSUE OPENS ON THURSDAY, JUNE 16, 2022

LAST DATE FOR ON MARKET RENUNCIATION MONDAY, JUNE 27, 2022

ISSUE CLOSSES ON THURSDAY, JUNE 30, 2022

#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.

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.

Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please read the letter of offer dated May 26, 2022 (“**Letter of Offer**” or “**LOF**”), the Abridged Letter of Offer, the Rights Entitlement Letter and instructions on the reverse of this Application Form carefully. All capitalised terms not defined herein shall carry the same meaning as ascribed to them in the Letter of Offer.

DO NOT TEAR OR DETACH ANY PART OF THIS APPLICATION FORM

THIS DOCUMENT IS NOT NEGOTIABLE.

ISSUE OF UPTO 3,84,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF DAVANGERE SUGAR COMPANY LIMITED THE “COMPANY” FOR CASH AT A PRICE OF ₹ 12.50/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2.50/- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,800 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 69 RIGHTS EQUITY SHARE(S) FOR EVERY 100 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 27, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.25 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 169 OF THIS LETTER OF OFFER.

**Assuming full subscription and receipt of Call Money with respect to Rights Equity Shares*

Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States or the territories or possessions thereof (the “United States” or “U.S.”), except in a transaction exempt from the registration requirements of the U.S. Securities Act. The Rights Equity Shares referred to in the letter of offer are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

To,

The Board of Directors,

DAVANGERE SUGAR COMPANY LIMITED

Date: May 26, 2022

Dear Sir/ Madam,

- I/We hereby accept and apply for Allotment of the Rights Equity Shares (including Additional Rights Equity Shares “if applicable”) mentioned in Block I below in response to the Abridged Letter of Offer/ Letter of Offer dated May 26, 2022 and any addenda thereto offering the Rights Equity Shares to me/us on rights basis.
- I/We agree to pay the amount specified in Block II below at the rate of ₹ 12.50/- per Rights Equity Share payable on Application on the total number of Rights Equity Shares specified in Block I below.
- I/We agree to accept the Rights Equity Shares Allotted to me/us and to hold such Rights Equity Shares upon the terms and conditions of the Abridged Letter of Offer/ Letter of Offer dated May 26, 2022 and any addendum thereto, this Application Form, Rights Entitlement Letter and subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SEBI Rights Issue Circular as applicable and the rules made thereunder and the Memorandum and Articles of Association of the Company.
- I/We undertake that I/we will sign all such other documents and do all other such acts, if any, necessary on my/our part to enable me/us to be registered as the holder(s) of the Rights Equity Shares in respect of which this application may be accepted.
- I/We also agree to accept the Rights Equity Shares subject to laws, as applicable, guidelines, circulars, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/Government of India/RBI and/or other authorities.
- I/We hereby solemnly declare that I am/we are not applying for the Rights Equity Shares in contravention of section 269SS of the Income-Tax Act, 1961.
- I/We authorise you to place my/our name(s) on the Register of Members / Register of Significant Beneficial Owners. All such Resident Eligible Equity Shareholders are deemed to have accepted the following:
 - “I/We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/We understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Right Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.
 - I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
- I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Other Regulatory and Statutory Disclosures – Selling Restrictions” on page 164 of the Letter of Offer.
- I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.
- I/ We acknowledge that we will rely upon the truth and accuracy of the foregoing representations and agreements.”

- (a) **Please read the instructions printed on the Application Form carefully.**
- (b) The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees.
- (c) Please read the Letter of Offer, and any addenda thereto carefully to understand the Application process and applicable settlement process. All references in this Application Form to the "Abridged Letter of Offer" are to the Abridged Letter of Offer read together with the Letter of Offer and any addenda thereto. For accessing the Letter of Offer, the Abridged Letter of Offer, and any addenda thereto and the Application Form, please refer to the links provided below on page 5 of this Application Form.
- (d) **In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see "Procedure for Application through the ASBA Process" on page 178 of the Letter of Offer.**
- (e) **Applications should be submitted 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 on the Issue Closing Date, i.e., Thursday, June 30, 2022, 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.**
- (f) In accordance with the SEBI Rights Issue Circular, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on the Record Date are required to furnish the details of their demat account along with copies of 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 i.e., Thursday, June 30, 2022, after which they can apply through ASBA facility. 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 i.e., Thursday, June 30, 2022, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form. Eligible Equity Shareholders holding Equity Shares in physical form must check the procedure for Application by and credit of Rights Equity Shares in "Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form" on page 184 of the Letter of Offer.
- (g) The Application should be completed in all respects. Any Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, and any addenda thereto and 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.**
- (h) 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 and required to provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form. Please note that only those Investors who have a demat account can apply through ASBA facility. Resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date can participate in the Issue by furnishing the details of their demat account to the Registrar or our Company, at least two Working Days prior to the Issue Closing Date i.e., Thursday, June 30, 2022 post which they can apply to the Issue through ASBA mode.
- (i) In case of non-receipt of Application Form, Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading "Application on Plain Paper under ASBA process" on page 180 of the Letter of Offer and any addenda thereto.
- (j) The plain paper Application should be submitted at a Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB and not to the Bankers to the Issue or Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB) or to our Company or the Registrar.
- (k) **All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the Income Tax Act, 1961, 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, Application Forms without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (l) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. **Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for Application.** In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (m) 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 English or Hindi and 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 the SCSB.
- (n) 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) 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.
- (o) All communication in connection with Application for the Rights Equity Shares, including any change in address 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, Physical folio number and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should send the intimation for such change to the respective depository participant for shares held in electronic form, and to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (p) Only Eligible Equity Shareholders who are eligible to subscribe for Rights Entitlement and Rights Equity Shares in their respective jurisdictions under applicable securities laws are eligible to participate.
- (q) Only the Investors holding Equity Shares in demat form or the Physical Shareholders who furnish the details of their demat accounts to the Registrar not later than two Working Days prior to the Issue Closing Date, are eligible to participate through the ASBA process. In accordance with the SEBI Rights Issue Circular, 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 i.e., Thursday, June 30, 2022 shall not be eligible to apply in this Rights Issue.
- (r) Please note that ASBA Applications may be submitted at all designated branches of the SCSBs available on the SEBI website at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
- (s) Investors are required to ensure that the number of Rights Equity Shares applied by them do not exceed the investment limits or maximum number of Equity Shares that can be held by them prescribed under applicable law.
- (t) **The Investors shall submit only one Application Form for the Rights Entitlements available in a particular demat account.** In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations such the Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts; the Investors are required to submit the Application Form separately from each demat account.
- (u) **Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.**
- (v) The Company reserves the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.
- (w) **PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE "TERMS OF THE ISSUE - PROCEDURE FOR APPLICATION" ON PAGE 176 OF THE LETTER OF OFFER.**
- (x) 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.

LAST DATE FOR APPLICATION

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, June 30, 2022 i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "Terms of the Issue - Basis of Allotment" on page 191 of the Letter of Offer. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

WITHDRAWAL OF APPLICATION

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

LIST OF SELF CERTIFIED SYNDICATE BANKS (SCSBs)

The list of banks who have registered with SEBI to act as SCSBs for the ASBA Process is <https://www.sebi.gov.in/sebiweb/Other/Otheraction.do?Dorecognisedfpi=Yes&Intmid=34>. For This Issue, Following Banks Would Be Acting As SCSB: (1) Ahmedabad Mercantile Bank Ltd (2) Allahabad Bank (3) Andhra Bank (4) AU Small Finance Bank Ltd (5) Axis Bank Ltd (6) Bandhan Bank Ltd (7) Bank of Baroda (8) Bank of India (9) Bank of Maharashtra (10) Barclays Bank Plc (11) Bnp Paribas (12) Canara Bank (13) Catholic Syrian Bank Limited (14) Central Bank Of India (15) Citi Bank Na (16) City Union Bank Ltd (17) DBS Bank Ltd (18) DCB Bank Limited (19) Deutsche Bank Ag (20) Development Credit Bank Limited (21) Equitas Small Finance Bank Ltd (22) GP Parsik Sahakari Bank Limited (23) HDFC Bank Ltd (24) ICICI Bank Ltd (25) IDBI Bank Ltd (26) IDFC First Bank Limited (27) Indian Bank (28) Indian Overseas Bank (29) Indusind Bank Ltd (30) J.P Morgan Bank (31) Janata Sahakari Bank Ltd (32) Kalapur Commercial Bank Ltd (33) Karnataka Bank Ltd (34) Karur Vysya Bank Ltd (35) Kotak Mahindra Bank Ltd (36) Nutan Nagarik Sahakari Bank Ltd (37) Oriental Bank Of Commerce (38) Punjab & Sindh Bank Ltd (39) Punjab National Bank (40) Rajkot Nagarik Sahakari Bank Ltd (41) Rbi Bank (42) Saraswat Bank Ltd (43) South Indian Bank Ltd (44) Standard Chartered Bank (46) State Bank Of India (47) Tamilnadu Merchantile Bank (48) The Dhanlaxmi Bank Ltd (49) The Federal Bank Ltd (50) The Hsbc Ltd (51) The Jammu And Kashmir Bank Limited (52) The Mehsana Urban Co-Opertavie Ltd (53) The Shamrao Vithal Coop Bank (54) The Surat People Co Op Bank Ltd (55) Tjsb Sahakari Bank Ltd (56) Uco Bank (57) Union Bank Of India (58) United Bank Of India (59) Yes Bank Ltd.

In terms of the SEBI Rights Issue Circular and the MCA circular, the Application Form, Rights Entitlement Letter and Abridged Letter of Offer was dispatched to the Eligible Equity Shareholders, through email to the email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar of the Issue at <https://rights.integratedindia.in> by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that such Investor is eligible to subscribe for the Equity Shares under applicable securities laws) on the websites of:

- a) the Company at www.davangeresugar.com;
- b) the Registrar to the Issue at www.integratedindia.in
- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.integratedindia.in>
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.integratedindia.in>
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: <https://rights.integratedindia.in>

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. The Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on the Record Date are required to furnish 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 i.e., Thursday, June 30, 2022 after which they can apply through ASBA facility.

COMPANY DETAILS	REGISTRAR TO THE ISSUE	LEAD MANAGER TO THE ISSUE
		
<p>DAVANGERE SUGAR COMPANY LIMITED 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India Tel: +91 81 9220 1623 Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer; E-mail: davangeresugars@gmail.com; Website: www.davangeresugar.com; Corporate Identification Number: L37100KA1970PLC001949</p>	<p>INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED No 30 Ramana Residency, 4th Cross Sampige Road, Malleswaram, Bengaluru - 560 003, Karnataka, India Tel: +91 80 2346 0815 to 819 Contact person: S Giridhar/ K Harish Facsimile: +91 80 2346 0819 E-mail: irg@integratedindia.in Website: www.integratedindia.in Investor grievance: irg@integratedindia.in SEBI Registration No: INR000000544</p>	<p>SAFFRON CAPITAL ADVISORS PRIVATE LIMITED 605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar, Andheri (East), Mumbai - 400 059, Maharashtra, India. Telephone: +91 22 4973 0394 Facsimile: NA E-mail: rights.issue@saffronadvisor.com Website: www.saffronadvisor.com Investor grievance: investorgrievance@saffronadvisor.com Contact Person: Amit Wagle/ Gaurav Khandelwal SEBI Registration Number: INM 000011211 Validity of Registration: Permanent</p>

**RIGHTS ENTITLEMENT LETTER FOR THE RIGHTS ISSUE OF DAVANGERE SUGAR COMPANY LIMITED
FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY.**

THIS LETTER CONTAINS 4 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES



DAVANGERE SUGAR COMPANY LIMITED

Registered Office: 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India; **Tel:** +91 81 9220 1623;
Corporate Office: No. 19, Shivashankar Plaza, 3rd floor, Richmond Circle, Lalbagh Road, Bengaluru - 560 027, Karnataka, India; **Tel:** +91 80 2227 2183;
E-mail: davangeresugars@gmail.com; **Website:** www.davangeresugar.com;
Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer;
Corporate Identification Number: L37100KA1970PLC001949

CAF NO: 220001

DP ID- Client ID/Folio Number: DSS0745

**Sole/First Holder Name: SATHISHKUMAR ARYA
B-20, W Z 91
MAHAVEER NAGARA
NEW DELHI
- 110018**

J/W1:

J/W2:

Dear Shareholder,

Date May 26, 2022

SUB: ISSUE OF UPTO 3,84,00,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“RIGHTS EQUITY SHARES”) OF DAVANGERE SUGAR COMPANY LIMITED (THE “COMPANY”) FOR CASH AT A PRICE OF ₹ 12.50/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2.50/- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ 4,800 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 69 RIGHTS EQUITY SHARE(S) FOR EVERY 100 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 27, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.25 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 169 OF THIS LETTER OF OFFER.

Ref: Letter of Offer dated May 26, 2022 and Abridged Letter of Offer dated May 26, 2022, issued by the Company to the Eligible Equity Shareholders pursuant to the Rights Issue.

We are happy to inform that our Company is proposing a Rights Issue of Equity Shares as mentioned in the captioned subject in the ratio of Sixty-nine (69) Rights Equity Share for every Hundred (100) fully paid-up Equity Share(s) held by the existing Equity Shareholders on the Record Date that is on Friday, May 27, 2022.

With reference to the above, please find below the details of the Equity Shares held by you as on the Record Date, i.e., Friday, May 27, 2022 along with your Rights Entitlements calculated on the basis of the above-mentioned ratio for your kind information:

FOLIO NUMBER/ DP OR CLIENT ID	NUMBER OF EQUITY SHARES HELD BY YOU ON RECORD DATE I.E., FRIDAY, MAY 27, 2022	NUMBER OF RIGHTS ENTITLEMENT
DSS0745	50	34

You are requested to kindly note that the Issue price is ₹12.50/-.

You are requested to take note of the Issue Schedule as provided

ISSUE OPENS ON	LAST DATE FOR MARKET RENUNCIATION	ISSUE CLOSES ON
THURSDAY, JUNE 16, 2022	MONDAY, JUNE 27, 2022*	THURSDAY, JUNE 30, 2022

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

Kindly note that pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the Rights Entitlements, as mentioned above, shall be credited only in dematerialized form in your demat account before the Issue Opening Date i.e., Thursday, June 16, 2022 with ISIN – INE179G20011.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on the Record Date are required to furnish the details of their 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 i.e., Thursday, June 30, 2022, after which they can apply through ASBA facility. For further details, please refer to the chapter titled “*Terms of the Issue*” at page 169 of the Letter of Offer.

You can obtain the details of your respective Rights Entitlements from the website of the Registrar of the Issue at <https://rights.integratedindia.in> by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). You may also communicate with the Registrar with the helpline number (+91 80 2346 0815 to 819) and through their email address irg@integratedindia.in.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 69 Rights Equity Share(s) for every 100 Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 100 Equity Share(s) or not in the multiple of 100, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement. For further details, see “*Terms of the Issue*” beginning on page 169 of the Letter of Offer.

Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

Pursuant to provisions of the SEBI ICDR Regulations read with SEBI Rights Issue Circular and in terms of the Letter of Offer, the Rights Entitlements of the Eligible Equity Shareholders have been credited in their respective demat account under the ISIN - INE179G20011. For details of credit of the Rights Entitlements, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on pages 170 of the Letter of Offer.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange under ISIN - INE179G20011. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism. For more details, see “*Procedure for Renunciation of Rights Entitlements*” on page 179 of the Letter of Offer.

Renunciation of Rights Entitlement

The Issue includes a right exercisable by you to renounce the Rights Entitlements credited in your demat account either in full or in part in favour of any other person or persons in India only. The renouncement of Rights Entitlements credited in your demat account can be made either a) by using the secondary market platform of the Stock Exchange through a registered stock broker (“**On Market Renunciation**”) or b) through off market transfer through a depository participant (“**Off Market Renunciation**”) during the Renunciation Period. For more details, see “*Procedure for Renunciation of Rights Entitlements*” on page 179 of the Letter of Offer.

Kindly note that, in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of Res (Rights Entitlements) not later than two working days prior to Issue Closing Date i.e., Thursday, June 30, 2022 such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “PROCEDURE FOR APPLICATION” ON PAGE 176 OF THE LETTER OF OFFER.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

Application Process for Rights Issue

If you are desiring to make an Application in this Issue, kindly note that you are mandatorily required to use either the ASBA process. Further, if you are holding Equity Shares in physical form as on the Record Date, you will have to apply through ASBA facility only. For details, see “*Procedure for Application through the ASBA Process*” and “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 178 and 184 respectively.

ASBA facility – Investors can submit the Application Form in physical mode to the designated branch of the Self-Certified Syndicate Banks (“SCSBs”), or make online/electronic Application through the website of the SCSBs (if the facility is made available by such SCSB). SCSBs are self-certified syndicate banks registered with SEBI, which offer the facility of ASBA. For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process and details on designated branches of SCSBs collecting the Application Form, please refer to - <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmld=35>.

Please note that Applications made with payment using third party bank accounts are liable to be rejected.

If you are desirous of making an application in this Issue, you should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see “*Terms of the Issue- Procedure for Application through the ASBA Process*” on page 178 of the Letter of Offer.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, you may choose to accept the offer to participate in this Issue by making plain paper Applications. The SCSBs shall accept such application forms only if all details required for making the application as per these regulations are specified in the plain paper application. Please note that Eligible Equity Shareholder making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. If you make an application both in an application form as well as on a plain paper, both applications are liable to be rejected. For details, see “*Application on Plain Paper under ASBA process*” on page 180 of the Letter of Offer.

In accordance with SEBI ICDR Regulations, we are sending herewith the Abridged Letter of Offer and Application Form through email to the email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email and speed post at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

ATTENTION FOR PHYSICAL SHAREHOLDERS

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on the Record Date are required to furnish the details of their 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 not later than two Working Days prior to the Issue Closing Date i.e., Thursday, June 30, 2022, after which they can apply through ASBA facility. For further details, please refer to the chapter titled “*Terms of the Issue*” at page 169 of the Letter of Offer.

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, i.e., Thursday, June 30, 2022, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. 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 Rights Equity Shares while submitting the Application through ASBA process only.

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

Availability of Issue materials

You can also access the Letter of Offer, the Abridged Letter of Offer and Application Form (provided that you are eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.davangeresugar.com;
- b) the Registrar to the Issue at www.integratedindia.in
- c) the Lead Manager at www.saffronadvisor.com; and
- d) the Stock Exchange at www.bseindia.com.

Other important links and helpline numbers

You can visit the following links for below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.integratedindia.in>
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.integratedindia.in>
- c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: <https://rights.integratedindia.in>

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OF AMERICA AND MAY NOT BE OFFERED, SOLD, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS ANY STATE OF THE UNITED STATES, AND THE DISTRICT OF COLUMBIA (“UNITED STATES”), EXCEPT IN A TRANSACTION NOT SUBJECT TO, OR EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY (A) TO PERSONS IN THE UNITED STATES WHO ARE

REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“U.S. QIBS”) PURSUANT TO SECTION 4(A)(2) OF THE SECURITIES ACT AND (B) TO PERSONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT (“REGULATION S”). IN ADDITION, UNTIL THE EXPIRY OF 40 DAYS AFTER THE COMMENCEMENT OF THE ISSUE, AN OFFER OR SALE OF RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IN THE UNITED STATES BY A DEALER (WHETHER OR NOT IT IS PARTICIPATING IN THE ISSUE) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN IN ACCORDANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THE RIGHTS EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN “SELLING RESTRICTIONS” IN CHAPTER TITLED “OTHER REGULATORY AND STATUTORY DISCLOSURES” ON PAGE 164 OF LETTER OF OFFER.

In case of any queries, you may contact the Company or the Lead Manager or Registrar as per the details mentioned herein:

COMPANY DETAILS	REGISTRAR TO THE ISSUE	LEAD MANAGER TO THE ISSUE
		
<p>DAVANGERE SUGAR COMPANY LIMITED 73/1, post box number 312, Shamanur Road, Davangere – 577 004, Karnataka, India Tel: +91 81 9220 1623 Contact Person: Musale Mohanbabu Pooja, Company Secretary and Compliance Officer; E-mail: davangeresugars@gmail.com; Website: www.davangeresugar.com; Corporate Identification Number: L37100KA1970PLC001949</p>	<p>INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED No 30 Ramana Residency, 4th Cross Sampige Road, Malleswaram, Bengaluru - 560 003, Karnataka, India Tel: +91 80 2346 0815 to 819 Contact person: S Giridhar/ K Harish Facsimile: +91 80 2346 0819 E-mail: irg@integratedindia.in Website: www.integratedindia.in Investor grievance: irg@integratedindia.in SEBI Registration No: INR000000544</p>	<p>SAFFRON CAPITAL ADVISORS PRIVATE LIMITED 605, Center Point, 6th floor, Andheri Kurla Road, J. B. Nagar, Andheri (East), Mumbai - 400 059, Maharashtra, India. Telephone: +91 22 4973 0394 E-mail: rights.issue@saffronadvisor.com Website: www.saffronadvisor.com Investor grievance: investorgrievance@saffronadvisor.com Contact Person: Amit Wagle / Gaurav Khandelwal SEBI Registration Number: INM 000011211 Validity of Registration: Permanent</p>

Note: All capitalized terms, unless defined herein, shall have the meaning ascribed to them in the Letter of Offer.

For DAVANGERE SUGAR COMPANY LIMITED

Sd/-
Musale Mohanbabu Pooja,
Company Secretary and Compliance Officer