



**HERANBA**

## Heranba Industries Limited

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli with the name 'Heranba Industrial Chemicals Private Limited'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to 'Heranba Industrial Chemicals Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to 'Heranba Industries Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. For further details of our Company, refer "General Information" and "History and Certain Other Corporate Matters" on pages 67 and 167 respectively.

**Corporate Identification Number:** U24231GJ1992PLC017315

**Registered Office:** Plot No. 1504 / 1505 / 1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat, India. **Tel No.:** +91 260 240 1646

**Corporate Office:** 101 / 102, Kanchanganga, Factory Lane, Borivali - West, Mumbai – 400 092, Maharashtra, India. **Tel No.:** +91 22 2898 7912

**Website:** www.heranba.co.in. **E-mail:** compliance@heranba.com

**Contact Person:** Maheshwar V. Godbole, Chief Financial Officer, Abdul Latif, Company Secretary & Compliance Officer

### PROMOTERS: SADASHIV K. SHETTY AND RAGHURAM K. SHETTY

**INITIAL PUBLIC OFFERING OF 99,71,937\* EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH OF HERANBA INDUSTRIES LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ 627 PER EQUITY SHARE ("OFFER PRICE") (INCLUDING A SHARE PREMIUM OF ₹ 617 PER EQUITY SHARE) AGGREGATING TO ₹ 6,252.40\* MILLION ("THE OFFER") COMPRISING A FRESH ISSUE OF 9,56,937\* EQUITY SHARES AGGREGATING TO ₹ 600\* MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF 90,15,000\* EQUITY SHARES COMPRISING OF 58,50,000\* EQUITY SHARES BY SADASHIV K. SHETTY, 22,72,038\* EQUITY SHARES BY RAGHURAM K. SHETTY, 8,12,962\* EQUITY SHARES BY SAMS INDUSTRIES LIMITED, 40,000\* EQUITY SHARES BY BABU K. SHETTY AND 40,000\* EQUITY SHARES BY VITTALA K. BHANDARY (COLLECTIVELY, THE "SELLING SHAREHOLDERS") AGGREGATING TO ₹ 5,652.40\* MILLION ("OFFER FOR SALE"). THE OFFER CONSTITUTES 24.92% OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS 62.7 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE ANCHOR INVESTOR OFFER PRICE IS ₹ 627 PER EQUITY SHARE. THE PRICE BAND AND THE MINIMUM BID LOT WERE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WERE ADVERTISED IN ALL EDITIONS OF FINANCIALEXPRESS, ALL EDITIONS OF JANSATTA AND VALSAD EDITION OF SAMNA DAIK (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND GUJARATI DAILY NEWSPAPERS RESPECTIVELY, GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND WERE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS")

**\*SUBJECT TO FINALISATION OF BASIS OF ALLOTMENT**

The Offer was made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"). Our Company and Selling Shareholders in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) were required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID for RIBs using UPI Mechanism), in which the corresponding Bid Amounts were blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors were not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" on page 329.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹10.00 EACH AND THE OFFER PRICE ₹ 627 IS 62.7 TIMES OF THE FACE VALUE**

### RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for the securities of our Company. The face value of the Equity Shares of our Company is ₹10.00 and the Offer Price of ₹627 per Equity Share is 62.7 times of the face value. The Floor Price, Cap price and Offer Price (as determined and justified by our Company and Selling Shareholders in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under 'Basis for the Offer Price' on page 97 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments 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 of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, 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 the contents of this Prospectus. **Specific attention of the investors is invited to 'Risk Factors' on page 28.**

### ISSUER'S AND SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholders, severally and not jointly, accept responsibility for and confirm only statements specifically confirmed or undertaken by the Selling shareholders in this Prospectus to the extent that the statements specifically pertain to themselves and the Equity Shares offered by them in the Offer for Sale, and confirm that such statements are true and correct in all material respects and are not misleading in any material respect. However, the Selling shareholders do not assume any responsibility for any other statement, including any statements made by or in relation to our Company in this Prospectus.

### LISTING

The Equity Shares offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated November 10, 2020 and November 23, 2020, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE Limited. A signed copy of the Red Herring Prospectus has been delivered and this Prospectus will be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 374.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER



**Emkay Global Financial Services Limited**  
The Ruby, 7th Floor, Senapati Bapat Marg Dadar (West), Mumbai – 400 028, India.  
Tel. No.: +91 22 6612 1212  
Email: heranba.ipo@emkayglobal.com  
Investor grievance email: ibg@emkayglobal.com  
Website: www.emkayglobal.com  
Contact Person: Deepak Yadav / Sagar Bhatia  
SEBI Registration No.: INM000011229

**Bativala & Karani Securities India Private Limited**  
1101, 1103, 1104, Hallmark Business Plaza, 11th Floor, Sant Dnyaneshwar Marg, Near Guru Nanak Hospital, Bandra (East), Mumbai - 400 051, Maharashtra, India.  
Tel. No.: +91-22-40076000  
Email: merchantbanking@bksec.com  
Investor grievance email: grievance.mbd@bksec.com  
Website: www.bksec.com  
Contact Person: Darshan Piyush Trivedi/ Shikha Jain  
SEBI Registration No.: INM000012722

**Bigshare Services Private Limited.**  
1<sup>st</sup> floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India  
Tel. No.: +91 22 6263 8200  
Email: ipo@bigshareonline.com  
Website: www.bigshareonline.com  
Contact Person: Ashish Bhope  
SEBI Registration No.: INR000001385

### BID/ OFFER PROGRAMME

**BID/ OFFER OPENED ON: FEBRUARY 23, 2021\***

**BID/ OFFER CLOSED ON: FEBRUARY 25, 2021**

\*The Anchor Investor Bidding Date was February 22, 2021, being one Working Day prior to the Bid/ Offer Opening Date.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended or re-enacted from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.*

*The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms in the sections “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Basis for Offer Price”, “History and Certain Corporate Matters”, “Other Regulatory and Statutory Disclosures”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Risk Factors”, “Key Regulations and Policies”, “Financial Information” and “Outstanding Litigation and Other Material Developments”, will have the meaning ascribed to such terms in those respective sections.*

#### Conventional / Company Related Terms / General Terms

Term	Description
“Heranba Industries Limited”, “Heranba” or “HIL”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Heranba Industries Limited, a company incorporated under the Companies Act, 1956 vide a certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli and having its registered office at Plot No. 1504/1505/1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat, India.
“you”, “your” or “yours”	Prospective investors in this Offer.
Administration Office	The Administration Office of our Company situated at Office No. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai - 400 092, Maharashtra, India.
AOA / Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Regulation 18 of the SEBI LODR Regulations and Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
Authorised Capital	Authorised share capital of our Company.
Board / Board of Directors / Our Board	The Board of Directors of our Company, including all duly constituted Committees thereof.
“Chang Zhou Heranba Crop Science and Technology CO., LTD.”, “Chang Zhou” or our Subsidiary	Unless the context otherwise requires, refers to Chang Zhou Heranba Crop Science and Technology CO., LTD, a limited liability company (solely foreign-owned corporation) bearing Unified Social Credit Code 91320400MA1YQMUL47 (1/1), domiciled at No.2, Building 53, Hengsheng Science Park, Tianning District, Changzhou City, China, registered under Company Law of the People’s Republic of China.
Chief Financial Officer / CFO	The Chief Financial Officer of our Company being, Maheshwar V. Godbole.
Company Secretary / CS	The Company Secretary of our Company, being Abdul Latif.
C & F Agent	Clearing and Forwarding Agent.
Corporate Office	The Corporate Office of our Company situated at 101 / 102, Kanchanganga, Factory Lane, Borivali (West), Mumbai 400 092, Maharashtra, India.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board constituted in accordance with Section 135 and Schedule VII the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.
Director(s)	Director(s) on the Board of our Company, as appointed from time to time, unless otherwise specified.
Equity Shareholders	The holders of the Equity Shares.
Equity Shares/Shares	The equity shares our Company of a face value of ₹10.00 each unless otherwise specified in the context thereof.

Executive Director	Executive director of our Company.
Group Companies / Group Entities	Companies with which there were related party transactions as disclosed in the Restated Financial Statements under the applicable accounting standards or other entities as considered material by our Board in accordance with the Materiality Policy, as described in “ <i>Our Group Companies</i> ” on page 196.
Independent Director(s)	Directors on the Board of our Company who are eligible to be appointed as independent directors as per Section 149(6) of the Companies Act, 2013
International Distribution Partners	Distributors in overseas jurisdictions who register Technicals and Formulations products of our Company or third parties in their name with the regulatory authority of a particular jurisdiction for sales and distribution of the product. Certain products that are already registered by these distributors for third parties register our Company as another source of supply to the same product thereby enabling our Company to supply the registered product to that particular jurisdiction through the distributor.
IPO Committee	The IPO committee of our Company as described in “ <i>Our Management</i> ” on page 172.
Key Management Personnel / KMP	Key management personnel of our Company in terms of Regulation 2(bb) of the SEBI ICDR Regulations, Section 2(51) of the Companies Act, 2013. For details, refer “ <i>Our Management</i> ” on page 172.
MoA / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of our Board constituted in accordance with Regulation 19 of the SEBI LODR Regulations and Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
Offered Shares	90,15,000* Equity Shares comprising 58,50,000* Equity Shares offered by Mr. Sadashiv K Shetty in the Offer for Sale as per consent letter dated September 8, 2020, 22,72,038* Equity Shares offered by Mr. Raghuram K Shetty in the Offer for Sale as per consent letter dated September 8, 2020, 8,12,962* Equity Shares offered by SAMS Industries Limited as per consent letter dated September 8, 2020, 40,000* Equity Shares offered by Mr. Babu K. Shetty in the Offer for Sale as per consent letter dated September 8, 2020 and 40,000* Equity Shares offered by Mr. Vittala K. Bhandary in the Offer for Sale as per consent letter dated September 8, 2020.  *Subject to finalisation of Basis of Allotment
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, refer “ <i>Our Promoter and Promoter Group</i> ” on page 192.
Promoters	Sadashiv K. Shetty And Raghuram K. Shetty.
Registered Office	Registered office of our Company situated at Plot No. 1504/1505/1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat, India.
Restated Financial Statements/ Restated Financial Information	The restated financial information of our Company which comprises of the restated financial statements for the period ended September 30, 2020, September 30, 2019 and for Fiscal 2020, 2019 and 2018 together with the annexures and notes thereto and the examination report, which have been prepared in accordance with Ind AS and restated in accordance with the Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI.
RoC / Registrar of Companies	Registrar of Companies, Gujarat, Dadra and Nagar Haveli, situated at Ahmedabad.
Selling Shareholders	Sadashiv K. Shetty, Raghuram K. Shetty, SAMS Industries Limited, Babu K. Shetty and Vittala K. Bhandary.
Stakeholders’ Relationship Committee	The Stakeholders’ Relationship Committee of our Board constituted in accordance with Regulation 20 of the SEBI LODR Regulations and Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
Statutory Auditor	The Statutory Auditor of our Company, being M/s. N. S. Shetty & Co., Chartered Accountants.
Unit I	Manufacturing Unit I of the Company being located at Plot No. 1504/1505,1506/1, at III Phase GIDC, Vapi, Taluka – Pardi, District – Valsad, Gujarat.
Unit II	Manufacturing Unit II of the Company being located at Plot No. A-2/2214, A-2/2215, III Phase GIDC, Vapi, Taluka – Pardi, District – Valsad, Gujarat.
Unit III / Sarigam Unit	Manufacturing Unit III (Sarigam Unit) of the Company being located at Plot No.2817/1, GIDC Sarigam, Taluka – Umbergaon, District – Valsad, Gujarat.

## Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of Bid / Bid cum Application Form.
Allot / Allotment /Allotted	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling shareholders pursuant to the Offer for Sale to successful Bidders.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee(s)	A successful Bidder(s) to whom the Equity Shares are allotted.
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion, who had Bid for an amount of at least ₹100 millions, in accordance with the requirements specified in the SEBI ICDR Regulations.
Anchor Investor Allocation Notice	Notice or intimation of Allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares, and includes any device, intimation or notice sent to Anchor Investors in the event that the Offer Price is higher than the Anchor Investor Allocation Price
Anchor Investor Allocation Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Allocation Price will be decided by our Company and Selling shareholders in consultation with the BRLMs.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Anchor Investor Bidding Date	The day being one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted, prior to or after which the members of the Syndicate will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed.
Anchor Investor Bid/Offer Period	February 22, 2021, being one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed.
Anchor Investor Allocation/ Anchor Investor Offer Price	The final price, being ₹ 627 at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the BRLMs.
Anchor Investor Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Days after the Bid/Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion or, consisting of 29,90,520 Equity Shares which have been allocated by our Company, in consultation with the Selling shareholders and BRLMs, to Anchor Investors, on a discretionary basis, out of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorizing a SCSB to block the Bid amount in the ASBA Account and which includes applications made by RIBs using UPI Mechanism where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs, using the UPI Mechanism.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder as specified in the ASBA Form which was blocked by such SCSB or the account of the RIB blocked upon acceptance of UPI Mandate Request made by RIBs using the UPI Mechanism to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications made thereto as permitted under the SEBI ICDR Regulations.
ASBA Bidders	Bidders (other than Anchor Investors) in the Offer who intend to submit their Bid through the ASBA process.

<b>Term</b>	<b>Description</b>
ASBA Form	A Bid-cum-Application Form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Banker(s) to the Offer	Collectively, the Escrow Collection Bank, the Public Offer Account Bank, the Sponsor Bank and the Refund Bank.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer as decided by our Company in consultation with the BRLMs and the Designated Stock Exchange and as described in “Offer Procedure” on page 329.
Bid(s)	An indication to make an issue during the Bid/Offer Period by a Bidder pursuant to submission of the ASBA Form, to subscribe to or purchase the Equity Shares at price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid-cum-Application form. The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable.  In case of Retail Individual Investors Bidding at the Cut-Off Price, the Bid Amount is the Cap Price, multiplied by the number of Equity Shares Bid for by such Retail Individual Investor, and mentioned in the Bid cum Application Form.
Bid cum Application form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form or the Anchor Investor Application Form, as the case may be, and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bid Lot	23 Equity Shares and in multiples of 23 Equity Shares thereafter.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Bids will not be accepted being February 25, 2021, which was notified in all editions of the Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and Valsad edition of Samna Dainik (a widely circulated Gujarati newspaper, Gujarati being the regional language in the place where our Registered Office is located).
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer being February 23, 2021, which was notified in all editions of the Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and the Valsad edition of Samna Dainik (a widely circulated Gujarati newspaper, Gujarati being the regional language of Gujarat, where our Registered Office is located).
Bid/ Offer Period	Except in relation to Bids received from the Anchor Investors, the period between February 23, 2021 and February 25, 2021, inclusive of both days and including the Bid/Offer Opening Date to and including the Bid/Offer Closing Date during which ASBA Bidders can submit their Bids, including any revisions thereto. The Bid/Offer Period will comprise of Working Days only.
Bidder	Any prospective investor who made a Bid pursuant to the terms of this Prospectus and the Bid-cum-Application Form and unless otherwise stated or implied, includes an ASBA Bidder and an Anchor Investor.
Bidding Centers	Centers at which at the Designated Intermediaries accepted the ASBA Forms, i.e, Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book Building Process, as provided in Schedule XIII of the SEBI ICDR Regulations, 2018 in terms of which the Offer was made.
Book Running Lead Managers / BRLMs	The book running lead managers to the issue namely, Emkay Global Financial Services Limited and Bativala & Karani Securities India Private Limited.
Broker Centres	Broker centres notified by the Stock Exchanges where ASBA Bidders could have submitted the ASBA Forms to a Registered Broker and in case of RIBs only ASBA Forms with UPI. The

<b>Term</b>	<b>Description</b>
	details of which are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, ₹627 per Equity Share above which the Offer Price and Anchor Investor Offer Price were not finalised and above which no Bids were accepted. (including any revisions thereof).
Cash Escrow and Sponsor Bank Agreement	Agreement dated February 10, 2021 entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Bankers to the Offer and the Syndicate Members for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to Demat account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the BSE and the NSE.
Compliance Officer	The Company Secretary of our Company, Abdul Latif.
Controlling Branch/ Designated Branch	Such branch of the SCSBs which coordinate Applications under this Offer by the ASBA Applicants with the Registrar to the Offer and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price	Offer Price, i.e. ₹ 627 per Equity Share finalised by our Company and the Selling Shareholders, in consultation with the BRLMs. Only Retail Individual Bidders were entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders/Applicants such as their addresses, PAN, occupation, name of the Bidder's father/ husband, investor status, MICR Code, bank account details and UPI ID, wherever applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="https://www.nseindia.com">https://www.nseindia.com</a> ), as updated from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer funds from the Escrow Accounts to the Public Offer Account or the refund Account, as the case may be, and instructions are given to the SCSBs (in case of RIBs using UPI Mechanism, instructions through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the Prospectus following which Equity Shares will be Allotted in the Offer to the successful Bidders.
Designated Intermediaries	In relation to ASBA Forms submitted by RIIs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.
Designated RTA Locations	Such centres of the RTAs where ASBA Bidder could submit the ASBA Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated Stock Exchange	BSE Limited
Draft Red Herring Prospectus / DRHP	The Draft Red Herring Prospectus dated September 23, 2020 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer.



<b>Term</b>	<b>Description</b>
Eligible NRIs	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares.
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations.
Escrow Account(s)	‘No-lien’ and ‘non interest bearing’ accounts opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors transferred money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid.
Escrow Collection Bank(s)	A bank, which is a clearing member and registered with SEBI as a banker to an Offer under the SEBI (Bankers to an Issue) Regulations, 1994, and with whom the Escrow Account was opened, in this case being ICICI Bank Limited.
First/ Sole Bidder	The Bidder whose name is mentioned in the Bid-cum-Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, ₹ 627 per Equity Share, at or above which the Offer Price was finalised and below which no Bids were accepted.
Fresh Issue	The fresh issue of 9,56,937* Equity Shares aggregating to ₹ 600* million by our Company.  *Subject to finalisation of Basis of Allotment
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular no. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular no. (CIR/CFD/DIL/1/2016) dated January 1, 2016 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 issued by SEBI, as amended from time to time. The General Information Document shall be available on the websites of the Book Running Lead Managers.
Gross Proceeds	The Offer Proceeds less the amount to be raised pursuant to the Offer for Sale by the Selling Shareholders.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and Stock Exchanges.
Materiality Policy	The policy on identification of Group Companies, material creditors and material litigations, adopted by our Board on September 9, 2020 in accordance with the requirements of the SEBI ICDR Regulations.
Maximum RII Allottees	The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or 99,773 Equity Shares which was made available for allocation to Mutual Funds only.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	Gross Proceeds less our Company’s share of the Offer related expenses. For further information about use of the Offer Proceeds and the Offer expenses, refer “Objects of the Offer” on page 90.
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Investors/ Non-Institutional Bidders/ NIIs	All Bidders that are not QIBs or Retail Individual Bidders who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs).

<b>Term</b>	<b>Description</b>
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of 14,95,791* Equity Shares which was made available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.  <i>*Subject to finalisation of Basis of Allotment</i>
Offer / Public issue / Offer size / Initial Public issue / Initial Public Offer / Initial Public Offering / IPO	The initial public offering of 99,71,937* Equity Shares of face value of ₹ 10.00 each for cash at a price of ₹ 627 each, aggregating to ₹ 6,252.40* Million comprising the Fresh Issue of 9,56,937* Equity Shares aggregating to ₹ 600* million and the Offer for Sale of 90,15,000* Equity Shares aggregating to ₹ 5,652.40* million by the Selling Shareholders.  <i>*Subject to finalisation of Basis of Allotment</i>
Offer Agreement / MoU	The agreement dated September 23, 2020 entered into amongst our Company, the Selling shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of 90,15,000* Equity Shares comprising 58,50,000* Equity Shares offered by Mr. Sadashiv K Shetty, 22,72,038* Equity Shares offered by Mr. Raghuram K Shetty, 8,12,962* Equity Shares offered by SAMS Industries Limited, 40,000* Equity Shares offered by Mr. Babu K. Shetty and 40,000* Equity Shares offered by Mr. Vittala K. Bhandary in the Offer for Sale at the Offer Price aggregating to ₹ 5,652.40* million in the Offer.  <i>*Subject to finalisation of Basis of Allotment</i>
Offer Price	₹ 627 per Equity Share, being final price at which Equity Shares will be Allotted to the ASBA Bidders in terms of the Red Herring Prospectus and this Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus and this Prospectus.  The Offer Price was decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus and this Prospectus.
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” beginning on page 90.
Price Band	The price band of a minimum price of ₹ 626 per Equity Share (Floor Price) and the maximum price of ₹ 627 per Equity Share (Cap Price).  The Price Band and the minimum Bid Lot for the Offer were decided by our Company and Selling shareholders in consultation with the BRLMs and were advertised in all editions of Financial Express (which is a widely circulated English newspaper), in all editions of Jansatta (which is a widely circulated Hindi newspaper) and in the Valsad edition of Samna Dainik (which is a widely circulated Gujarati newspaper), Gujarati being the regional language of Gujarat, where our Registered Office is located) at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and were available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Company and Selling Shareholders in consultation with the BRLMs, finalised the Offer Price, being February 26, 2021.
Prospectus	This prospectus to be filed with the RoC for this Offer in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, <i>inter-alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account(s)	The account to be opened with the Banker to the Offer under Section 40 of the Companies Act, 2013 to receive monies from the Escrow Accounts and ASBA Accounts on the Designated Date.
Public Offer Account Agreement/ Banker to the Offer Agreement	Agreement entered on February 10, 2021 amongst our Company, Selling Shareholders, BRLMs, the Registrar to the Offer and Public Offer Bank/ Banker to the Offer for collection of the Bid Amount on the terms and conditions thereof.

<b>Term</b>	<b>Description</b>
Public Offer Bank(s)	A bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Public Offer Account will be opened for collection of Bid Amounts from Escrow Account and ASBA Account on the Designated Date, in this case being ICICI Bank Limited.
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of 49,85,968* Equity Shares which was made available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).  <i>*Subject to finalisation of Basis of Allotment</i>
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The Red Herring Prospectus dated February 10, 2021 issued in accordance Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares were offered and the size of the Offer (including any addenda or corrigenda thereto) and which was filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date.
Refund Account(s)	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors.
Refund Bank(s) / Refund Banker(s)	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being ICICI Bank Limited.
Registered Brokers	The stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	The Agreement between the Registrar to the Offer, the Selling Shareholders and our Company dated September 23, 2020 in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE and the UPI Circular.
Registrar or Registrar to the Offer	The Registrar to the Offer being Bigshare Services Private Limited.
Retail Individual Bidder(s) / Retail Individual Investor(s) /RII(s) / RIB(s)	Bidders (including HUFs, applying through their kartas and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹2,00,000 in any of the bidding options in the Offer.
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of 34,90,178* Equity Shares which was made available for allocation to Retail Individual Bidders (subject to valid Bids having been received at or above the Offer Price).  <i>*Subject to finalisation of Basis of Allotment</i>
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable.  QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
Self Certified Syndicate Banks or SCSBs	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount was blocked by authorising an SCSB, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at

Term	Description
	<p><a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> or such other website as updated from time to time.</p> <p>Applications through UPI in the Offer could be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI 2.0 mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.</p>
Share Escrow Agent	Share Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, Bigshare Services Private Limited.
Share Escrow Agreement	The agreement dated February 10, 2021 entered into among the Selling Shareholders, our Company, the BRLMs and the Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
Specified Locations	Bidding centres where the Syndicate could accept ASBA Forms from Bidders, and in case of RIBs, only ASBA Forms with UPI.
Sponsor Bank	ICICI Bank Limited being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars.
Stock Exchanges	BSE and NSE.
Syndicate Agreement	The agreement dated February 10, 2021 entered amongst our Company, the Selling shareholders, the BRLMs and the Syndicate Member(s), in relation to the collection of Bid cum Application Forms in this Offer.
Syndicate Member(s)/ Members of Syndicate	Intermediaries registered with the SEBI who are permitted to accept bids, applications and place orders with respect to the Offer, and carry out activities as an underwriter, namely Emkay Global Financial Services Limited and Batlivala & Karani Securities India Private Limited.
Syndicate/Members of the Syndicate	Collectively, the BRLMs and the Syndicate Members.
Underwriters	Emkay Global Financial Services Limited and Batlivala & Karani Securities India Private Limited.
Underwriting Agreement	The agreement dated February 27, 2021 among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date but prior to filing of Prospectus.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI.
UPI Circulars	Circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with the circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and the circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the RIB, by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB, initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The bidding mechanism that may be used by RIBs, in accordance with the UPI Circulars to make an ASBA Bid in the Issue.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day(s)	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Issue Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading

<b>Term</b>	<b>Description</b>
	days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

### Coventional and General Terms / Abbreviations

<b>Term</b>	<b>Description</b>
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS / Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AY	Assessment Year
Banking Regulation Act	Banking Regulation Act, 1949
BIFR	Board of Industrial and Financial Reconstruction
Bn	Billion
BRLM (s)	Book running lead manager (s)
BSE	BSE Limited (formerly, known as Bombay Stock Exchange Limited)
CA	Chartered Accountant
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investor(s)	FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations
Category II Foreign Portfolio Investor(s)	An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations
Category III Foreign Portfolio Investor(s)	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CC	Cash Credit
CCFI	The Crop Care Federation of India
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
CIT(A)	Commissioner of Income Tax (Appeals)
CLRA	Contract Labour (Regulation and Abolition) Act, 1979
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013 along with the relevant rules made thereunder
Companies Act 2013	Companies Act, 2013, along with the relevant rules made thereunder, as amended
Copyright Act	The Copyright Act, 1957
CS	Company Secretary
CSR	Corporate Social Responsibility
DB	Designated Branch
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996

<b>Term</b>	<b>Description</b>
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1996
DGFT	Directorate General of Foreign Trade
DGVCL	Dakshin Gujarat Vij Company Limited
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
EBIDTA	Earnings before interest, depreciation, tax, amortization and extraordinary items
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EMI(s)	Equated Monthly Installments
Environment Protection Act	Environment Protection Act, 1986
EPF Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPFO	Employees' Provident Fund Organisation
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
ESIC	Employees' State Insurance Corporation
ESOP	Employee Stock Ownership Plan
ESPS	Employee Stock Purchase Scheme
EU	European Union
F&O	Futures and Options
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign Direct Investment
FDI Policy	The consolidated FDI Policy, effective from August 28, 2017, issued by the DIPP (now, DPIIT), and any modifications thereto or substitutions thereof, issued from time to time
FEMA	The Foreign Exchange Management Act, 1999 read with rules, regulations, notifications, circulars and directions thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time
FPI(s)	Foreign Portfolio Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal / Fiscal Year / FY	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
FIs	Financial Institutions
FMC	Forward Market Commission
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FTA	The Foreign Trade (Development and Regulation) Act, 1992
FTP	Foreign Trade Policy
FV	Face Value
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors), 2000, as amended from time to time
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
GLP	Good Laboratory Practices

<b>Term</b>	<b>Description</b>
GPCB	Gujarat Pollution Control Board
GST	Goods & Services Tax
GVA	Gross Value Added
HNI	High Net worth Individual
HUF(s)	Hindu Undivided Family(ies)
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IMF	International Monetary Fund
Income Tax Act/ IT Act	Income Tax Act, 1961 as amended from time to time except as stated otherwise
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
Insecticides Act	The Insecticides Act, 1968, as amended
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
IPO	Initial Public Offering
IPR	Intellectual Property Rights
ISIN	International Securities Identification Number
ISO	International Standards Organization
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules
JV	Joint Venture
KMP	Key Managerial Personnel
KW	Kilo Watt
L/C	Letter of Credit
LIBOR	London interbank offered rate
Ltd.	Limited
MAPIN	Market Participants and Investors' Integrated Database
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
MCLR	Marginal cost of funds-based lending rate
MD	Managing Director
MICR	Magnetic Ink Character Recognition
Mn	Million
MNC	Multinational Company
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NA	Not Applicable
NAV	Net asset value
NCLT	National Company Law Tribunal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid-up share capital, securities premium account and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and debit balance of the profit and loss account
NIFTY	National Stock Exchange Sensitive Index
No.	Number
NOC	No Objection Certificate
Non Resident	A person resident outside India, as defined under FEMA Regulations and includes a Non-resident Indian
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended

<b>Term</b>	<b>Description</b>
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPCI	National Payments Corporation of India
NPV	Net Present Value
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
OD	Overdraft
Overseas Corporate Body / 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 had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent account number
PAT	Profit after tax
Patents Act	Patents Act, 1970
PBT	Profit Before Tax
Person or Persons	Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership, Joint Venture, or Trust or Any Other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
POA	Power of Attorney
Pvt./(P)	Private
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI (FII) Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI (FPI) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI (FVCI) Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI LODR Regulations/ SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI (VCF) Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI (AIF) Regulations
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
Sec.	Section
Securities Act	The U.S Securities Act as amended from time to time



<b>Term</b>	<b>Description</b>
SENSEX	Bombay Stock Exchange Sensitive Index
STT	Securities Transaction Tax
Systemically Important Non- Banking Financial Company or NBFC-SI	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
Trademarks Act	The Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
u/s	Under Section
UIN	Unique Identification Number
UOI	Union of India
US\$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	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 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Water Act	Water (Prevention and Control of Pollution) Act, 1974
WDV	Written Down Value
WTD	Whole-time Director
YoY	Year over year

#### Technical / Industry Related Terms

<b>Term</b>	<b>Description</b>
Active Ingredient (s)	Biologically active part of a pesticide
Alpha	Alphamethrin
Branded Formulations	The marketing and sale of a preparation of one or more technical grade pesticides in a definite proportion along with other specified ingredients under a brand name.
CIB&RC	Central Insecticides Board & Registration Committee
CMAC	Cypermethric Acid Chloride
DSIR	Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India.
Formulations	Manufacture of a preparation containing one or more technical grade pesticide in a definite proportion along with other specified ingredients
Fungicides	Chemical compounds used to kill or inhibit the growth of fungi that either cause economic damage to crop or ornamental plants or endanger the health of domestic animals or humans
HBr	Hydrogen Bromide
Herbicides	Chemical compounds used for killing or inhibiting the growth of unwanted plants, such as weeds.
Intermediates	Inert material, wetting agents, dispersing agents, emulsifying agents, stabilizers or other substances which are added in a specified proportion to technical grade pesticide to make a Formulation
MPBAL	Metaphenoxy Benzyl Alcohol
MPBD	Metaphenoxy Benzaldehyde
NABL	National Accreditation Board for Testing and Calibration Laboratories
Pesticide(s)/Insecticide (s)	Any substance or mixture of substances of chemical or biological origin intended for preventing, destroying, attracting, repelling, mitigating or controlling any pest in agriculture, in households or for public health including unwanted species of plants or animals during the production, storage, transport and distribution of agricultural commodities or animal feeds including substances intended for use as plant growth regulator, defoliant, desiccant, fruit thinning agents, or sprouting inhibitor and substances applied to crops either before or after harvest to protect them from deterioration during storage and transport.
PGR	Public Growth Regulator

<b>Term</b>	<b>Description</b>
R&D	Research and Development
Technical(s)	Purest form of a pesticide produced for commercial use, prior to being formulated

## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Heranba Industries Limited” and “HIL”, unless the context otherwise indicates or implies, refers to Heranba Industries Limited.

### **Page Numbers**

Unless otherwise stated, all references to page numbers in this Prospectus are to page numbers of this Prospectus.

### **Financial Data**

Unless stated or the context requires otherwise, the financial information in this Prospectus is derived from our Restated Financial Statements. The restated summary statements of assets and liabilities as at September 30, 2020 and September 30, 2019 and March 31, 2020, March 31, 2019 and March 31, 2018 and the restated summary statement of profit and loss (including other comprehensive income), cash flow statement and changes in equity for six months period ended September 30, 2020 and 2019 and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 of the Company together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from audited financial statements as at and for six months period ended September 30, 2020 and 2019 and for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 prepared in accordance with the Ind AS and restated in accordance with the SEBI ICDR Regulations, and the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you 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 Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Prospectus should, accordingly, be limited.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures, unless otherwise specified, have been rounded off to the second decimal place and accordingly there may be consequential changes in this Prospectus on account of rounding adjustments. Our Company’s fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as “**Fiscal**”, “**Fiscal Year**” or “**FY**”) are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

Our Company has presented certain numerical information in this Prospectus in “million” or “billion” units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. One million represents 1,000,000, one billion represents 1,000,000,000 and one crore represents 10,000,000. However, figures sourced from third party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Prospectus in such denominations or rounded off to such number of decimal points as prescribed in such respective sources.

### **Currency and units of presentation**

In this Prospectus, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lakhs’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions or may be rounded off to other than one decimal point in the respective sources, such figures appear in this Prospectus expressed in such denominations or rounded – off as provided in their respective sources.

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 Prospectus, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

## Exchange Rates

This Prospectus 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 Rupee and the USD (in Rupees per USD):

Exchange rate as on:				
Currency	As on September 30, 2020	As on March 31, 2020	As on March 31, 2019 <sup>(1)</sup>	As on March 31, 2018 <sup>(2)</sup>
1 US\$*	₹73.80	₹75.39	₹69.17	₹65.04

(For information until March 31, 2018, the source is RBI Reference Rate as available on <https://www.rbi.org.in/> whereas for information post March 31, 2018, the source is FBIL Reference Rate as available on <https://www.fbil.org.in/>)

(1) Exchange rate as at March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and a Saturday, respectively.

(2) Exchange rate as at March 28, 2018, as RBI reference rate is not available for March 31, 2018 being a Saturday and March 30, 2018 and March 29, 2018 being public holidays

Please note that the above exchange rates have been provided for indicative purposes only and the amounts reflected in our Restated Financial Information may not have been converted using any of the above-mentioned exchange rates.

## Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained or derived from the report titled "India Pyrethroids Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025" dated March, 2020, appearing on the website of The International Market Analysis Research and Consulting Group ("IMARC Report").

For details of risks in relation to the IMARC Report, see "Risk Factors – This Prospectus contains information from the International Market Analysis Research and Consulting Group (IMARC) Report, appearing on IMARC's website. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate" on page 55. The IMARC Report is subject to the following disclaimer:

*"All contents and data of this publication, including forecasts, data analysis and opinion have been based on information and sources believed to be accurate and reliable at the time of publishing. International Market Analysis Research and Consulting (IMARC) makes no representation of warranty of any kind as to the accuracy or completeness of any Information provided. IMARC accepts no liability whatsoever for any loss or damage resulting from opinion, errors or inaccuracies, if any found in this publication."*

Industry publications generally state that the information contained in such publications 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 on such information. Although we believe that the industry and market data used in this Prospectus is reliable, such data has not been independently verified by us, the Selling Shareholders, the BRLMs or any of our or their respective affiliates or advisors and none of these parties make any representation as to the accuracy of this information. 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.

The extent to which the market and industry data presented in this Prospectus is meaningful depends upon 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 market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "Risk Factors" on page 28. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, “*Basis for the Offer Price*” on page 97 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information. Accordingly, no investment decision should be made solely on the basis of this information.

#### **Notice to Prospective Investors**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offer, including the merits and risks involved. The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**U.S. Securities Act**”) or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements include statements which can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “seek to”, “will pursue”, or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and projects are ‘forward – looking statement’. All statements in this Prospectus that are not statements of historical fact are ‘forward – looking statements’.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

- to obtain and/or renew registrations of our products;
- our ability to successfully implement our growth;
- changes in laws and regulations relating to the industry in which we operate, changes in government policies and regulatory actions that apply to or affect our business; and
- developments affecting the Indian and global economy.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, refer “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 28, 131 and 268 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Although we believe that the assumptions on which such forward-looking statements are based are reasonable, 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 on the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management’s belief 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 as well as statements based on them could prove to be inaccurate. Neither our Company, the Selling Shareholders, our Promoter, our Directors, the BRLMs, nor any of their respective affiliates 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 regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of registration of the Red Herring Prospectus with the RoC until receipt of final listing and trading approvals by the Stock Exchanges for the Offer. The Selling Shareholders shall ensure that they will keep our Company and the BRLMs informed of all developments pertaining to the Offered Shares and themselves that may be material from the context of the Offer.

## SECTION II – SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including the sections titled “Risk Factors”, “Objects of the Offer”, “Our Business”, “Industry Overview”, “Capital Structure”, “The Offer” “Offer Procedure”, “Outstanding Litigation and Other Material Developments” and “Main Provisions of the Articles of Association” beginning on pages 28, 90, 131, 105, 75, 65, 329, 298 and 344 respectively of this Prospectus.

### Primary business of our Company

We are a crop protection chemical manufacturer, exporter and marketing company based out of Vapi, Gujarat, with Corporate and Administration Offices in Mumbai. We manufacture Intermediates, Technicals and Formulations. We are one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permitherin, lambda cyhalothrin etc. Our Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control.

### Industry in which our Company operates

Our Company operates in the agrochemicals industry.

### Name of Promoters

Our Promoters are Sadashiv K. Shetty and Raghuram K. Shetty. For details, see “Our Promoter and Promoter Group” on page 192.

### Offer size

Offer of Equity Shares	99,71,937* Equity Shares, aggregating to ₹ 6,252.40* million
<i>of which:</i>	
Fresh Issue <sup>1</sup>	9,56,937* Equity Shares, aggregating to ₹ 600* million
Offer for sale <sup>2</sup>	90,15,000* Equity Shares, aggregating to ₹ 5,652.40* million

\*Subject to finalisation of Basis of Allotment

Notes –

- The Fresh Issue has been authorised by the Board of Directors pursuant to their resolution dated September 9, 2020 and the Shareholders pursuant to their resolution dated September 16, 2020.
- The Offer for Sale has been authorized by Sadashiv K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; Raghuram K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; SAMS Industries Limited (Selling Shareholder) by its consent letter dated September 8, 2020, Babu K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 8, 2020. The Selling Shareholders have specifically confirmed that the Equity Shares being offered by them by way of this Offer have been held by them for at least one year prior to the filing of this Prospectus with SEBI in terms of Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.

### Objects of the Issue

The Net Proceeds are proposed to be utilised towards the following objects:

(₹ in million)

Particulars	Amount
To fund working capital requirements	500.00
General corporate purposes	74.81
<b>Net Proceeds of the Issue</b>	<b>574.81</b>

**Aggregate Pre-Offer shareholding of Promoter and Promoter Group and Selling Shareholders as a percentage of the paid-up Equity Share capital**

No.	Particulars	Pre-Offer	
		No. of Shares	% Holding
(A)	<b>Promoters</b>		
1.	Sadashiv K. Shetty	1,30,51,796	33.42%
2.	Raghuram K. Shetty	1,41,21,984	36.16%
	<b>Total (A)</b>	<b>2,71,73,780</b>	<b>69.58%</b>
(B)	<b>Members of Promoter Group</b>		
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K. Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R. Shetty	6,36,250	1.63%
10.	Roshan R. Shetty	6,36,250	1.63%
11.	Sadashiv Kanyana Pakeera Shetty HUF	3,20,600	0.82%
	<b>Total (B)</b>	<b>1,14,32,750</b>	<b>29.27%</b>
(C)	<b>Selling Shareholders<sup>1</sup></b>		
12.	Babu K. Shetty	1,50,000	0.38%
13.	Vittala K. Bhandary	1,50,000	0.38%
	<b>Total (C)</b>	<b>3,00,000</b>	<b>0.77%</b>
	<b>Total (A)+(B)+(C)</b>	<b>3,89,06,530</b>	<b>99.62%</b>

1. Excluding the Selling Shareholders who are Promoters or part of the Promoter Group.

**Summary of Financial Information**

(in ₹ million, except per share data)

Particulars	For six months period ended on September 30, 2020	For six months period ended on September 30, 2019	As at and for the financial year		
			March 31, 2020	March 31, 2019	March 31, 2018
<b>Share Capital</b>	<b>390.56</b>	<b>390.56</b>	<b>390.56</b>	<b>390.56</b>	<b>78.11</b>
Net Worth <sup>1</sup>	3,812.58	2,760.96	3208.49	2281.76	1573.18
Revenue	6,192.11	5,022.33	9679.06	10118.38	7504.10
Profit after tax	663.11	532.43	977.49	754.02	468.76
Earning per share (Basic and Diluted) <sup>2</sup>	16.98	13.63	25.03	19.31	12.00
Net asset value per Equity Share <sup>3</sup>	97.62	70.69	82.15	58.42	40.29 <sup>5</sup>
Total borrowings <sup>4</sup>	380.19	639.25	430.79	498.74	759.93

Notes:

1. Net Worth is derived from the Restated Financial Statements and is computed as aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
2. Basic EPS and Diluted DPS derived from the Restated Financial Statements and is computed as Restated Net profit after tax / weighted average number of shares outstanding during the year.
3. Net asset value per equity share is computed as total assets minus total liabilities divided by total number of outstanding shares.
4. Total borrowings includes sum of non-current borrowings and current borrowings.
5. Net asset value for the FY 2017-18 is computed after considering bonus issue of Equity Shares in the FY 2018-19 to make it comparable with Net Asset Value for the FY 2018-19 and FY 2019-20

**Qualifications of the Auditors which have not been given effect to in the Restated Financial Statements**

Nil



## Summary of Outstanding Litigations:

A summary of outstanding litigation proceedings involving our Company, our Directors and our Promoters have been set out below:

	Nature of Proceedings	Number of outstanding proceedings	Amount involved (Rs. in million)
<b>LITIGATION INVOLVING OUR COMPANY</b>			
<i>Outstanding proceedings against our Company</i>			
	Civil Proceedings	2	0.96
	Criminal Proceedings	18*	Not Ascertainable
	Show Cause Notices issued by certain state agricultural departments	132	Not Ascertainable
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	5	134.26
<i>Outstanding proceedings by our Company</i>			
	Civil Proceedings	16	3.58
	Criminal Proceedings	526	270.73
	Tax Proceedings	Nil	Nil
<b>LITIGATIONS INVOLVING OUR SUBSIDIARY, CHANG ZHOU</b>			
<i>Outstanding proceedings against our Subsidiary, Chang Zhou</i>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	Nil	Nil
<i>Outstanding proceedings by our Subsidiary, Chang Zhou</i>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Tax Proceedings	Nil	Nil
<b>LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS</b>			
<i>Outstanding proceedings against our Promoters &amp; Directors</i>			
	Civil Proceedings	4	5.20
	Criminal Proceedings	6	27.13
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	Nil	Nil
<i>Outstanding proceedings by our Promoters &amp; Directors</i>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Tax Proceedings	Nil	Nil

\*In five (5) out of eighteen (18) complaints, copy of summons and complaints have not been received by our Company. Our Company have obtained filing details of these five (5) complaints from the websites of respective courts where the complaints have been filed. These complaints have been filed under certain provisions of the Insecticides Act, 1968 in relation to misbranding of insecticides and manufacturing & sale of certain insecticides. On adjudication of these proceedings, the respective courts may pass orders in terms of section 29 of the Insecticides Act, 1968 which inter-alia provides for imprisonment or with fine or with both. The imposition of fine will not adversely impact the business and financials of our Company.

For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 298 of this Prospectus.

## Risk Factors

For details of the risks applicable to us, please see "Risk Factors" beginning on page 28.

## Summary table of Contingent Liabilities of our Company

The following is a summary table of our contingent liabilities as of September 30, 2020 and September 30, 2019 and March 31, 2020, March 31, 2019 and March 31, 2018 to the extent not provided for:

(₹ in million)

Particulars	For six months period ended on September 30, 2020	For six months period ended on September 30, 2019	As at and for the financial year		
			March 31, 2020	March 31, 2019	March 31, 2018
<b>Claims against our Company not acknowledged as debts (A)</b>					
Guarantees issued by bank	50.23	42.44	41.29	42.68	42.78
In respect of security provided to ABFL in respect of loan availed by related party	315.00	344.17	335.42	--	--
Disputed Excise duty / Custom duty demands	162.38	162.38	162.38	162.38	185.12
Disputed income tax liability	--	--	--	--	19.05
Disputed VAT liability – UP state	4.50	4.50	4.50	--	--
Export bills discounted with banks	-	78.20	109.56	141.05	147.30
<b>Commitments (B)</b>					
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance) i.e the amount payable for the undelivered capital expenditure items	63.81	75.59	171.52	86.69	78.92

For further information on our contingent liabilities, please see “Financial Statements” beginning from page 206.

## Summary of Related Party Transactions

Summary of the Related Party Transactions derived from the Restated Financial Statements as of September 30, 2020 and September 30, 2019 and March 31, 2020, March 31, 2019 and March 31, 2018 are as follows:

Nature of transaction	For six months period ended on September 30, 2020	For six months period ended on September 30, 2019	As at and for the financial year		
			March 31, 2020	March 31, 2019	March 31, 2018
<b>Enterprise over which key management personnel and their relatives exercise control</b>					
<i>Transactions for the periods:</i>					
Interest Received	0.89	0.00	0.16	0.00	0.00
Advance given/Adjusted	34.29	23.94	10.41	1.09	22.25
Advance Received/Adjusted	26.22	42.50	42.5	0.00	0.00
Interest paid	0.00	1.21	1.78	0.00	0.00
Job work	32.23	19.10	54.75	33.04	2.54
Lease Rent paid	0.27	0.27	0.49	-	-
Payment of Dividend	57.90	38.61	38.61	38.61	50.21
Remuneration	39.95	48.83	102.96	45.39	27.7
Professional Fees	0.90	0.90	1.80	1.80	1.80
Loans received	0.00	0.00	0.00	0.00	5.11
Loans repaid	0.07	0.00	0.00	2	16.11
<b>Closing Balances:</b>					

Unsecured Loans receivable/(payable)	0.00	(0.07)	(0.07)	(0.07)	(2.07)
Loans & Advances receivable	70.86	81.28	79.83	79.68	79.75
Loans & Advances payable	(0.76)	(23.79)	(0.49)	-	-
Guarantees Given	745.43	1,081.59	916.99	682.4	755.35

For further information on related party transactions, please see “*Financial Statements*” beginning from page 206.

### **Financing Arrangements**

Our Promoter, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any other person of securities of our Company other than in the normal course of the business by a financing entity during the period of six months immediately preceding the date of this Prospectus.

### **Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the last one year**

Our Promoters and Selling Shareholders have not acquired any Equity Shares in the one year preceding the date of this Prospectus.

### **Average cost of acquisition of the shares of our Promoters and Selling Shareholders**

<b>Name</b>	<b>No. of Equity Shares held as on the date of this certificate</b>	<b>Average cost of acquisition per share (in ₹)</b>
Sadashiv K. Shetty	1,30,51,796	1.79
Raghuram K. Shetty	1,41,21,984	1.33
SAMS Industries Limited	14,26,250	20.00
Babu K. Shetty	1,50,000	1.00
Vittala K. Bhandary	1,50,000	0.67

### **Size of the pre-IPO placement and allottees, upon completion of the placement.**

Our Company is not contemplating a Pre-IPO Placement.

### **Issuance of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued any Equity Shares for consideration other than cash in the last one year preceding the date of this Prospectus.

### **Split / Consolidation of Equity Shares of our Company in the last one year**

Our Company has not undertaken a split or consolidation of the Equity Shares in the last one year.

### SECTION III - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate in or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, cash flows 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 suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. To obtain a more detailed understanding of our business and operations, prospective investors should read this section in conjunction with “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 131 and 268, respectively, as well as the other financial and statistical information contained in this Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in the Offer.

Prospective investors should pay particular attention to the fact that we were incorporated under the laws of India and are subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. See “Forward-Looking Statements” on page 22.

Our financial information for the for the six months period ended September 30, 2020, September 30, 2019 and for the Fiscal 2020, 2019 and 2018 included in this Prospectus, are prepared under Ind AS. References to “Restated Financial Statements” are to our restated, financial information for the six months period ended September 30, 2020, September 30, 2019 and for the Fiscal 2020, 2019 and 2018. Unless stated or the context requires otherwise, the financial information used in this section is derived from the Restated Financial Statements beginning from page 206. For a discussion of our results of operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 268.

#### Risks Relating to Our Business and Industry

1. **There are outstanding legal proceedings involving our Company, Promoters and certain Directors which may adversely affect our business, financial condition and results of operations.**

There are proceedings pending at different levels of adjudication before various courts, enquiry officers and appellate forums. Such proceedings could divert management’s time, attention and consume financial resources in their defence. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. For details in relation to certain material litigation, please see the section entitled "Outstanding Litigation and Material Developments" beginning on page 298. A summary of the outstanding proceedings involving our Company, our Promoters and Directors as disclosed in this Prospectus, to the extent quantifiable, have been set out below:

	Nature of proceedings	Number of outstanding proceedings	Amount involved (₹ in million)
<b>LITIGATION INVOLVING OUR COMPANY</b>			
<b>Outstanding proceedings against our Company</b>			
	Civil Proceedings	2	0.96
	Criminal Proceedings	18*	Not ascertainable
	Show Cause Notices issued by certain state agricultural departments	132	Not Ascertainable
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	5	134.26
<b>Outstanding proceedings by our Company</b>			
	Civil Proceedings	16	3.58
	Criminal Proceedings	526	270.73

	Nature of proceedings	Number of outstanding proceedings	Amount involved (₹ in million)
	Tax Proceedings	Nil	Nil
<b>LITIGATIONS INVOLVING OUR SUBSIDIARY, CHANG ZHOU</b>			
<b><i>Outstanding proceedings against our Subsidiary, Chang Zhou</i></b>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	Nil	Nil
<b><i>Outstanding proceedings by our Subsidiary, Chang Zhou</i></b>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Tax Proceedings	Nil	Nil
<b>LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS</b>			
<b><i>Outstanding proceedings against our Promoters &amp; Directors</i></b>			
	Civil Proceedings	4	5.20
	Criminal Proceedings	6	27.13
	Disciplinary action including penalty imposed by SEBI or stock exchanges	Nil	Nil
	Tax Proceedings	Nil	Nil
<b><i>Outstanding proceedings by our Promoters &amp; Directors</i></b>			
	Civil Proceedings	Nil	Nil
	Criminal Proceedings	Nil	Nil
	Tax Proceedings	Nil	Nil

\*In five (5) out of eighteen (18) complaints, copy of summons and complaint have not been received by our Company. Our Company have obtained filing details of these five (5) complaints from websites of the respective courts where the complaints have been filed. These complaints have been filed under certain provisions of the Insecticides Act, 1968 in relation to misbranding of insecticides and manufacturing & sale of certain insecticides. On adjudication of these proceedings, the respective courts may pass orders in terms of Section 29 of the Insecticides Act, 1968 which inter-alia provides for imprisonment or with fine or with both. The imposition of fine will not adversely impact the business and financials of our Company.

Orders passed in such proceedings adverse to our interests may affect our reputation and standing and may have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 298 of this Prospectus.

2. ***Our top ten customers constituted not more than 22.03% and 20.85% of our sales for the six months period ended September 30, 2020 and for Fiscal 2020, respectively, both in the domestic and the international markets. Our top five domestic customers across product categories constituted 9.02%, 8.60%, 6.57% and 7.36% of our total revenue for six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018, respectively. Our top five international customers across product categories constituted 13.04%, 9.60%, 12.68% and 11.50% respectively, of our total revenue for six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018, respectively. Absence of large customers and dependance on smaller customers increases uncertainty of demand which may have an adverse impact on our business operations and financial performance.***

Our revenues from our top five domestic customers across product categories for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 are set out below:

(in ₹ million)

No.	Particulars	For six months months period ended September 30, 2020		FY 2020		FY 2019		FY 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
1	Customer 1	191.30	3.09	280.80	2.90	185.09	1.83	125.65	1.67
2	Customer 2	112.51	1.82	179.11	1.85	145.08	1.43	117.92	1.57
3	Customer 3	89.47	1.44	160.00	1.65	123.42	1.22	113.40	1.51
4	Customer 4	84.31	1.36	120.00	1.24	107.72	1.06	107.84	1.44
5	Customer 5	80.27	1.30	92.74	0.96	104.78	1.03	88.00	1.17

We have further set out below revenues from our top five international customers across product categories for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 as detailed below:

(in ₹ million)

No.	Particulars	For six months period ended September 30, 2020		FY 2020		FY 2019		FY 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
1.	Customer 1	319.17	5.15	291.43	3.01	428.42	4.23	241.10	3.21
2.	Customer 2	190.47	3.08	216.04	2.23	289.82	2.86	212.04	2.83
3.	Customer 3	108.43	1.75	158.07	1.63	226.84	2.24	187.09	2.49
4.	Customer 4	99.98	1.61	148.53	1.53	191.44	1.89	112.94	1.51
5.	Customer 5	88.32	1.43	115.98	1.20	148.07	1.46	109.55	1.46

Our top ten customers across product categories constituted 22.03% and 20.85% of our revenue from operations for the six months period ended on September 30, 2020 and for Fiscal 2020, respectively. Reliance on large number of small customers for our business may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders, failure to negotiate favourable terms with customer, the loss of these customers, all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of our Company. Further, there is no guarantee that we will retain the business of our existing customers or maintain the current level of business with each of these customers. In order to retain some of our existing customers, we may also be required to offer terms to such customers which we may place restraints on our resources. Additionally, our revenues may be adversely affected if there is an adverse change in any of our customers supply chain strategies or a reduction in their outsourcing of products we offer, or if our customers decide to choose our competitors over us or if there is a significant reduction in the volume of our business with such customers. Maintaining strong relationships with our customers is, therefore, essential to our business strategy and to the growth of our business. Some of our customers may place demands on our resources or may require us to undertake additional obligations which have the effect of increasing our operating costs and therefore affect our profitability. Further, a decline in our customers' business performance may lead to a corresponding decrease in demand for our products. Consequently, the loss of existing customers and our inability to acquire new customers, may significantly affect our revenues, and we may have difficulty securing comparable levels of business from other customers or secure new customers to offset any loss of revenue from the loss of our existing customers. As a consequence of our reliance on a variety of customers, any adverse change in the financial condition of these customers may also have an adverse effect on our business, financial condition, results of operations, cash flows and future benefits. Furthermore, we typically do not have firm commitment in the form of long-term supply agreements with our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. Consequently, there is no commitment on the part of our customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. Further, we may not find other customers for the surplus or excess capacity, in which case we may be forced to incur loss.

3. ***Our top five institutional customers across product categories constituted 14.89%, 11.64%, 13.05% and 11.77% of our total revenue for six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018, respectively. Any reduction or loss in sales to our institutional customers could have an adverse effect on our business, financial condition and results of operations.***

Our revenue from top five institutional customers across product categories for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 as detailed below:

(in ₹ million)

No.	Particulars	For six months period ended September 30, 2020		FY 2020		FY 2019		FY 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
1.	Customer 1	319.17	5.15	291.43	3.01	428.42	4.23	241.10	3.21
2.	Customer 2	191.30	3.09	280.80	2.90	289.82	2.86	212.04	2.83
3.	Customer 3	190.47	3.08	216.04	2.23	226.84	2.24	187.09	2.49
4.	Customer 4	112.51	1.82	179.11	1.85	191.44	1.89	125.65	1.67
5.	Customer 5	108.43	1.75	160.00	1.65	185.09	1.83	117.92	1.57

Our domestic institutional business constituted 32.95%, 31.10%, 31.78% and 25.86%, respectively, of our total income for six months period ended on September 30, 2020 and for Fiscals 2020, 2019 and 2018, respectively. We do not enter into long-term agreements with our institutional customers. If we were to experience a significant reduction in the amount of sales we make to our institutional customers, and we are not able to sell to other alternative customers in a timely manner or at all, it could adversely affect our sales volumes, and our business, financial condition and results of operations.

4. ***Our Company has not entered into long-term agreements with our customers for purchasing our products nor for the supply of raw materials with our suppliers. We are subject to uncertainties in demand and there is no assurance that these customers and suppliers will continue to purchase our products or sell raw materials to us or that they will not scale down their orders. This could impact the business and financial performance of our Company.***

Our Company has been dealing with most of our customers for the past several years, but we have not entered into any long-term agreements with our customers. Similarly, on the supply side as well we have been purchasing raw materials from various suppliers, both domestic and international, but have not entered into any long-term contract. Our practice has been to place orders considering the demand-supply position which is also an industry practice. As a result, our customers and suppliers can terminate their relationships with us due to a change in preference or any other reason on immediate basis, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products and supply of raw materials. Our Company's customers have no obligation to place orders with us and may either cancel, reduce or delay orders. The orders placed by our Company's customers are dependent on factors such as customer satisfaction with the quality of our products, level of service that our Company provides, fluctuation in demand for our Company's products, customer's inventory management, amongst others. Our Company's suppliers have no obligation to accept our orders and may either cancel, reduce or delay orders. The orders placed by our Company's on our suppliers are dependent on factors such as fluctuation in demand, supplier's inventory management and pricing amongst others.

Although, we have a strong emphasis on quality, timely delivery of our products and raw materials and personal interaction by the senior management with the customers and suppliers, any change in the buying pattern of buyers and preferences of suppliers can adversely affect the business and the profitability of our Company.

5. ***Raw materials constitute a significant percentage of our Company's total expenses. Any increase in prices and any decrease in the supply would materially adversely affect our Company's business.***

Raw materials constitute a significant percentage of the total expenses of our Company. The cost of materials purchased domestically and internationally, in value and percentage terms to total revenue of the Company for six months period ended September 30, 2020 and for the Fiscal 2020, 2019 and 2018 is set out below:

(in ₹ million)

Particulars	For the six months period ended on September 30, 2020		FY 2020		FY 2019		FY 2018	
	Amount	% to total income	Amount	% to total income	Amount	% to total income	Amount	% to total income
Domestic	3,485.54	56.29	5,255.76	54.30	5,790.59	57.19	4,156.91	55.40
Imported	846.65	13.67	1,272.25	13.14	1,329.89	13.13	839.91	11.19
TOTAL	4,332.19	69.96	6,528.01	67.44	7,120.48	70.32	4,996.82	66.59

Raw Materials consumption with respect to total income accounted for 69.96%, 67.44%, 70.37% and 66.59% for the period ended on September 30, 2020, Fiscal 2020, 2019 and 2018 respectively. Any increase in the price of raw materials, which our Company is unable to pass on the impact of, would have a material adverse effect on our Company's business. We are exposed to the price risk associated with purchasing our raw materials, which form the highest component of our expenses. We have not entered into any long term arrangements with our suppliers and place our orders based on demand estimates and orders in hand. Fluctuations in the price and availability of raw materials may affect our business and results of operations. We do not currently engage in any hedging activities against commodity price risk. Any material shortage or interruption in the domestic and international supply or decrease in the quality of raw materials due to natural causes or other factors could result in increased production costs that our Company may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our Company's business.

**6. We are required to obtain and/or renew certain registrations from the CIB&RC for our products manufactured in India. We also register our products in overseas jurisdictions through our International Distribution Partners to enable exports to such countries. Any failure to successfully register our products in India or in the international markets may affect our results of operations and financial condition.**

Our products must receive requisite regulatory registrations after being tested for their safety, efficacy and environmental effect before they can be introduced and marketed in any jurisdiction. A submission of an application to a regulatory authority does not itself lead to a grant of such application. In India, our current principal market, the registration process for a new product is complex, lengthy and expensive. The time taken to obtain registration in India is generally from six months to two years from the date of application. This registration process increases our cost of developing new products and does not guarantee that we will be successful in selling these products after their registration is granted. Individual registration for each insecticide is required to be obtained from the CIB&RC to manufacture, export or import any insecticides in India under Section 9 of the Insecticides Act, 1968. If we are unable to successfully obtain registrations in a timely manner, we may lose the market opportunities which may result in our delay or failure to recover the costs incurred towards seeking registrations and other related activities and may adversely affect our operations and profitability. Although, we have duly obtained registrations for manufacturing and exporting the products we manufacture and distribute in India and in the international markets, there can be no assurance that we will be able to maintain or obtain the necessary registrations in the future. Additionally, after a period of time, we are required to re-register our products by illustrating to the relevant authorities that our products meet the current relevant standards, which may have become more stringent since we obtained the prior registration. There is no assurance that such re-registration would be granted.

As per Section 9 of the Insecticides Act, any person desiring to import or manufacture any Pesticide may apply to registration committee (CIB&RC) for registration of such Pesticide and there is separate registration for each insecticide. Our Company has duly obtained the registration under the Insecticides Act, 1968, for manufacturing pesticides at our manufacturing facilities. We have already received registrations for eighteen (18) Technicals and one hundred sixty-nine (169) Formulations registered for manufacturing and sale in India and manufacturing one hundred three (103) Technicals & Formulations only for the international markets. We have applied for registration from the CIB&RC for the manufacture and sale in India of fourteen (14) Technicals and Formulations which are pending at various stages with the CIB&RC.

Additionally, our products must be registered in the relevant country in which the product is marketed and sold which is applied by our International Distribution Partners in the relevant overseas jurisdiction. Each applicable authority may impose its own requirements and/or delay or refuse to grant registration, even when a product has already been approved in another country. Even after we obtain all the requisite regulatory or governmental pre-approvals and registrations, our products may be subject to other continual governmental oversight in connection with, among other things, quality control. Our pesticides manufactured in India are subject to surprise sample checking by governmental agencies and in the event that the sample does not comply with the quality norms prescribed by the CIB, it could lead to the issuance of show cause notices and potentially suspension of sales of those batches and/or products or even a total ban on the sale of such products. Legislation encouraging or discouraging the planting of specific crops can also adversely affect the approvals and registration of our products. Regulatory standards and trial procedures are continuously changing. Responding to these changes and meeting existing and new requirements may be expensive and burdensome.

Changing regulatory standards may also affect our ability to maintain our products in the market. For instance, the Anupam Verma Committee of India, set up to review the continued use of sixty six (66) pesticides that were banned, restricted or withdrawn for use in farming in other countries, recommended a ban in India of thirteen (13) “extremely hazardous” pesticides, the phasing out of six (6) “moderately hazardous” pesticides by 2020 and a review of twenty seven (27) pesticides in 2018 after completing certain technical studies. Since the coming into effect of these recommendations in 2018, we have ceased the manufacturing of the three (3) molecules and related four (4) Branded Formulations under the product name “Dodak”, “Hermit”, “Rider” and “Delphos”. Pursuant to the prohibition on the sale of these molecules, the sale of the above products will cease from January 01, 2021. These products are presently on the shelf of our depots and if not sold by December, 2020 the maximum impact on our revenues shall not be more than ₹ 5 million which includes value of these products, unusable packing material and costs for the destruction of the unsold stock of these products. Other than the above, there will be no impact on the Company.

Any such ban in the future on our products from manufacturing and sale in India could adversely affect our ability to manufacture some of our products which could adversely affect our financial results. There can be no assurance that we or our distributors/customers would be able to obtain the necessary approvals to import and undertake sales of our products, or that we will be able to register or re-register our products in India or the countries where we import or



export. If we are unable to do so in a cost effective and timely manner, it would restrict our ability to buy and sell our products in the relevant markets, which could have an adverse effect on our business, financial condition and results of operations.

**7. *We may not be able to avail funding from banks or financial institution for our future working capital requirements. The failure to obtain such financing may adversely affect our ability to grow and our future profitability.***

Our working capital requirement for FY 2020-21 estimated at ₹3,093 million. Further, an amount of ₹500 million towards working capital requirement will be funded out of the Issue Proceeds, whereas the balance, if any, would be arranged from our internal accruals and/or loan funds. Our Company cannot assure you that we will be able to raise such financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain financing on acceptable terms and in a timely manner could materially and adversely impact our planned capital expenditure, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

**8. *Our operations are subject to high working capital requirements. Our inability to obtain and / or maintain sufficient cash flow, credit facilities and other sources of funding in a timely manner to meet our requirements of working capital or payment of our debts, could adversely affect our operations.***

Our business requires significant amount of working capital. We require significant amount of our working capital for purchasing key raw materials which are sourced from domestic companies, local vendors and some of them are imported by our Company mainly from China. Further, our Formulations Products have a credit cycle of 90 to 120 days which form a part of our working capital requirements. Though, presently we have sanctioned working capital limits from the existing bankers and one of the Objects of the Issue is to meet our future working capital requirements, we may need additional debt in the future to satisfy our working capital needs. All these factors may result in increase in the quantum of our current assets and short-term borrowings. Our inability to obtain and / or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, to meet our working capital requirements, could adversely affect our financial condition and results of operations. For further details, please see section titled "*Objects of the Offer*" beginning on page 90 of this Prospectus.

**9. *The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our management and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our expenditure and may have a bearing on our expected revenues and earnings.***

Our funding requirements and the deployment of the proceeds of the Issue are purely based on our management's estimates and have not been appraised by any bank or financial institution. Our Company may have to revise such estimates from time to time and consequently our funding requirements may also change. Our estimates may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the Objects of the Issue is entirely at the discretion of our management. However, our Board will monitor the utilisation of the Net Proceeds through its Audit Committee and our Company will disclose the utilisation of Net Proceeds under separate head in our balance sheet along with relevant details for all sum amounts that have not been utilized. Our Company will issue a disclosure to the Stock Exchanges, on a quarterly basis, deviations, if any, in the Use of Proceeds of the Issue from the Objects stated in the Red Herring Prospectus or by way of an explanatory statement to the notice for a general meeting

**10. *We have made Company Law related non-compliances in the past. We may be subject to regulatory action, including monetary penalty that may be imposed on us.***

There have been certain non-compliances in respect of company law related matters. Notices maybe issued upon our Company and fines or penalties may also be imposed upon our Company, which may adversely affect our administration from compliance perspective. There can be no assurance that no penal action will be taken against us by the regulatory authorities with respect to the non-compliances. If any adverse actions are taken against us, our financial results could be affected. The below mentioned is the list of non-compliances with regards to Companies Act, 2013:

1. Section 203 of Companies Act 2013 – Our Company was required to appoint a company secretary from the FY 2015 when our paid-up capital exceeded ₹ 50.00 Million but appointed a company secretary only on September 26, 2018. Our Company has already filed a compounding application under Section 203 and 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad which is pending for hearing.

2. In relation to the bonus issue made by our Company on May 28, 2014 the date of EGM in the resolution attached with the relevant form was inadvertently mentioned as June 1, 2014. Our Company has filed a compounding application under Section 63 and 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad which is pending for hearing.
3. Our Company was required to have an optimum combination of independent and non-executive Directors in terms of Companies Act, 2013 on its Board since FY 2015, but we complied with this requirement on July 9, 2018. Our Company has filed a compounding application under Section 149 and 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad which is pending for hearing.
4. Section 177 of the Companies Act, 2013 - Formation of the Audit Committee and Nomination and Remuneration Committee. Our Company was required to appoint Independent Directors on its Board to comply with the requirement of the Companies Act, 2013 since FY 2015. Nomination and Remuneration Committee was also not formed by our Company as required under the Companies Act. However, on August 31, 2018, both the Audit Committee and Nomination and Remuneration Committee were formed in compliance of SEBI LODR Regulations and the Companies Act, 2013. Our Company has filed a compounding application under 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad to compound the non-compliance of Section 177 and 178 which is pending for hearing.
5. Section 138 of the Companies Act, 2013 - Appointment of Internal Auditor. Our Company was required to appoint an internal auditor as per Section 138 of the Companies Act, 2013 from April 1, 2014. However, our Company has complied with this requirement only in FY 2020-21. Our Company has filed a compounding application under Section 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad on October 20, 2020 for the non-compliance of Section 138 for not appointing an internal auditor from FY 2014-15 to FY 2019-20, which is pending for hearing.

**11. *We have made allotment of 1,17,000 Equity Shares on May 8, 2015 without full compliance of section 42(6) of the Companies Act, 2013.***

The Company had issued and allotted 53,500 Equity Shares to Sadashiv K. Shetty, 52,000 Equity Shares to Raghuram K. Shetty and 11,500 Equity Shares to Sujata S. Shetty on May 8, 2015. As per Section 42(6) of the Companies Act, 2013, the monies received on application are required to be kept in a separate bank account in a scheduled bank and must not be utilised for any purpose other than for allotment of shares. Our Company had inadvertently deposited the application money in the Cash Credit Account of the Company which technically amounts to utilization of fund before the allotment of shares. The contravention of the provisions of Section 42 attract a penalty against our Company, its Promoters and Directors. In such a scenario, notices maybe issued upon our Company imposing fines or penalties by the MCA.

Our Company has filed a compounding application under Section 42 and 454 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad which is pending for hearing.

**12. *There has been a non-compliance of Section 135 of Companies Act, 2013 regarding Corporate Social Responsibility.***

As per Section 135 of the Companies Act, 2013, our Company was required to constitute Corporate Social Responsibility Committee and spend at least two percent (2%) of our average net profits made during the three (3) immediately preceding financial years. Our Company had not constituted the Corporate Social Responsibility Committee upto August 31, 2018. However, our Company did not allocate and disburse ₹ 1.75 million in FY 2015-16 for CSR purposes against the amount of ₹2.12 million that was required to be allocated and disbursed in FY 2014-15. During the FY 2015-16 our Company did not allocate and disburse monies for CSR purposes. During the FY 2016-17 our Company was required to allocate and disburse ₹5.46 million but failed to do the same during this period. During FY 2017-18 our Company allocated and disbursed ₹2.61 million for CSR purposes while the amount required to allocate and disburse ₹6.17 million. Our Company has already filed a compounding application under Section 135 and 441 of the Companies Act, 2013 before the Regional Director, Registrar of Companies, Ahmedabad which is pending for hearing. Non-compliance of the Section 135 of the Companies Act, 2013 provides for punishment with fine of not less than fifty thousand rupees but which may extend to Rs. 2.50 Million on the defaulting company and also provides for punishment with imprisonment for a term which may extend to three (3) years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both every officer of the company in default. For further details, please refer to the paragraph titled "*Corporate Social Responsibility*" under section titled "*Our Business*" on page 156 of this Prospectus.

**13. Our Company had negative cash flows in recent Fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

(₹ in million)

Cash flow from	For the six months period ended on September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Investing activities	(159.28)	(520.39)	(373.79)	(246.86)
Financing activities	(142.94)	(199.43)	(411.35)	(258.04)

The cash flows of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to the section titled "*Financial Information*" and section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 206 and 268 respectively, of the Red Herring Prospectus.

**14. We engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.**

We generate a portion of our revenues from customers in countries subject to international sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or equivalent sanctions regimes administered by Her Majesty's Treasury, the European Union, the United Nations or other relevant sanctions authorities (collectively, "**International Sanctions**"). In addition, we have limited information about and control over the identity of customers that use our products, and there can be no assurance that our past or future customers have not included or will not include persons or entities targeted by, or were not or will not be located in any country that is the subject of International Sanctions. For instance, in the six months period ended on September 30, 2020 and in Fiscal 2018, 2019 and 2020, customers based in Iran and Zimbabwe contribute 0.80% and 4.50%, 5.30% and 7.90%, respectively, of our revenues from operations.

There can be no assurance that our business will not be impacted by such International Sanctions in the future, particularly if there are changes to, or more stringent application of, the International Sanctions, or if we make changes to our operations or introduce new products or services with particular appeal to customers subject to or based in countries subject to such International Sanctions. In addition, as a result of our business activities or a change in the scope or application of International Sanctions, our counterparties, including our vendors and suppliers, or our other customers, that are required to comply with such International Sanctions, may seek to terminate or modify our contractual arrangements to impose additional conditions that may be adverse to our operations or business prospects, or may be precluded from entering into commercial transactions with us.

Investors in the Equity Shares could incur reputational or other risks as a result of our business dealings with customers in or with persons that are the subject of International Sanctions. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which might increase regulatory scrutiny of our business or result in some of our business activities being deemed to have violated sanctions or being sanctionable.

Future changes in International Sanctions may also require us to discontinue existing operations, or prevent us from doing business, in jurisdictions subject to such International Sanctions, which could have a material adverse effect on our financial condition and results of operations, including as a result of disputes arising from the termination of our existing contractual arrangements.

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

In late calendar 2019, COVID-19, commonly known as "novel coronavirus" was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020. In order to contain the spread of COVID-19 virus, the Government of India initially announced a 21-day lockdown on March 24, 2020, which, after being subject to successive extensions, certain restrictions were relaxed from June 8, 2020 and continue to be relaxed till date in a phased manner by both the Central and State Governments. During the duration of the lockdown, there were several restrictions in place including travel restrictions and directive to all citizens to not move out of their respective houses unless essential. Whilst the lockdown

required private, commercial and industrial establishments to remain closed, manufacturing units of essential commodities were permitted to be functional. Since manufacturing of agrochemicals was categorised as essential items, manufacturing at our manufacturing facilities at Vapi and Sarigam were shut down temporarily for some days in the beginning of the lockdown. During the initial stages of the lockdown we faced limited availability of labour, supply chain constraints and logistical problems, thereby causing our manufacturing facilities to operate at a sub-optimal capacity in the month of April, 2020.

We have set out below the revenue details of our Company for the January to March quarter for the last three (3) financial years to indicate the effects of Covid 19 lockdown on the operations of our Company:

(in ₹ million)

No.	Particulars	For the quarter ended		
		January 2020 to March 2020	January 2019 to March 2019	January 2018 to March 2018
1	Revenue from operations	2,071.75	2,507.67	1,694.62
2	Export incentives	65.12	47.09	17.34
3	Other income	158.38	63.10	23.62
	<b>Total</b>	<b>2,295.25</b>	<b>2,617.86</b>	<b>1,735.58</b>

We also faced limitation on transportation of our products from our manufacturing facilities and the operation of our offices and branches were also adversely affected amidst the lockdown and public transport restrictions. Due to the rising number of infected cases of COVID-19 in the country, there is no certainty if additional restrictions will be put back in place or if another lockdown would be imposed to control the spread of the pandemic. We cannot assure you that we may not face any difficulty in our operations due to such restrictions and such prolonged instances of lockdown may adversely affect our business, financial condition and results of operations. Further, our ability to ensure the safety of our workforce and continuity of operations while conforming with measures implemented by the central and state governments in relation to the health and safety of our employees may result in increased costs. In the event a member or members of our senior management team contract COVID-19, it may potentially affect our operations. Further, in the event any of our employees contract COVID-19, we may be required to quarantine our employees and shut down a part of or the entire manufacturing facility or our offices and branches, as necessary. Risks arising on account of COVID-19 can also threaten the safe operation of our facility, offices, loss of life, injuries and impact the well-being of our employees.

The ultimate impact will depend on a number of factors, many of which are outside our control. These factors include the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity in India and the world, the eventual level of infections in India or in the regions in which we operate, and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus. These risks could have an adverse effect on our business, results of operations, cash flows and financial condition. As on the date of this Prospectus, while we have seen a higher demand of our Products, there is significant uncertainty on the impact of COVID-19 on the global and Indian economy and we may not be able to accurately predict its near term or long term impact on our business.

**16. In FY 2018-19 certain injunctions or restraining orders were passed against our Company by GPCB prohibiting operations of our manufacturing facilities. In the event we are restrained by the authorities from operating our manufacturing facilities for any length of time, it may adversely affect our business, financial condition and results of operations.**

During FY 2018-19, Gujarat Pollution Control Board (GPCB) prohibited our Company from manufacturing activities and directed closure of operations at our Unit I by way of a direction dated November 14, 2018 under Section 33(A) of the Water Act due to an incident of death of a helper and injury caused to an operator due to a tanker blast that happened at the time of loading of spent Hydrogen Bromide (HBr) and our Company was selling the generated spent HBr without obtaining necessary permission from GPCB. Thereafter, our Company submitted a bank guarantee of ₹ 0.25 million and gave undertaking to avoid such incident in future and to use dedicated tankers only for handling of spent HBr. Our Company has also assured GPCB that spent HBr will be sold to the industry after obtaining necessary permission under Rule-9 of Hazardous and Other Waste (Management & Transboundary Movement) Rules, 2016. On receipt of the bank guarantee and undertaking, GPCB revoked its direction by way of its revocation order dated December 7, 2018. Further, from the point of view of operational impact of this direction by GPCB dated November 14, 2018, upon our Company, since our Unit I was closed for 23 days, the inventory of the products of our Company temporarily reduced and

recovered post the re-commencement of manufacturing operations at Unit I. Further, there was no financial impact on our Company.

Further, during FY 2019-20, GPCB directed closure of our Unit II under Section 5 of the Environment (Protection) Act, 1986 for violations of Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 at our Unit II vide their direction dated July 11, 2019 (the "Unit II Closure Direction"). While issuing our Unit II Closure Direction, GPCB had the following observations:

- (i) generation of incinerable waste more than the consented quality;
- (ii) breach of production than Consolidated Consent and Authorisation ("CC&A");
- (iii) 23 drums of incinerable waste lying at storage area and four (4) drums of incinerable waste stored at production and plant area;
- (iv) production was not carried on as per Environmental Clearance ("EC") and Consent to Establish ("CTE") amendment;
- (v) Our Unit II had mentioned sludge from incinerable waste instead of sludge from wet scrubber and distillation residue instead of incinerable waste in last six month's manifest;
- (vi) High Chemical Oxygen Demand, High Total Dissolved Solids ("TDS") and Cyanide containing concentrated waste water line joint to final pipeline;
- (vii) Unit diluting water because TDS of collection tank shows 35000-40000mg/l while TDS of final treated waste water shows 5000-6000 mg/l; and
- (viii) Unit II to provide established flow diagram of Effluent Treatment Plant ("ETP") and nomenclature of ETP units.

GPCB further directed our Unit II to comply with the observations of GPCB mentioned in the Unit II Closure Direction and make payment of ₹ 5 million towards Environmental Damage Compensation to GPCB. Thereafter, our Company complied with the following:

- (a) Paid ₹ 0.44 million to Nandesari Environmental Control Limited for lifting & disposal of hazardous waste from the site;
- (b) Paid ₹ 10 million as an Environmental Damage Compensation and submitted bank guarantee of ₹ 1 million;
- (c) Disposed off total 86 barrels comprising of 51.840 metric tonnes hazardous waste and contaminated sand lying at site in Nandesari Environmental Control Limited, Vadodara as per order of Hon'ble Jambughoda Court dated June 14, 2019
- (d) Made a provision for dedicated area for storing hazardous waste;
- (e) Removed blind flange points and redirected the pipe lines of the effluent water from our Unit II to our Unit I so that the high COD/ TDS effluent water from our Unit II could directly go to the Multi Effect Evaporator (MEE), an effluent treatment equipment, which was established in Unit I;
- (f) Installed Reverse Osmosis ("RO") plant to solve the issue of high TDS water;
- (g) Established flow diagram of ETP and provided nomenclature of ETP units;
- (h) Stopped the generation of additional incinerable waste beyond the consented limit as per CTE.

On meeting the above compliances, GPCB revoked the Unit II Closure Direction vide its revocation order dated August 16, 2019. Further, from the point of view of operational impact of Unit II Closure Direction upon our Company, since our Unit I was closed for 51 days, the inventory of the products of our Company temporarily reduced and recovered post the re-commencement of manufacturing operations at our Unit II. There was no financial impact on our Company except the ₹ 0.44 million paid for lifting & disposal of hazardous waste from the site to Nandesari Environmental Control Limited and ₹10 million paid towards Environmental Damage Compensation.

In the event we are restrained by the authorities from operating our manufacturing facilities for any length of time in the future, it may adversely affect our business, financial condition and results of operations.

**17. Any restriction or decline in exports to China, the country from which we receive a substantial portion of our overseas revenues, or any other general restriction or curtailment on export of any products we manufacture, could adversely affect our business, financial condition and results of operations.**

At present, a substantial portion of our products are exported to China. Any restrictions, either from the central or state governments of India, or from China, on such exports may adversely affect our business, prospects, financial condition and results of operations. Other general restrictions or curtailment on export of any products we manufacture could adversely affect our business. Our export revenue from China out of our total revenues for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹ 910.75 million, ₹1,281.44 million, ₹1,690.53 million and ₹1,723.43 million representing 14.71%, 13.24%, 16.70% and 22.97%, respectively. Any restrictions on the export of our products will have an adverse effect on our ability to sale these products, which could have an adverse

effect on our business, prospects, and results of operation. There can be no assurance that such restrictions will not be imposed in the future, or that if such restrictions are imposed, we can find alternative countries to export our products. If, for any reason, our clients in China, Iran, Vietnam, Thailand, Turkey and other countries, should curtail or discontinue their usage of products procured from us, or they find alternative vendors our revenues could be disrupted and our business, financial condition and results of operations could be adversely affected. Our revenues from exports to the top three (3) countries are set out below:

(in ₹ million)

For the six months period ended September 30, 2020			Fiscal 2020			Fiscal 2019			Fiscal 2018		
Country	Amount	% of total revenue	Country	Amount	% of total revenue	Country	Amount	% of total revenue	Country	Amount	% of total revenue
China	910.75	14.71%	China	1281.44	13.24%	China	1690.53	16.70%	China	1,723.43	22.97%
Hongkong	143.64	2.32%	Iran	716.14	7.40%	Iran	460.09	4.54%	Vietnam	397.44	5.30%
Thailand	121.93	1.97%	Thailand	277.59	2.87%	Vietnam	328.90	3.25%	Iran	333.19	4.44%

For further details, please refer to paragraph titled "International Sales" under section titled "Our Business" on page 153 of this Prospectus.

**18. Any restriction or curtailment on imports from China, the country from which we import some of our raw materials, or any other general restriction or curtailment on import of any raw materials we require, could affect our business, financial condition and results of operations.**

At present, some of our raw materials are imported from China. Any restrictions, either from the Central or state governments of India, or from China, on such imports may adversely affect our business, prospects, financial condition and results of operations. Out of the raw materials purchased by our Company during six months period ended on September 30, 2020, and for the Fiscals 2020, 2019 and 2018, 13.45% and 13.25%, 7.99% and 6.00% of the raw materials used were imported from China. Any restrictions on the import of Technicals and Intermediates will have an adverse effect on our ability to manufacture our products, which could have an adverse effect on our business, prospects, and results of operation. There have been instances in the past where anti-dumping duty was imposed on the raw materials we imported. Having anti-dumping duty imposed on our raw materials causes the price of such raw materials to increase. There can be no assurance that such restrictions will not be imposed in the future, that the scope of such restrictions will not be extended to cover raw materials we import from China, or that if such restrictions are imposed, we can find alternative sources to procure raw materials in a timely manner, or at all. If, for any reason, our suppliers of raw materials in China should curtail or discontinue their delivery of such raw materials to us in the quantities we need, or on commercially acceptable terms, production schedules could be disrupted and our business, financial condition and results of operations could be adversely affected. Our top three (3) countries from where raw materials are imported by our Company for the six months period ended on September 30, 2020 and for the Fiscals 2020, 2019 and 2018 are mentioned below:

(in ₹ million)

For the six months period ended on September 30, 2020			Fiscal 2020			Fiscal 2019			Fiscal 2018		
Country	Amount	% of total revenue	Country	Amount	% of total revenue	Country	Amount	% of total revenue	Country	Amount	% of total revenue
China	582.71	9.41%	China	864.99	8.94%	China	569.07	5.62%	China	299.86	4.00%

Germany	100.55	1.62%	Germany	142.04	1.47%	Germany	489.50	4.83%	Germany	69.17	0.92%
Hongkong	137.04	2.21%	Hongkong	33.18	0.34%	Singapore	27.37	0.27%	Singapore	54.03	0.72%

**19. The statutory auditor of one of our group company, Shakti Bio Science Limited, have included certain qualifications in their audit report for the fiscal 2020, 2019 and 2018 of Shakti Bio Science Limited.**

The statutory auditor of one of our group company, Shakti Bio Science Limited (“SBSL”), have included certain qualifications in their audit report for the fiscal 2020, 2019 and 2018 of Shakti Bio Science Limited as follows:

1. M/s. Grandmark & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2020 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2020;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Basis of Qualified Opinion –**

a. With regard to preparations of financial statement on going concern basis - The Financial Statements of the SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17, F.Y. 2017-18, F.Y. 2018-19 and also for the year ended 31st March 2020. The appropriateness of the said basis is inter alia dependent on the SBSL’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;

b. With regard to provision of security for loan availed by related party – During the year, SBSL has provided security for a loan arrangement amounting to 35 Cr to a related pas as a co-borrower. We have checked the board resolution, special resolution, MGT-14 filed with Registrar of Companies, copy of mortgage deed, investment certificate indicating lien on the units and sanction letter from the lender.”

2. M/s. Rahul Drolia & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2019 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2019;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Basis of Qualified Opinion –**

a. With regard to preparations of financial statements on going concern basis - The Financial Statements of the SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high

losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17, F.Y. 2017-18 and also for the year ended 31<sup>st</sup> March 2019. The appropriateness of the said basis is inter alia dependent on the SBSL's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;

b. **With regard to Cash Credit Facility & LC Facility availed from Cosmos Co-op Bank Ltd** - SBSL has submitted Consent terms to the Bank on 27.03.2018 for the settlement of the loan accounts. Post discussion both the parties agreed to settle both account and SBSL will have to repay ₹36.79 Crs. to the bank as per mutually agreed terms; and

c. **With regard to statutory payments** - The SBSL has not made the statutory payment on time to the respective statutory department. The amount of interest and penalty cannot be quantified as the SBSL is not in possession of necessary evidence for verification.”

3. M/s. Rahul Drolia & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2018 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2018;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Basis of Qualified Opinion** –

a. **With regard to preparations of financial statements on going concern basis** - The Financial Statements of SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17 and also for the year ended 31<sup>st</sup> March 2018. The appropriateness of the said basis is inter alia dependent on SBSL's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;

b. **With regard to Cash Credit Facility & LC Facility availed from Cosmos Co-op Bank Ltd** – SBSL has submitted Consent terms to the Bank on 27.03.2018 for the settlement of the loan accounts. Post discussion both the parties agreed to settle both account and SBSL will have to repay ₹36.79 Crs. to the bank as per mutually agreed terms; and

c. **With regard to statutory payments** - The SBSL has not made the statutory payment on time to the respective statutory department. The amount of interest and penalty cannot be quantified as the SBSL is not in possession of necessary evidence for verification.”

We cannot assure you that there will not be any audit qualifications in financial statements of Shakti Bio Science Limited in future. For further details, please see the section “Our Group Companies” on page 196.

**20. SEBI issued Administrative Warnings in the year 2011 to various persons in the matter of Crazy Infotech Limited including our Promoters & Directors, Sadashiv K. Shetty & Raghuram K. Shetty and Director, Vanita R. Shetty.**

Our Promoters & Directors, Sadashiv K. Shetty & Raghuram K. Shetty and Director, Vanita R. Shetty had traded in the scrip of Crazy Infotech Limited in the FY 2007-2008. In this matter, SEBI issued administrative warnings to 780 entities (including our Promoters & Directors, Sadashiv K. Shetty, Raghuram K. Shetty and Director, Vanita R. Shetty) in May 2011. However, under these administrative warnings, our Promoters & Directors, Sadashiv K. Shetty & Raghuram K. Shetty and Director, Vanita R. Shetty were not formally charged with any violation of SEBI Regulations but only warned or advised to be careful in future and to be more vigilant, in the manner they execute trades, so that their trades do not compromise market integrity in any manner. The administrative warning was issued by SEBI since they were part of 780 entities who were found to have either traded individually on 10 or less number of instances during the investigation period of this matter, or traded on more than 10 instances but bought/sold less than 75,000 shares in market and/or off-market.



**21. SEBI had passed an order involving our Promoter Raghuram K. Shetty as part of various entities for dealing in the scrip of Alka Securities, which was later revoked by SEBI.**

SEBI, by way of an ex-parte interim order dated July 28, 2009 had restrained our Promoter Raghuram Shetty from buying, selling, dealing in securities of Alka Securities Limited from July 29, 2009 (the "Interim Order") which was further confirmed by way of a separate orders dated October 16, 2009 and October 30, 2009 (the "Confirmatory Orders"). SEBI by way of the Interim Order had also directed NSDL and CDSL to freeze beneficial owner accounts of Raghuram Shetty. The said Interim Order was passed since Raghuram Shetty was alleged to be a part of certain 2nd Level 317 entities mentioned in the Interim Order being involved in the trading of the scrip where certain entities indulged price-volume manipulation thereby violating the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003. SEBI after further investigations, by way of an order dated September 10, 2012, revoked its Interim and Confirmatory Orders against the 2nd Level 317 entities, including our Promoter, Raghuram Shetty, with immediate effect.

**22. Our Directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were disqualified to act as director under Section 164(2) of the Companies Act, 2013 in the past.**

Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were also directors of the companies Heranba Crop Care Limited ("HCCL") and Heranba Agro Science Limited ("HASL") who had failed to file their Annual Returns and Financial Statements for continuous period of three (3) Financial Years. Due to the above non-compliance these directors came to be disqualified to act as directors under Section 164(2) of the Companies Act, 2013 in the year 2017. Accordingly, the Ministry of Corporate Affairs put their names under the disqualified director's category.

Further, in the year 2017, HCCL was struck off by the Registrar of Companies, Mumbai from the register of companies under Section 248(1) of the Companies Act, 2013 which was challenged by HCCL before the National Company Law Tribunal, Mumbai ("NCLT") under Section 252 of the Companies Act, 2013. The NCLT passed an order dated March 26, 2018 restoring the name of HCCL in the register of companies maintained by the Registrar of Companies, Mumbai. Thereafter, all pending Annual Returns and Financial Statements as required under the Companies Act, 2013 for all the companies in which Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were acting as directors were filed with the Registrar of Companies, Mumbai.

Subsequent to the order passed by NCLT on March 26, 2018 and filing all pending Annual Returns and Financial Statements with the Registrar of Companies, Mumbai, disqualification of Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty was removed, and their director identification numbers (DINs) were re-approved and activated. Presently, our Directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty are not disqualified to act as a director under Section 164(2) of the Companies Act, 2013 and we believe that all the related non-compliances have been complied with before their disqualification was removed. The Company does foresee any further repercussions from this non-compliance. In the event any non-compliances for any of the companies in which they are acting as directors occur or are found in the future, we cannot assure you that they will continue to be eligible to act as directors of our Company.

**23. Our operations are subject to environmental and workers' health and safety laws and regulations. We may have to incur material costs to comply with these regulations or suffer material liabilities or damages in the event of an incidence or non-compliance of environmental laws and regulations which may have a material adverse effect on our business, financial condition and results of operations.**

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environmental Protection Act, 1986, as amended (the "Environment Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act"), the Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act") and other regulations promulgated by the MoEF and various statutory and regulatory authorities and agencies in India. The agrochemical intermediates industry is subject to strict regulations with respect to a range of environmental matters including limitations on land use, licensing requirements, management of materials used in manufacturing activities, the storage of inflammable and hazardous substances and associated risks, the storage, treatment and disposal of wastes, remediation of contaminated soil and groundwater, air quality standards, water pollution and discharge of hazardous materials into the environment. The discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions.

The impact of these laws and regulations, or any changes to such laws or regulations, may be significant and may delay in the commencement of, or cause interruptions to, our operations. We may not have complied with all such applicable environmental laws and regulations in the past and in the future may fail to comply with applicable laws and regulations.

Our manufacturing facilities are being inspected on regular basis by the GPCB and we have been receiving notices from such regulating authorities for contravention of the provisions of the Air Act / Water Act. We have in the past received closure notices from GPCB for our manufacturing units on inspection by GPCB officials. We have been complying with / rectifying such lapses on regular basis and on verification by GPCB officials such closure notices have been revoked, however we may incur and expect to continue to incur, significant capital and operating costs to comply with these requirements, including various provisions made for environmental related expenditure. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have become increasingly stringent, and it is possible that they will become significantly more stringent in the future. If any of our manufacturing facilities or the operations of such manufacturing facilities are shut down, we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which may continue even if the facility is closed. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional compliance requirements and additional investment in environmental protection equipment, either of which could adversely affect our operations, financial condition or business prospects. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 298 of this Prospectus.

**24. We have certain contingent liabilities that have not been provided for in our Company's financials, which if realised, could adversely affect our financial condition.**

Our contingent liabilities as at September 30, 2020 and September 30, 2019 and March 31, 2020, March 31, 2019 and March 31, 2018, were as follows:

(₹ in million)

Particulars	For six months period ended September 30, 2020	For six months period ended September 30, 2019	As at and for the financial year		
			March 31, 2020	March 31, 2019	March 31, 2018
<b>Claims against our Company not acknowledged as debts (A)</b>					
Guarantees issued by bank	50.23	42.44	41.29	42.68	42.78
In respect of security provided to ABFL in respect of loan availed by related party	315.00	344.17	335.42	--	--
Disputed Excise duty / Custom duty demands	162.38	162.38	162.38	162.38	185.12
Disputed income tax liability	--	--	--	--	19.05
Disputed VAT liability – UP state	4.50	4.50	4.50	--	--
Export bills discounted with banks	-	78.20	109.56	141.05	147.30
<b>Commitments (B)</b>					
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance) i.e the amount payable for the undelivered capital expenditure items	63.81	75.59	171.52	86.69	78.92

We cannot assure you that these contingent liabilities will not become established as liabilities. In the event any of these contingent liabilities become established as liabilities, it may have an adverse effect on our financial condition and results of operations.

**25. Our inability to acquire, develop or protect our Branded Formulations, or defend successfully against claims asserting that we have infringed the IPRs of third parties may adversely affect our business, financial condition and results of operations.**

Our IPRs basically include our Branded Formulations which are registered as our trademarks with the trademarks registry in India. We have registered various Branded Formulations like “Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henoxa”, “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” among others.

For further details, please refer to paragraph titled “*Our Business - Intellectual Property*” under the section titled “*Our Business*” on page 158 and section titled “*Government and Other Approvals*” beginning on page 307 of this Prospectus.

**26. *Sales of our Branded Formulations are to a large extent dependent on the overall area under cultivation, the cropping pattern adopted by the farming community in India, lack of monsoon and overall general weather conditions in India.***

Our Company derives majority of sales from major pesticides consuming crop like paddy, cotton, sugarcane, wheat etc. Any significant reduction in the area under cultivation in these crops may significantly reduce the demand for our Formulations Products. Further, the demand for our Formulations products is dependent on the cropping pattern which may vary year on year for these major crops. Any significant changes in the cultivable area and the cropping pattern in India for these crops may impact our sales and profitability. Further, the demand of our Formulations products is also dependent on the monsoon and general weather conditions in India. Lack of monsoon in a particular year may result in the decline in demand for our Formulations products. Sales of agrochemical products in the domestic Indian retail market are seasonal due to monsoon. In particular, demand for pesticides is generally higher during the monsoon season. Demand by domestic customers for our Formulations products is also affected by weather conditions in India such as droughts, excessive rainfall and cyclones or other natural calamities such as fires, floods and earthquakes. The unpredictable effects of weather in India, including floods, droughts and subsequent damage to crops significantly affects crop production in India as they can be more severe than those in other countries. Any adverse weather conditions in India, or an inability to predict and plan for such adverse weather conditions, could affect farmers’ decisions about the types and the quantum of crops to plant, and may lead to adverse effects on the sales of our Formulations products, which could have an adverse effect on our business, financial condition and results of operations. Similarly, in some seasons there may be stable general weather conditions and such conditions may result in decline in pest infestation and thereby resulting in decline in demand for our products. Any significant changes in the above factors may impact our sales and profitability.

**27. *Our Branded Formulations business is sensitive to seasonal fluctuations, climatic variations and other factors beyond our control, which could adversely affect our business, financial condition and results of operations.***

As our agrochemicals business is dependent on the agricultural industry, we are highly sensitive to seasonal and weather factors, which make our results of operations unpredictable from period to period. The weather can affect the presence of disease and pest infestations in the short term on a regional basis, and accordingly may adversely affect the demand for crop protection products. Sales of agrochemical products in the domestic Indian retail market are seasonal due to the monsoon. In particular, demand for pesticides is generally higher during the monsoon season and therefore most of our sales of Branded Formulations products take place between June and November, which is also known locally as the Kharif crop season. Demand by domestic customers for our Formulations products is also affected by weather conditions in India such as droughts, excessive rainfall and cyclones or other natural calamities such as fires, floods and earthquakes. The unpredictable effects of monsoonal weather in India, including flooding, droughts and subsequent damage to crops significantly affects crop production in India as they can be more severe than those in other countries. Any adverse weather conditions in India, or an inability to predict and plan for such adverse weather conditions, could affect farmers’ decisions about the types and the quantum of crops to plant, and may lead to an adverse effect on the sales of our products, which could have an adverse effect on our business, financial condition and results of operations.

**28. *The value of our brands may be diluted if there is a change in the brand name for a product it is known for with the farmers, which could adversely affect our business, financial condition and results of operations.***

Our brands are among our important assets, some of which have been established for many years. We believe our brands serve in attracting customers to our products over those of our competitors. Our products are marketed throughout India through our brands, many of which are well known to farmers. We believe that continuing to develop awareness of our brands, through focused and consistent branding and marketing initiatives, among brand customers and farmers, is important for our ability to increase our sales volumes and our revenues, grow our existing market share and expand into new markets. We also believe most of our brands, including our key Branded Formulations like “Jayam”, “Progress

Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henoxa” “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” command a strong brand recall in India due to our long presence in the Indian market. Decrease in product quality due to reasons beyond our control or allegations of product defects, even when false or unfounded, could tarnish the image of our brands and may cause farmers to choose other products. Our reputation and brands could also be affected by socially motivated groups, which could lead to a decline in our sales volume. In addition, the considerable expansion in the use of social media over recent years has compounded the impact of negative publicity. As a result, any adverse publicity involving our brands, our products or us may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business and our prospects.

**29. One of our Group Companies, Shakti Bio Science Limited was declared a “Wilful Defaulter” by Cosmos Bank during the period June 30, 2016 to December 31, 2017.**

One of our Group Companies, Shakti Bio Science Limited (“SBSL”) is a company mainly owned and managed by Sadashiv K. Shetty and carrying on the business of R&D and manufacturing of certain products for the pharmaceutical sector. In FY 2014-2015, due to development of new products, quality issues faced by certain products and prolonged delay in the realisation of sales revenues from certain customers, SBSL defaulted in its repayment obligations for a loan of ₹ 367.90 million availed from Cosmos Bank.

SBSL was declared as “Wilful Defaulter” by The Cosmos Co-op Bank Limited (“Cosmos Bank”) for the period June 30, 2016 to December 31, 2017. Cosmos Bank had initiated an arbitration proceeding under Section 84(4) of Multi-State Co-operative Societies Act, 2002 against SBSL, one of our Promotor Group entities, one of our Promoters Sadashiv K. Shetty and our Promoter Group members, Sujata S. Shetty, Shreya S. Shetty, seeking an award for outstanding dues of ₹485.79 million along with further interest for the financial facilities extended by the Cosmos Bank to SBSL. The parties filed consent terms dated April 19, 2018 in the arbitration proceedings and it was agreed between the parties that an amount of ₹367.90 million, being the full principal amount, will be paid in thirteen (13) instalments last being due on or before March 31, 2019. The entire amount payable under the consent terms has been paid and Cosmos Bank has also issued a “no dues certificate” dated August 31, 2019.

**30. Our Group Companies have incurred losses in the past and certain of our Group Companies had negative networth in the past, which may have an adverse effect on our reputation and business.**

The following companies, being our Group Companies, incurred a loss after tax as detailed below. For further details, see “Our Group Companies” on page 196.

(₹ in million)

Name of Group Company*	Profit / (loss)		
	2020	2019	2018
Heranba Agro Science Limited	0.42	(0.01)	(0.87)
Shakti Bio Science Limited	(60.06)	(14.38)	(28.77)
Insunt Trading Private Limited	1.80	(0.03)	NA

\*Our Group Company, SAMS Industries Limited has not incurred any loss in the Fiscal 2020, 2019 and 2018.

Further, following companies, being our Group Companies, had negative networth in the past as detailed below,

(₹ in million)

Name of the Group Company	For the Financial Year		
	2020	2019	2018
Heranba Agro Science Limited	0.23	(0.20)	(0.18)
Shakti Bio Science Limited	(534.07)	(474.01)	(459.63)

For further details, please see the section “Our Group Companies” on page 196.

**31. Our Company stands as a Co-Borrower for a term loan of ₹ 350 Million issued to our Group Company, Insunt Trading Private Limited by Aditya Birla Finance Limited (ABFL). In the event of default in the repayment of the principal and/or interest payable to ABFL, our Company will have to bear the liability of our Group Company which may adversely affect our financial position.**

Our Group Company Insunt Trading Private Limited (“ITPL”) has availed a term loan from ABFL of ₹350 Million (“ABFL Loan”) to provide funds to Group/ Promoter Group companies. Our Company and our Group Company Shakti Bio Science Limited (“SBSL”) are the Co-Borrowers for the ABFL Loan. ABFL loan has been utilised for the following purposes:

- a. Paid ₹ 223.50 million to SBSL for the repayment of its outstanding loan to Cosmos Co-op. Bank ;
- b. Paid ₹ 18.60 million to Nirmat Mercantile Private Limited, a promoter group company of our Company, for the repayment of its outstanding loan availed from Bank of India;
- c. Paid ₹16.50 million to Sanurag Trading Private Limited, a promoter group company of our Company, for the repayment of its outstanding loan availed from Bank of India;
- d. Payment of loan processing charges amounting to ₹ 25.80 million;
- e. Investment of ₹ 35.00 million in Aditya Birla Finance Limited Mutual Fund by our Company ; and
- f. Paid ₹ 30.60 million to Dhairy Mercantile Private Limited, a promoter group company of the Company, to avail the One Time Settlement (OTS) scheme of City Co-operative Bank Limited, Mumbai for repayment of an outstanding loan .

Further, our Promoters and Directors of the Company, Sadashiv K. Shetty & Raghuram K. Shetty have provided personal guarantees to secure the repayment of ABFL Loan. The amount guaranteed under these personal guarantees is ₹ 350 million. In the event of any default in the repayment of the principal and/or interest payable to ABFL by Insunt Trading Private Limited, our Company being the Co-Borrower may become liable for the repayment of the ABFL Loan. Further, our Company has also provided certain immovable and liquid securities as collateral to secure the repayment of the ABFL Loan. In the event of default by our Group Company, we may be called upon to pay the liability which may adversely affect our financial condition and results of operations. For further details, please refer to the section titled ‘Financial Indebtness’ beginning on page 295 of the Red Herring Prospectus.

**32. Our agreements with various financial institutions 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.**

The details of secured and unsecured borrowings of our Company as at November 15, 2020, September 30, 2020 and for Fiscal 2020, 2018 and 2019 is as follows:

(in ₹ million)

Particulars	As at November 15, 2020	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Secured Borrowings (A)</b>					
Cash Credit	371.86	200.10	299.15	400.39	632.90
Packing Credit	135.30	180.09	131.57	98.28	122.45
<b>Total (A)</b>	<b>507.16</b>	<b>380.19</b>	<b>430.72</b>	<b>498.67</b>	<b>755.35</b>
<b>Unsecured Borrowings (B)</b>					
From shareholders/ directors	0.00	0.00	0.07	0.07	2.07
<b>Total (A+B)</b>	<b>507.16</b>	<b>380.19</b>	<b>430.79</b>	<b>498.74</b>	<b>757.42</b>

We have entered into agreements for short term and long-term borrowings with certain financial institutions. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as to obtain either the prior written consent of such financial institutions or require us to give prior written intimation to such lenders, prior to, amongst other circumstances, formulate any scheme of amalgamation with any other borrower or re-construction or acquire any borrower, declare dividend for any year except out of profit relating that year after making all due and necessary provisions provided that no default had occurred in any repayment obligation and permission of bank is obtained, assign, mortgage any of the fixed assets charged to banks, effect any change in constitution/ capital structure of our Company, undertake guarantee obligation on behalf of any other company, firm or person (including group companies), allow the net level of working capital to come down from the projected level, pay commission/ brokerage/ fees, etc to guarantor/ or any other person for guaranteeing the facilities sanctioned to our Company, any trading activity other than the sale of products arising out of its own manufacturing operations or permitted as per business model, create any further charge, lien or encumbrance over the assets and properties of our Company to be charged to our lenders, in favour of any other bank, financial institution, company or person and raise in future loan from other banks/ financial institutions/ leasing company. Our ability to execute business plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event of breach of a restrictive covenant, our lenders could deem us to

be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew borrowings as needed for the smooth conduct of our operations and pursue our growth initiatives. Although we have received consents from our lenders for the Issue, we cannot assure you that we will be able to receive such consents in future for other growth plans.

**33. Any adverse revision to our credit rating by rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available.**

The credit ratings assigned by CRISIL Limited to bank facilities amounting to ₹ 152.5 Crores availed by our Company during the past 3 financial years have been mentioned below:

Type of credit ratings	Fiscal 2020	Fiscal 2019	Fiscal 2018
Long - term rating	CRISIL A-/Stable (Reaffirmed)	CRISIL A-/Stable (upgraded from CRISIL BBB+/ Positive)	CRISIL BBB+/ Positive (outlook revised from 'Stable' and rating re-affirmed)
Short - term rating	CRISIL A2+ (Reaffirmed)	CRISIL A2+ (upgraded from CRISIL A2)	CRISIL A2 (re-affirmed)

We may experience a downgrade in our credit ratings. Any downgrade in our credit ratings by rating agencies, international or domestic, may increase our costs of accessing funds in the capital markets and adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures or other purposes and the trading price of the Equity Shares.

**34. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of our business plans and this may have an adverse effect on our growth and operations.**

We may require additional funds in connection with future business expansion and development initiatives. In addition to the net proceeds of this offering and our internal accruals, we may need other sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions. If we decide to raise additional funds through the issuance of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financing could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of our business plans and this may have an adverse effect on our future growth and operations.

**35. Our success largely depends upon the services of our senior management and other Key Managerial Personnel (KMP) and our ability to attract and retain them. Demand for senior management personnel in the industry is intense and our inability to attract and retain our KMP may affect the operations of our Company.**

Our Key Managerial Personnel have substantially contributed for our growth. Our success is substantially dependent on the expertise and services of our Directors and Key Managerial Personnel. They provide expertise which enables us to take well informed decisions in relation to our business and prepare our Company for future challenges. Our future performance will depend upon the continued services of these persons. Demand for senior management personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

**36. Products sold by our Company are subject to independent verification by Government agencies on a sample check basis and any non-conformity with the prescribed standards may lead to adverse impact on our business.**

Quality of Pesticides manufactured in India is open to independent verification by Government agencies. Government agencies carry out surprise sample checking of products and their contents. In case, the content in the sample does not comply with the quality norms prescribed by the Government or does not match with the disclosure of contents mentioned on the packaging of our products, it could lead to issuance of show cause notices. For details of pending show cause notices issued to our Company under Insecticides Act, please refer to section titled "Outstanding Litigation and Material Developments" on page 298 of this Prospectus. Any failure on quality control and required level of

packaging disclosures by our Company could lead to suspension of sales of those batches and /or product in a state or our products being banned for sales. In the past our Company has not faced any suspension/ban on sale of any product, though certain show cause notices and proceedings have been initiated by government agencies in relation to misbranded products. Any such events are likely to impact our sales and revenues.

**37. *We do not own our administration office and any revocation or adverse changes in the terms of the leave and license may have an adverse effect on our business, prospects, results of operations and financial condition.***

We have entered into a leave and license agreement in respect of our administration office situated at Office No. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai 400 092, Maharashtra. This leave and license is valid till February 9, 2023. If the owner of the premises revokes this agreement or imposes terms and conditions that are unfavourable to us, we may suffer a disruption in our operations or have to pay increased rent, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

Considering the above uncertainties, we have acquired an office premises viz. Office No. 201, 202, 203, 205 and 206, A-Wing, Fortune Avirahi, Bhattwadi, Jambli Galli, Borivali (West), collectively admeasuring 6262.67 sq. ft. which is under construction and possession is expected by June, 2022. On receipt of possession from the developer, we will be shifting all our administrative, marketing and corporate office activities to this new corporate office. We have acquired this premises out of our internal accruals. Further, we have not purchased this office from any related party.

For further details, see the paragraph titled “*Immovable Property*” under the section titled “*Our Business*” on page 156

**38. *We recently acquired by way of assignment of lease of GIDC land and conveyance of the industrial shed from one of our Group Companies.***

We acquired a land located at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi (“**GIDC Land**”) admeasuring 1,631 sq. mtrs. in Vapi, Gujarat from Heranba Agro Science Limited, one of our Group Companies, for consideration of ₹6 million by way of a deed of assignment of lease dated October 17, 2020 and industrial building standing on the GIDC land for consideration of ₹4 million by way of deed of conveyance dated October 17, 2020. The GIDC Land has a lease tenure of 99 years commencing from June 18, 2014. There can be no assurance that we could have received better commercial terms for the assignment of this land and transfer of the industrial shed if it would have been acquired from a third party. The above acquisition by our Company has been made out of internal accruals.

**39. *Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/ or surplus of products, which could harm our Formulations business.***

We monitor our inventory levels based on our own projections of future demand, which are generally based on weather predictions and agriculture seasons of various parts of the world. Because of the length of time necessary to produce commercial quantities of our products, we make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of our Formulations products. This unavailability of Formulations products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of our Formulations products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

**40. *Our customers may be unable to pay their debts due to local economic conditions, which may affect payment for our products used by them on credit in their agricultural activities leading to adversely affecting our business, financial condition and results of operations.***

Generally, we sell our products against future payment with credit terms varying according to local market practice. Our credit terms vary from 90 to 120 days, except in geographic areas where we have special strategies for particular products, such as cash on delivery or, in certain cases, credit terms of 150 days. However, farmers may be adversely affected by a number of factors beyond their control such as severe monsoon, drought or low prices for their crops, which could affect their financial condition and consequently their ability to pay the dealer/distribution partners for products that have already been sold to them and used by them. Pending farmer payments may lead to defaults by our dealers/distribution partners of our dues for products sold through them. Although losses in these respects have historically been limited, in periods of declining economic conditions and sustained adverse weather, there can be no assurance that such losses will not be material, which may have an adverse effect on our business, financial condition

and results of operations. In addition, in our institutional and exports businesses, we deliver our products against future payment. If any of our large and medium corporate customers fail to make payments to us or become insolvent, we would suffer losses and our business, financial condition and results of operations could be adversely affected. Additionally, in the event of any dispute or a default regarding our payments, we would have to initiate appropriate recovery proceedings. Inability to collect dues because of delays or defaults in payments by customers could have an adverse effect on our business, financial condition and results of operations.

**41. *Our Branded Formulations business is sensitive to seasonal fluctuations, climatic variations and other factors beyond our control, which could adversely affect our business, financial condition and results of operations.***

As our agrochemicals business is dependent on the agricultural industry, we are highly sensitive to seasonal and weather factors, which make our results of operations unpredictable from period to period. The weather can affect the presence of disease and pest infestations in the short term on a regional basis, and accordingly may adversely affect the demand for crop protection products. Sales of agrochemical products in the domestic Indian retail market are seasonal due to the monsoon. In particular, demand for pesticides is generally higher during the monsoon season and therefore most of our sales of Branded Formulations products take place between June and November, which is also known locally as the Kharif crop season. Demand by domestic customers for our Formulations products is also affected by weather conditions in India such as droughts, excessive rainfall and cyclones or other natural calamities such as fires, floods and earthquakes. The unpredictable effects of monsoonal weather in India, including flooding, droughts and subsequent damage to crops significantly affects crop production in India as they can be more severe than those in other countries. Any adverse weather conditions in India, or an inability to predict and plan for such adverse weather conditions, could affect farmers' decisions about the types and the quantum of crops to plant, and may lead to an adverse effect on the sales of our products, which could have an adverse effect on our business, financial condition and results of operations.

**42. *Fluctuations in the prices of commodities crops may affect the sales of our crop protection products and our results of operations.***

We are also affected by movements in prices of commodities crop, which may vary as a result of, among other things, volatile weather conditions, unfavourable soil conditions, quality and availability of supply, currency fluctuations, consumer demand and changes in government programs. Such movements may affect farmers' decisions about the types and quantum of crops to plant, and accordingly affect the sales of our crop protection products and our results of operations. If crop prices fall, our customers generally reduce their spending on agrochemical products, which could have an adverse effect on our business, financial condition and results of operations.

**43. *Quality concerns and negative publicity, if any, would adversely affect the value of our brand and our sales.***

Our business is dependent on the trust of farmers that they have in the quality of our products as well as on our ability to protect our brand value. Any negative publicity regarding our Company's Branded Formulations or products, including those arising from a drop in quality of our products from our vendors, or any other unforeseen events could adversely impact our reputation, brand value, operations and our financial results.

**44. *Our inability to respond adequately to increased competition may adversely affect our business, financial condition and results of operations.***

We compete with several domestic companies, as well as large multi-national companies with broader product ranges, greater brand recognition, stronger sales forces and greater financial resources and experience, including a larger budget for advertising and marketing. Some of our competitors may develop alliances to compete against us. Our competitors in certain regions may also have better access or exclusive arrangements to distribute products or procure raw materials which are typically required in our operations, may procure them at lower costs than us and may therefore be able to sell their products at lower prices. Some of our international competitors may be able to capitalize on their overseas experience to compete in the Indian market. We also face competition from new entrants, including multinational ones, who may have more flexibility in responding to changing business and economic conditions and may possess greater financial resources. The basis of competition includes, among other things, pricing, innovation, perceived value, brand recognition, promotional activities, advertising, special events, new product introductions, customer service and other activities. We have experienced price competition in the past, and there can be no assurance that such price competition will not recur in the future. Growing competition may force us to reduce the prices of our products, which may reduce revenues and margins and/or decrease our market share, either of which could affect our results of operations. The majority of sales of agrochemical products in India continue to be dominated by multi-national corporations. In most of the markets in which we operate, the number of products available is steadily increasing as our competitors introduce new products. Our competitors may succeed in developing technologies, processes and products that are more effective



and/or more cost effective than the ones that we may develop. These developments could render our technologies, processes or products obsolete or uncompetitive, which would harm our business and financial results. We expect competition to continue to be intense as our existing competitors expand their operations and introduce new products. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability. As a result, there can be no assurance that we will be able to compete successfully in the future against our existing or potential competitors, which may adversely affect our business, financial condition and results of operations.

**45. *We are subject to counterfeit and pass-off products, which could adversely affect the reputation of our branded Formulations business and consequently, our business, financial condition and results of operations.***

Counterfeit products are products manufactured and sold illegally as legitimate products. Pass-off products are manufactured and packaged to resemble legitimate products. In the past few years, technologies have advanced to the level that legitimate products can be counterfeited. The sale of counterfeit and pass-off products may lead to lower sales of our branded Formulations products. In addition, such products may be harmful to customers or may be less effective than genuine products, which could harm our brands and reputation. The proliferation of unauthorized copies of our Formulations products, and the time spent in pursuing claims and complaints about spurious products may also reduce our sales and tarnish our brands and reputation, and could adversely affect our business, financial condition and results of operations.

**46. *Product innovation and research and development (R&D) activities are an integral part of our business model. If our research and product development efforts are not successful, our business may be restricted which may in turn have an adverse effect on our business and financial condition.***

Product innovation and Research and Development (R&D) activities are an integral part of our business model. Our Company needs to introduce new products and further expand into additional areas to remain successful in the future. We are in process of developing two (2) products of Fungicides, two (2) products of Herbicides and one (1) product of Insecticides, for which research and development tests have been initiated, for exclusive sale to the European markets after registration with the relevant regulatory authority in EU. Our Company's plans to introduce new products into these markets and diversify the areas in which it already operates may not be successful. Any material adverse developments with respect to the sale or use of our products, failure to successfully introduce new products or implement our expansion strategies, could have a material adverse effect on the business and financial condition of our Company. Further, new products currently under development, if and when fully developed and tested, may not perform as per our expectations and our Company may not be able to successfully and profitably produce and market such products, which may consequently restrict our business and affect our financial condition.

**47. *Our traditional agrochemical products may be subject to alternative pest management and crop protection products and measures such as biotechnology products, pest resistant seeds or genetically modified crops.***

The increased use of the products derived through biotechnology, alternative pest management and crop protection products and measures pose challenges to traditional agrochemicals. For instance, genetically modified (GM) crops are likely to have more resistance to pests and diseases than non-GM crops and therefore require significantly less agrochemical usage than non-GM crops. The acceptance and growth of such alternative pest management and crop protection products and measures such as biotechnology products, pest resistant seeds or GM crops by farmers may have an adverse effect on the sales volume of our agrochemical products, which would adversely affect our business, financial condition and results of operations.

**48. *Resistance from farmers to crop protection chemicals may adversely affect our business, financial condition and results of operations.***

Some crop protection chemical products, which may include some of our Formulations products, are facing increasing resistance from certain activist groups because of concerns over their alleged effects on food safety and the environment. These groups attempt to influence and, in some cases, litigate against governmental regulatory bodies to restrict the use of crop protection chemical products in their jurisdictions. Further, there can be no assurance that such resistance would not continue to spread in the future and any future resistance could adversely affect our business, financial condition and results of operation.

**49. *Lack of education and awareness among farmers in India may lead to inappropriate application of our Formulations and adversely affect our business prospects.***

To apply our Pesticides appropriately and effectively, we recognize the importance of educating farmers with the latest information on crop management, such as the appropriate kind of pesticide, its dosage and quantity and the frequency of its application and provide farmer training programs. For details, see “*Our Business*” on page 131. However, it may be difficult to effectively instruct or train farmers due to differences in regional languages and dialects although almost all our Formulations products are packed with instructions about the optimum dosage and usage method of our products. Any inappropriate application of our Formulations products could result in crop damage, and other serious consequences. For instance, in the state of Maharashtra, over 18 people reportedly died in 2017 due to their blending agrochemicals in an unsafe manner. This resulted in a 60-day prohibition by the state government on the sale, distribution and use of certain agrochemicals including some of our products. There can be no assurance that such incidents will not recur in the future, or that our farmer training programs will work effectively to educate the farmers on the safe use of our Formulations products. Any inappropriate application of our Formulations products could adversely affect our brand image, prospects, business, financial condition and results of operations.

**50. *Our Branded Formulations products may become ineffective in the long term. If any of our high sales Branded Formulations become ineffective and farmers choose Formulations of other companies, this may adversely affect our business, financial condition and results of operations.***

From empirical tests and data, it is well documented that over a period of time pests develop immunity to the Pesticides which are used constantly. Hence, over a period of time the pests may develop immunity towards our products. We may be required to change the chemical formula of our products and/or develop new products, which may not be as effective against the pests as our earlier products, which may adversely affect our business operations and our reputation. Development and registration of new products is a time-consuming process and may put a strain on our financial resources.

**51. *Many of the materials produced at our factories are hazardous in nature. In the event of any accidents involving any such hazardous materials and substances, our Company may be held liable for damages and penalties which may impact the financials of our Company.***

Our employees/labour may be required to work under potentially dangerous circumstances in the operation of our business, which is subject to hazards and risks normally associated with the handling, storage, movement and production of chemical and other products, such as the use, handling, processing, storage and transportation of hazardous materials, as well as accidents such as fire, explosions, leakage or spillages of chemicals. Any mishandling of hazardous chemicals and substances could also lead to serious and sometimes fatal accidents. During FY 2018-19, Gujarat Pollution Control Board (GPCB) prohibited our Company from manufacturing activities and directed closure of operations at our Unit I by way of a direction dated November 14, 2018 under Section 33(A) of the Water Act due to an incident of death of a helper and injury caused to an operator due to a tanker blast that happened at the time of loading of spent Hydrogen Bromide (HBr) and for selling the generated spent HBr without obtaining necessary permission from GPCB. Thereafter, our Company submitted a bank guarantee of ₹ 0.25 million and gave undertaking to avoid such incident in future and to use dedicated tankers only for handling of spent HBr. Our Company also assured GPCB that the generated spent HBr will be sold to the industry only after obtaining necessary permission under Rule-9 of Hazardous and Other Waste (Management & Transboundary Movement) Rules, 2016. On receipt of the bank guarantee and undertaking, GPCB revoked its direction by way of its revocation order dated December 7, 2018. Further, from the point of view of operational impact of this direction by GPCB dated November 14, 2018, upon our Company, since our Unit I was closed for 23 days, the inventory of the products of our Company temporarily reduced and recovered post the recommencement of manufacturing operations at Unit I. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. As a result of past or future operations, claims of injury by employees or members of the public due to exposure, or alleged exposure, to the hazardous materials involved in our business operations may arise. Certain proceedings related to the above filed against our Company are currently pending. For further details, see “*Outstanding Litigation and Other Material Developments*” on page 298. Liabilities incurred as a result of these events have the potential to adversely impact our financial position and reputation. Events like these could result in liabilities, or adversely affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance.

**52. *Conflict of interest may arise out of common business objects shared by our Company and some of our Group Companies and members of the Promoter Group.***

Our Group Companies, namely SAMS Industries Limited, Heranba Agro Science Limited, Shakti Bio Science Limited and Insunt Trading Private Limited and our Promoter Group Company Heranba Crop Care Limited (HCCL) share

common business objects and the constitutional documents of these companies may lead to competition with these Group Companies and HCCL. As a result, there may be conflict of interests in allocating business opportunities between us and these Group Companies and HCCL. However, these Group Companies and HCCL are not currently involved in business activities similar to that of our Company. Further, the above entities and our Promoters have entered into a non-compete agreement with our Company dated November 17, 2020 under which they are under an obligation not to, directly or indirectly, engage in the business activities of our Company. This non-compete agreement provides for indemnification of all loss of profits to our Company by these entities in the event they enter and execute any competing business. Any violation, non-compliance (whether in whole or in part) or unenforceability of such non-compete obligations may have an adverse effect on the results of our operations and financial condition.

**53. *Agrochemicals is a labour intensive industry, hence we may face labour disruptions and other planned and unplanned outages that could interfere or temporarily disrupt our operations.***

Our Company's activities are labour intensive. Strikes and other labour action may have an adverse impact on our operations, though we have not experienced any such labour disruption in the past. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, the third-party suppliers of raw materials, which we use may experience strikes or other industrial action. Any such event could disrupt our operations either temporarily or for a significant period of time, resulting in increased wages and other costs leading to a material adverse effect on our business, results of operations or financial condition. For further details, please refer to the paragraph titled 'Manpower' under section titled 'Our Business' on page 150 of the Red Herring Prospectus.

**54. *Unfavourable global weather patterns may have an adverse effect on our export business, results of operations and financial condition.***

Since we primarily serve the agriculture sector, our export business is sensitive to global weather conditions affecting global crop patterns, including extremes such as drought and natural disasters. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Adverse weather conditions may also cause volatility in the prices of commodities, which may affect growers' decisions about the types and quantum of crops to plant and may consequently affect the sales of our Pesticides. Consequently, the occurrence of any such unfavourable weather patterns may adversely affect our business, results of operations and financial condition.

**55. *The loss resulting from shutdown of operations at any of our manufacturing facilities could have an adverse effect on our Company.***

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents. Our manufacturing facilities use complex equipment and machinery, and the breakdown or failure of equipment or machinery may result in us having to make repairs or procure replacements which may require considerable time and expense. Although, our Company have not had such incident in the past and while we also have insurance cover for all our facilities, the same may not be adequate to cover the loss in business. Although we take precautions to minimise the risk of any significant operational problems at our units they could have adverse effect on our financial performance.

Except as disclosed in "Risk Factor - In FY 2018-19 certain injunctions or restraining orders were passed against our Company by GPCB prohibiting operations of our manufacturing facilities. In the event we are restrained by the authorities from operating our manufacturing facilities for any length of time, it may adversely affect our business, financial condition and results of operations." in the section titled "Risk Factors" on page 28, there has been no instances of shutdown of manufacturing units during the last 3 years.

**56. *Our business is dependent on our manufacturing facilities which are geographically located in one area, in and around Vapi, Gujarat. Any shutdown of operations in and around Vapi, Gujarat may have an adverse effect on our business and results of operations.***

As of the date of this Prospectus, we have three (3) operational Intermediates, Technicals and Formulations manufacturing facilities, two of them are manufacturing Intermediates and Technicals situated at Vapi, Gujarat and one located at Sarigam, near Vapi, Gujarat is presently manufacturing Formulations. These facilities are subject to the normal risks of industrial production, including natural disasters, directives from government agencies and power interruptions. Any extended power supply interruption will result in reduced production at the affected facility. We depend on the Dakshin Gujarat Vij Company Limited for the supply of power to our manufacturing facilities and the

GIDC for the supply of water to our manufacturing facilities. Any shortage or interruption in the supply of electricity or water may adversely affect our operations and increase our production costs. This could lead to delays in delivery of our products or non-delivery, resulting in loss of revenue and damage to our reputation or customer relationships. As we do not carry business interruption insurance, any disruption that affects our operations will adversely affect our business, financial condition and results of operations.

- 57. Any reduction in the demand for our products could lead to underutilization of our manufacturing capacity. We may also face surplus production of a particular product due to various reasons including inaccurate forecasting of customer requirements, which could adversely affect our business, results of operations, financial condition and cash flows.**

We face the risk that our customers might not place any order or might place orders of lesser than expected size or may even cancel existing orders or make change in their policies which may result in reduced quantities being manufactured by us. Cancellations, reductions or instructions to delay production (thereby delaying delivery of products manufactured by us) by customers could adversely affect our results of operations by reducing our sales volume leading to a reduced utilization of our existing manufacturing capacity.

Further, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, personnel requirements and other resource requirements, based on our estimates of customer orders. The changes in demand for their products (which are in turn manufactured by us) could reduce our ability to estimate accurately future customer requirements, make it difficult to schedule production and lead to over production and utilization of our manufacturing capacity for a particular product. The requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules. This may lead to over production of certain products and under production of some other products resulting in a complete mismatch of capacity and capacity utilization. Any such mismatch leading to over or under utilization of our manufacturing facilities could adversely affect our business, results of operations, financial condition and cash flows.

- 58. Our operations are dependent on our reactors, machines, and equipment for manufacturing our Products. Any breakdown, failure or malfunction may have an adverse effect on our business and results of operations.**

Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace such malfunctioning machinery. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down our facilities for capacity expansion and equipment upgrades. Any interruption to production at any of our facilities could significantly reduce our production volumes and consequently our sales revenue. There can be no assurance that there will not be any recurrence of such disruptions in our operations in the future. If we are unable to effectively respond to such events and rectify any disruption in a timely manner and at an acceptable cost, such events could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facilities.

- 59. Information relating to estimated installed capacities of our manufacturing facilities is based on various assumptions and estimates and actual production may differ significantly from such estimated capacities.**

The requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules. We often increase capacity to meet the anticipated demand of our customers or significantly reduce production of certain products depending on potential orders. Therefore, there could be a significant difference in the installed capacity and the production of our products due to the variety of products that we manufacture. Certain products require lesser process time whereas certain products require more process time in the same manufacturing set-out that we have installed.

Therefore, the information provided in this Prospectus on installed capacities and the data on actual production may differ significantly. For further details, see the section titled “Our Business” on page 131.

- 60. The installed capacity of our manufacturing facilities has not been fully utilized and could impair our ability to fully absorb fixed costs.**

The installed capacity of our manufacturing facilities located at Vapi, Gujarat have not been fully utilized, over the last three financial years, and there is no assurance that there will be an increase in the capacity utilization in the future. If

we are unable to fully utilize our installed capacity of our manufacturing facilities in the future this could affect our cost and profitability and thereby adversely affect the financial condition of our Company. For further details of our production and capacity utilization, please see the section titled “Our Business” on page 131.

**61. *Our manufacturing facilities in Vapi and Sarigam, Gujarat have been established on industrial land allotted to us by GIDC on a leasehold basis. Failure to comply with the conditions of use of such land could result in an adverse impact on our business and financial condition.***

Our manufacturing facilities at Vapi and Sarigam have been established on industrial land allotted by GIDC for a period of 99 years lease. Under the terms of the lease deed entered between GIDC and our Company, we are required to comply with certain ongoing conditions, especially at the new manufacturing facility at Sarigam, including the requirement to (i) complete the construction of the factory building at Sarigam within a period of two years from the date of the lease deed, failing which the lease shall stand terminated, unless for sufficient cause GIDC allows further time to complete the construction; (ii) to utilize the balance land for expansion within a period of ten (10) years; (iii) not change use of the plot and (iv) obtain licenses and approvals; and (v) pay rates, taxes and charges. If we fail to meet any such conditions, we may be required to incur liability. Cancellation of the lease deed due to, among other things, non-compliance of the conditions of the lease deed and allotment letter could have an impact on our financial condition, which could adversely impact our results of operations and financial condition.

**62. *Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of our products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

Our Company uses third party transportation providers for the supply of our raw materials and delivery of our products to our domestic customers. Though, our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on the supplies from our suppliers and deliveries to our customers. These transportation facilities may not be adequate to support our existing and future operations. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation. An increase in the freight costs or unavailability of freight for transportation may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could impair the supply raw materials to our Units and our products to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**63. *We depend on our distribution network to sell our products to the farmers and our inability to manage our distribution partners could hamper our business, financial condition and our results of operations.***

We rely to a significant extent on the relationships we have with our third-party dealers, as they lay a significant role in enhancing customer awareness of our products and maintaining our brand names. As of November 15, 2020, we had more than nine thousand four hundred (9,400) dealers in India. We may not be able to effectively manage our existing distribution network as we do not have any long-term contracts with any of our dealers. We are also exposed to the risk of our dealers failing to obtain requisite licenses and selling permissions or adhering to the standards in respect of sales and after-sales service in their direct contacts with customers, which in turn could adversely affect our customers' perception of our brands and products. In addition, although we provide certain incentive schemes to our dealers, we may not be able to effectively implement them across our network. If our competitors provide more favourable incentives, our dealers may be persuaded to decline to distribute our products and promote the products of our competitors instead and we may be unable to appoint a replacement in their place in a timely manner. In addition, any failure to provide our dealers with sufficient inventories of our products may lead to a reduction in the sales of our products. We seek to increase the penetration of our products by expanding our distributor network targeted at different customer groups and geographies. There can be no assurance that we will be able to successfully identify or appoint new dealers. Our competitors may have exclusive arrangements with certain dealers who may be unable to stock and distribute our products, which may limit our ability to expand our distribution network as we typically do not have exclusive arrangements with our dealers. If we are unable to effectively manage our distribution network, our business, financial condition and results of operations may be adversely affected.

**64. *Our business and profitability will suffer if we fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in customer preferences and the industry on which we focus.***

The agrochemical business is characterized by constant product innovation in agrochemicals and evolving industry standards. Creativity is one of the key attributes for success in our industry. To compete successfully in the industry, we must be able to identify and respond to changing demands and preferences, as well as operate within substantial production and delivery constraints. Changes in product mix impacts our operating results and our margins. We cannot assure you that our products will always gain buyer acceptance and we will always be able to achieve internationally competitive products to meet customer expectations. Failure to identify and respond to changes in consumer preferences could, among other things, limit our ability to differentiate our products, adversely affect consumer acceptance of our products, and lower sales and gross margins. Further, products, that are developed by our competitors may render our offerings uncompetitive or force us to reduce prices, thereby adversely affecting our margins. Any of these factors could have a material adverse effect on our business and results of operations.

**65. There can be no assurance that we will in all instances be in full compliance with applicable regulations of the international markets where we export our products. Any failure to comply with applicable international regulations may adversely affect our export business, financial condition and results of operations.**

Currently, we are exporting our products to more than sixty (60) countries in the world to various international markets which are governed by their respective laws in which the products are being exported. We undertake these exports mainly through our International Distribution Partners who also get our products registered with their respective regulatory authority. The name of our Company appears on the label of the package of the product as the “source” or “manufacturer” of these products meant for sale in a country. We are required to comply with the local packaging disclosure requirements for the direct export and sale of our Formulations. The manufacture and supply of Technicals is mostly based on demand and supply dynamics in the international markets.

Further, any dispute arising from any contractual arrangement to export products maybe typically subject to the exclusive jurisdiction of courts located in such countries, and it may be prohibitively expensive or otherwise impracticable for us to pursue, enforce or effectively defend, any claims in legal proceedings initiated in such courts or other applicable judicial or regulatory forum in such international jurisdictions.

**66. We are subject to risks arising from foreign exchange rate movements. If we are unable to rightly anticipate foreign exchange movements and hedge our forex risks, our financial condition may get adversely affected due to forex losses.**

Our revenues from international sales for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹ 2,562.87, million ₹4691.52 million, ₹4917.67 million and ₹3675.15 million representing 41.85% and 49.31%, 48.96% and 49.32% of our revenues from operations, respectively. Our revenues are influenced by the currencies of those countries where we sell our products. The exchange rate between the Indian Rupee and foreign currencies, primarily the US\$, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. The impact because of change in foreign exchange rates on export revenues and cost of raw materials imported by our Company for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 is set out below:

(in ₹ million)

Particulars	For the period ended September 30, 2020	As at and for the financial year		
		March 31, 2020	March 31, 2019	March 31, 2018
Impact on export revenues [gain/(loss)]	2.27	5.94	9.80	10.80
Impact on the cost of raw materials imported [gain/(loss)]	Nil	0.65	3.62	Nil

However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period. While we seek to pass on all losses on account of foreign currency fluctuations to our customers, our ability to foresee future foreign currency fluctuations is limited. As our exported products are priced in foreign currencies, the strengthening of these currencies against the Indian Rupee results in gains and the weakening of these currencies results in losses for our Company. Further, due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting

us negatively, depending on the appreciation or depreciation of the Rupee. We may, therefore, be exposed to risks arising from exchange rate fluctuations, may not be able to pass on all losses on account of foreign currency fluctuations to our customers, and suffer losses on account of foreign currency fluctuations. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our results of operations and cause our results to fluctuate and/or decline. Further, while we seek to hedge our foreign currency exchange risk by entering into forward exchange contracts, any action that we may take and any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses and we cannot assure you of the sufficiency of these procedures or whether the procedures we have in place will be successful in managing our foreign currency exposure. Please see “*Financial Statements*” on page 206.

- 67. *Our Company has recently incorporated a subsidiary in China to streamline the exports and imports in that country. Though we have not yet infused funds in this subsidiary, if we are unable to explore new opportunities in China and implement our China business objectives through this new subsidiary, it may affect our business prospects.***

Our Company has recently incorporated a subsidiary in China by the name Chang Zhou Heranba Crop Science and Technology Co. Ltd. to further promote our import and export operations through this subsidiary. We have not infused funds in this subsidiary and will take steps towards commencing operations through this subsidiary at an appropriate time.

- 68. *We are exposed to the risks of significant breaches of data security, and malfunctions or disruptions of information technology systems.***

We increasingly depend on information technology systems, in particular, an Microsoft Navision 2013 ERP and accounting system to that support our business processes, including product formulae, product development, sales, order processing, production, procurement, inventory management, quality control, product costing, human resources, distribution and finance. Although these technology initiatives are intended to increase productivity and operating efficiencies, they may not achieve such intended results. These systems may be potentially vulnerable to data security breaches, whether by employees or others, which may result in unauthorized persons getting access to sensitive data. Such data security breaches could lead to the loss of trade secrets or other intellectual property, and the data related to our product formulae, product development and other proprietary information could be compromised. These systems are also susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, computer viruses or malware, break-ins and similar events. Effective response to such disruptions or malfunctions will require effort and diligence on the part of our third-party distribution partners and employees to avoid any adverse effect to our information technology systems.

- 69. *This Prospectus contains information from the International Market Analysis Research and Consulting Group (IMARC) Report, appearing on IMARC’s website. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.***

This Prospectus includes information from the International Market Analysis Research and Consulting Group (IMARC) Report dated March 2020 appearing on its website. Neither we, nor the BRLMs, nor any other person connected with the Offer has verified the information in the IMARC Report. IMARC has advised that, while it has taken due care and caution in preparing its report based on public information and industry, financial and statistical data information obtained from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of such information and is not liable for any loss or damage suffered because of reliance on the information contained in the report. The IMARC Report highlights certain industry and market data relating to us and our competitors. Such data is subject to many assumptions. Further, such assumptions may change based on various factors. There can be no assurance that IMARC’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Prospectus. Prospective investors are advised not to rely unduly on the IMARC Report when making their investment decisions.

- 70. *Our Company has in the past entered into related party transactions with our Promoters and Promoter Group Entities and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.***

Our Company has entered into related party transactions with our Promoters and Promoter Group Entities in the past. While our Company believes that all such transactions have been conducted on an arm’s length basis and are accounted as per Accounting Standard 24, however there can be no assurance that we could not have achieved more favourable

terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details, please refer to the section titled “*Financial Statement – Transactions with Related Parties*” beginning on page 264 of the Red Herring Prospectus.

**71. *Our Promoters and Directors have provided personal guarantees for our loans and any failure or default by us to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations, which may adversely affect our Promoters’ ability to manage our affairs.***

Our Promoters and Directors have issued personal guarantees in favour our lenders for the working capital facilities availed by the Company. The details of the personal guarantees have been set out below:

(i) Working Capital Facility of ₹ 1600 million availed from Bank of Baroda (“**BOB Loan**”) – Our Promoters and Directors Sadashiv K. Shetty and Raghuram K. Shetty and Directors of the Company, Sujata S. Shetty, Raunak R. Shetty and Vanita R. Shetty have issued personal guarantees to secure the repayment of the BOB Loan. The amount guaranteed under these personal guarantees is ₹1600 million.

(ii) Term loan of ₹ 350 million from Aditya Birla Finance Limited (“**ABFL Loan**”) – Insunt Trading Private Limited has availed ABFL Loan for which our Company and Shakti Bio Science Limited have been named as the co-borrowers. Our Promoters and Directors Sadashiv K. Shetty & Raghuram K. Shetty and Director of the Company, Sujata S. Shetty have issued personal guarantees to secure the repayment of the ABFL Loan. The amount guaranteed under these personal guarantees is ₹350 million.

For details, see “*Financial Indebtedness*” on page 295. Our Promoters and Directors may continue to provide such guarantees and other security post listing. In case of a default under our loan agreements, any of the guarantees provided by our Promoters and Directors may be invoked, which could negatively impact the reputation and net worth of our Promoters and Directors. In addition, our Promoters and Directors may be required to liquidate their shareholding in our Company to settle the claims of the lenders, thereby diluting their shareholding in our Company. Furthermore, in the event that our Promoters withdraw or terminate their guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows. For further details in relation to the personal guarantees provided by our Selling Shareholders, see “*Our Promoters and Promoter Group*” on page 192.

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

Our Promoters, certain of our Directors who are also the Key Managerial Personnel of our Company have interests in our Company to extent of Equity Shares held by them, any dividends that may be declared, bonuses or other distributions on such Equity Shares. Further, one of their relatives, Mr. Shiraj S. Shetty has been employed with our Company as a technical manager. As of the date of this Prospectus, our Promoters and certain members of our Promoter Group hold majority of the issued, subscribed and paid-up Equity Share capital of our Company. Upon completion of the Offer, our Promoters and certain members of the Promoter Group together will continue to exercise significant control over us, which will enable them to vote together in capacity as shareholders of our Company on certain matters in general meetings of our Company. Accordingly, the interests of our Promoters and certain members of the Promoter Group in their capacity as shareholders of our Company may conflict with your interests and the interests of other shareholders of the Company. For further details, see “*Capital Structure*”, “*Promoter and Promoter Group*” and “*Our Management*” on pages 75, 192 and 172 respectively.

**73. *We have not been able to obtain certain records of the educational qualifications and work experience of some Directors and have relied on declarations, undertakings and affidavits furnished by them.***

We have not been able to obtain certain old records of the educational qualifications and work experience of the following Directors (i) Promoter and Director, Raghuram. K. Shetty - Bachelor's degree in Economics; (ii) Independent Director, Mulky V. Shetty - Bachelor's degree in Science (physics and chemistry); (iii) Independent Director, Ganesh N. Vanmali - Bachelor's degree in Law and work experience in banking industry; and (iv) Promoter and Director,



Sadashiv. K. Shetty - work experience with Sudarshan Chemical Limited, Gharda Chemical Limited, Hoechst Pharmaceuticals and Nirlon Limited. We have relied on the declarations, undertakings and affidavits furnished by them for the above. For further details, please see “*Our Management*” on page 172.

**74. *Our Promoter and Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.***

After the completion of this Issue, our Promoters and Promoter Group will continue to hold 2,96,71,530 of the paid-up Equity Share capital of our Company. As a result, our Promoters and Promoter Group will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters and Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. If our Promoters and Promoter Group sells a substantial number of the Equity Shares in the public market, or if there is a perception that such sale or distribution could occur, the market price of the Equity Shares could be adversely affected. No assurance can be given that such Equity Shares that are held by the Promoter will not be sold any time after the Issue, which could cause the price of the Equity Shares to decline.

**75. *Increasing employee compensation in India may reduce our Company’s profit margins.***

Increase in compensation levels in India may negatively affect our profit margins. Employee compensation in India is currently increasing which could result in increased costs of production. Our Company may need to continue to increase levels of employee compensation to manage attrition. Any increases in the amount of compensation paid to our Company’s employees could have a significant effect on our costs, which may affect our position in our industry and have a material adverse effect on our business and financial operations. For further details, please refer to the paragraph titled ‘*Manpower*’ under section titled ‘*Our Business*’ on page 150 of the Red Herring Prospectus.

**76. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and are also prohibited by the terms of our financing arrangements.***

Our Company has a track record of paying dividends since last ten (10) financial years. The amount of our future dividend payments, if any, will depend upon factors that our Board deems relevant, including among others, our results of future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

**77. *Our insurance cover may not adequately protect us against all material hazards. We may face significant financial and operational losses if we are not able to recover our insurance claims in the event of any such untoward material hazard.***

Our operations are subject to accidents which are inherent to any manufacturing process such as risks of equipment failure, worker accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including accidents that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environment. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements. Our principal types of coverage include specific policies for manufacturing, storage of our products at various locations, transportation and such others. Our insurance policies include multi buyer pressure policy, marine cargo open policies, standard fire and special perils policies, boiler and pressure plant insurance policy, fire floater policy, burglary floater insurance policy public liability industrial risk policy and certain vehicle insurance policies. However, our insurance policies may not be sufficient to cover the economic loss that we may have to suffer due to an unfortunate incident. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and as a result, our results of operations and financial condition could be adversely affected. For further details, please refer, to the paragraph titled ‘*Insurance*’ under section titled ‘*Our Business*’ on page 158 of the Red Herring Prospectus.

**78. *Any changes in regulations or applicable government incentives would materially adversely affect our Company’s operations and growth prospects.***

Our Company is subject to regulations in India. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, or if any or all of the incentives currently available cease to be, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite approvals in the future for its operations or government incentives available to us will be availed to the fullest and that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on our Company's operations and financial results. Some of the government benefits and incentives availed by us:

(in ₹ million)

Particulars	For the six months period ended September 30, 2020	As at and for the financial year		
		March 31, 2020	March 31, 2019	March 31, 2018
Duty Drawback	29.20	57.87	69.08	52.70
Advance licence received	50.10	113.22	52.75	16.64
Government Subsidies	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>79.30</b>	<b>171.09</b>	<b>121.83</b>	<b>69.34</b>

**79. Any of our violation of the Metrology Act and the Metrology Rules may lead to fines and penalties, or seizure and forfeiture of our products which could adversely affect our business.**

Some of our products and the packaging of our products are required to comply with the standards of weight, measurement and numbers prescribed under the Metrology Act and the Metrology Rules. For details, see "Key Industrial Regulations and Policies in India" on page 160. If we fail to comply with such standards, or fail to obtain a license from the respective controller as mandated under the Metrology Act, or fail to obtain the verification of weights and measures by the government approved test centers under the Metrology Act, fines and penalties may be imposed on us. In addition, there could be seizure and forfeiture of our products, which could adversely affect our operations.

**80. In the event of abnormal / exceptional circumstances, our Company may experience significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.**

Normally, we deliver a significant portion of our products against future payment. Though, we had no bad debts written off for the six months period ended on September 30, 2020 and for the Fiscal 2020 and Fiscal 2019. However, in the Fiscal 2018 we did write off ₹102.29 Million as bad debts. In the event of certain abnormal / exceptional circumstances in the future, there may be significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition. For details, please refer to "Financial Statements" beginning from page 206.

**EXTERNAL RISK**

**81. Pyrethroids and Insecticides are known to cause health hazards in humans.**

People are most frequently exposed to pyrethroids by ingesting contaminated food or water. Unfortunately, pesticide residues are not completely removed from fruits and vegetables by dipping them in water. Dust from the majority of homes contains measurable levels of pyrethroids or other ingredients added to pyrethroid-based insecticides. Pyrethroids can be absorbed through the skin during the application or upon contact with treated surfaces as pyrethroids are fat-soluble. Fine droplets of suspended dust particles in the air can also be inhaled, mainly when pyrethroids are used in confined spaces. Workers in the pesticide industry, exterminators and farmers can be exposed to pyrethroids through inhalation and absorption through their skins.

Both pyrethroids and insecticides, which are used to control pests, are known to cause health hazards in humans. For instance, they can trigger asthma attacks in individuals with sensitive lungs, which may prove fatal in certain cases. Toxicity evidence from laboratory animal studies and human epidemiological studies indicates that pyrethroids are developmental neurotoxins that may also adversely affect behavior, fertility and hormonal balance in human beings.

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

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. Any slowdown in the growth of the Indian economy or the agrochemical business or agricultural sectors or any future volatility in global commodity prices could adversely affect our business, financial condition and results of operations. India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and government policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe or China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our business, financial condition and results of operations and the price of the Equity Shares.

**83. *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. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

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

Our business is subject to various laws and regulations, which are evolving and subject to change. For details, see "Key Industrial Regulations and Policies in India" on page 160. We are also subject to corporate, taxation and other laws in effect in India, which require continued monitoring and compliance. These laws and regulations and the way in which they are implemented and enforced may change. There can be no assurance that future legislative or regulatory changes will not have any adverse effect on our business, results of operations, cash flows and financial condition.

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

Our financial statements for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 included in this Prospectus are prepared and presented in conformity with Ind AS, in each case restated in accordance with the requirements the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2016)" issued by the ICAI. Ind AS differs from other accounting principles with which prospective investors may be familiar in other countries, such as IFRS and U.S. GAAP. As a result, the financial statements prepared under Ind AS for the period six months period ended September 30, 2020, Fiscal 2020, 2019 and 2018 may not be comparable to our historical financial statements. Accordingly, the degree to which the Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Prospectus.

**86. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act regulates practices that have or are likely to have an appreciable adverse effect on competition in the relevant market in India and provides for the establishment of CCI as the nodal authority for monitoring, enforcement and implementation of competition law in India. The Competition Act seeks to regulate anti-competitive agreements, abuse of dominance and combinations and came into effect in a phased manner with provisions relating to anti-competitive agreements and abuse of dominance on May 20, 2009 and merger control provisions on June 1, 2011. Under the Competition Act, arrangements, understandings or actions in concert, whether formal or informal, which cause or are likely to cause an appreciable adverse effect on competition are considered void and attract substantial penalties. Any agreement among competitors which, directly or indirectly, involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area of market, or type of goods or services or number of customers in the market or, directly or indirectly, results in bid-rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act prohibits abuse of a dominant position by an enterprise or a group. In relation to merger control, an acquisition of shares, assets, voting rights or control of one or more enterprises or merger or amalgamation of enterprises, where certain prescribed assets or turnover thresholds are crossed, will need to comply with the merger control provisions contained under the Competition Act and the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 and will require prior notification to, and approval of, the CCI. The CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination taking place outside India if such agreement, conduct or combination has or is likely to have an appreciable adverse effect on competition in India. However, there can be no assurance as to the impact of the provisions of the Competition Act on the agreements that we have entered or will enter into. We are not subject to any outstanding proceedings, nor have we received any notice from the CCI in relation to non-compliance with the provisions of the Competition Act or the agreements we have entered into. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could have an adverse effect on our business, prospects, financial condition and results of operations.

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

COVID-19 or the outbreak of any other severe communicable disease could adversely affect the overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding COVID-19 and no government-certified treatment or vaccine is available yet. A rapid increase in severe cases of infections and subsequent deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general. The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown and it is possible that it could cause a global recession. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or steps on what we believe would be in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed. The extent to which the COVID-19 further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken globally to contain COVID-19 or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact COVID-19 may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which COVID-19 impacts our results will depend on future

developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people. Further, muted economic growth could give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

## **RISKS RELATING TO THE EQUITY SHARES AND THE OFFER**

### **88. *Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for our Equity Shares will develop following the listing of our Equity Shares on the Stock Exchanges.***

There has been no public market for our Equity Shares prior to the Offer. The purchase price of our Equity Shares in the Offer will be determined by our Company and the Selling Shareholder, in consultation with the BRLM, pursuant to the Book Building Process. This price will be based on numerous factors, as described under in “*Basis for Offer Price*” on page 97. This price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

The price at which our Equity Shares will trade at after the Offer will be determined by the marketplace and may be influenced by many factors, including:

- Our financial condition, results of operations and cash flows
- The history and prospects for our business
- An assessment of our management, our past and present operations and the prospects for as well as timing of our future revenues and cost structures
- The valuation of publicly traded companies that are engaged in business activities similar to ours
- quarterly variations in our results of operations
- results of operations that vary from the expectations of securities analysts and investors
- results of operations that vary from those of our competitors
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors
- a change in research analysts’ recommendations
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments
- announcements of significant claims or proceedings against us
- new laws and government regulations that directly or indirectly affecting our business
- additions or departures of Key Management Personnel
- changes in the interest rates
- fluctuations in stock market prices and volume
- general economic conditions

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in our Equity Shares may experience a decrease in the value of our Equity Shares regardless of our financial performance or prospects.

### **89. *Our Company will not receive any proceeds from the Offer for Sale portion.***

This Offer includes an offer for sale of 90,15,000 Equity Shares aggregating to ₹ 5,652.40\* million by Selling Shareholders. The proceeds from the Offer for Sale will be paid to the Selling shareholders and our Company will not receive any such proceeds. See “*Objects of the Offer*” on page 90.

*\*Subject to finalization of Basis of Allotment*

**90. Any future issuance of Equity Shares by us or sales of Equity Shares by the Promoters could adversely affect the trading price of our Equity Shares and in the case of the issuance of Equity Shares by us result in the dilution of our then current shareholders.**

As disclosed in “*Capital Structure*” on page 75, an aggregate of 20% of our fully diluted post-Offer capital held by our Promoters shall be considered as minimum Promoters’ Contribution and locked in for a period of three years and the balance Equity Shares held by the Promoters following the Offer (assuming all of the Offered Shares are sold in the Offer) will be locked-in for one year from the date of Allotment. Except for the customary lock-in on our ability to issue equity or equity-linked securities discussed in “*Capital Structure*” on page 75, there is no restriction on our ability to issue Equity Shares. As such, there can be no assurance that our Company will not issue additional Equity Shares after the lock-in period expires or that the Promoters will not sell, pledge or encumber their Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and the sale of the underlying Equity Shares could dilute the holdings of our Shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

**91. You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchanges.**

Under the SEBI ICDR Regulations, we are permitted to allot Equity Shares within four (4) Working Days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or dematerialized account with the Depository Participants until fifth (5) Working Days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

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

Previously, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of Equity Shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. 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 will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is 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 a gain upon the sale of the Equity Shares.

**93. QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.**

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While we are required to complete Allotment, listing and commencement of trading pursuant to the Offer within six (6) Working Days from the Bid/ Offer Closing Date, events affecting the Bidders’ decision to invest in our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows and financial condition may arise between the date of submission of the Bid and Allotment, listing and commencement of trading. We may complete the Allotment, listing and commencement of trading of our Equity Shares even if such events occur and such events may limit the Bidders’ ability to sell our Equity Shares Allotted pursuant to the Offer or may cause the trading price of our Equity Shares to decline on listing.

**94. *Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of Equity Shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of the Equity 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. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all.

**95. *We cannot assure payment of dividends on the Equity Shares in the future.***

The amount of future dividend payments by us, if any, will depend on several factors, including but not limited to our earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position. We may decide to retain all our earnings to finance the development and expansion of our business and therefore, we may choose not to declare dividends on the Equity Shares. For details, see “*Dividend Policy*” on page 205.

## Prominent Notes:

- Initial public offering of 99,71,937\* Equity Shares for cash at a price of ₹ 627 per Equity Share aggregating to ₹ 6,252.40\* million, comprising a Fresh Issue of 9,56,937\* Equity Shares aggregating to ₹ 600\* million by our Company and an Offer for Sale of 90,15,000\* Equity Shares aggregating to ₹ 5,652.40\* million by Selling Shareholders. The Offer shall constitute 24.92% of the post-Offer paid-up capital of our Company.

*\*Subject to finalisation of Basis of Allotment*

- As at March 31, 2020 and September 30, 2020, the restated net worth of our Company was ₹3208.49 and ₹3812.58 million as per our Restated Financial Statements. See “*Financial Statements*” on page 206.
- As at March 31, 2020 and September 30, 2020, the net asset value per Equity Share of our Company was ₹82.15 and ₹97.63 as per our Restated Financial Statements.
- The average cost of acquisition per Equity Share by our Promoters:

Name of the Promoters	No. of Equity Shares held	Average cost of Acquisition (in ₹)
Sadashiv K. Shetty	1,30,51,796	1.79
Raghuram K. Shetty	1,41,21,984	1.33

- Except as described in “*Our Group Companies*” and “*Related Party Transactions*” on pages 196 and 204, respectively, none of our Group Companies have any business or other interests in our Company.
- For details of transactions entered into by our Company with our Group Companies and the cumulative amounts involved in these transactions, see “*Related Party Transactions*” on page 204.
- Our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to ‘Heranba Industrial Chemicals Limited’ and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on July 26, 1996. Subsequently, the name of our Company was changed to ‘Heranba Industries Limited’ and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996.
- There are no financing arrangements pursuant to which the members of Promoter Group, the directors of our corporate Promoter, our Directors and/ or their relatives have financed the purchase of Equity Shares by any other person during the period of six months immediately preceding the date of filing of this Prospectus with SEBI.
- BRLMs have submitted a due diligence certificate with SEBI. Investors may contact the BRLMs, for any complaints pertaining to this Offer. Investors may also contact the Company Secretary and Compliance Officer, and the Registrar to the Offer for complaints pertaining to this Offer. For details see “*General Information*” on page 67.
- All grievances relating to ASBA process may be addressed to the Registrar, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted as the case may be, giving full details such as name, address of the Bidder, number of Equity Shares applied for, DP ID, Client ID, Bid Amounts blocked, ASBA Account number and the address of the Designated Intermediary with whom the ASBA Form was submitted. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar. For further information regarding grievances in relation to the Offer, see “*General Information*” on page 67.



## SECTION IV – THE OFFER

Following table summarises the present Offer in terms of this Prospectus:

Particulars	Details of Equity Shares	
<b>Offer of Equity Shares by our Company</b>	Offer of 99,71,937 Equity Shares having face value of ₹10.00 each at a price of ₹ 627 per Equity Share (including a share premium of ₹ 617 per Equity share) aggregating to ₹ 6,252.40* million	
<i>Of which:</i>		
<b>Fresh Issue<sup>(1)</sup></b>	9,56,937* Equity Shares, aggregating to ₹ 600* million	
<b>Offer for Sale<sup>(2)</sup></b>	90,15,000* Equity Shares, aggregating to ₹ 5,652.40* million	
<b>The Offer comprises of:</b>	99,71,937 Equity shares, aggregating to ₹ 6,252.40* million	
<b>QIB Portion</b>	Not more than 49,85,968* Equity shares	
	<i>Of which</i>	
	Anchor Investor Portion	29,90,520 Equity Shares
	Balance available for allocation to QIBs other than Anchor Investors	19,95,448* Equity Shares
	<i>Of which:</i>	
	Available for allocation to Mutual Funds only (5% of the QIB portion excluding Anchor Investor Portion)	99,773* Equity Shares
	Balance of all QIBs including Mutual Funds	18,95,674* Equity Shares
<b>Non-Institutional Portion</b>	Not less than 14,95,791* Equity Shares	
<b>Retail Portion</b>	Not less than 34,90,178* Equity Shares	
<b>Pre and Post Offer Share Capital of our Company</b>		
<b>Equity Shares outstanding prior to the Offer</b>	3,90,56,530 Equity Shares	
<b>Equity Shares outstanding after the Offer</b>	4,00,13,467* Equity Shares	
<b>Utilisation of Net Proceeds</b>	For further details refer chapter “ <i>Objects of the Offer</i> ” on page 90 for information on objects of the Offer.	

\* Subject to finalisation of Basis of Allotment

- 1) The Fresh Issue and the Offer for Sale has been authorised by our Board pursuant to a resolution dated September 9, 2020, and by our Equity Shareholders pursuant to a resolution passed at the extra-ordinary general meeting held on September 16, 2020.
- 2) The Selling Shareholders have consented to participate in the Offer for Sale. The details of their respective Offered Shares are as follows:

No.	Name of the Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of the consent letter to participate in the Offer for Sale
1.	Sadashiv K. Shetty	58,50,000	September 8, 2020
2.	Raghuram K. Shetty	22,72,038	September 8, 2020
3.	SAMS Industries Limited	8,12,962	September 8, 2020
4.	Babu K. Shetty	40,000	September 8, 2020
5.	Vittala K. Bhandary	40,000	September 8, 2020

Each of the Selling Shareholders have specifically confirmed that their respective portion of the Offered Shares, have been held by each one of them for a period of at least one year prior to the filing of this Prospectus with SEBI, and are accordingly eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations. For more

details, see “*Capital Structure*” on page 75.

- 3) In the event of over-subscription, Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price;
- 4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, the Equity Shares will be Allotted in the following order: (i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed; (ii) next, all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted; and (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by the Company that the balance 10% of the Fresh Issue portion is also subscribed. For further details, including in relation to grounds for rejection of Bids, see “*Offer Procedure*” on page 329.
- 5) Our Company and Selling Shareholders in consultation with the BRLMs have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulation. The QIB Portion will accordingly be reduced from the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15.00% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35.00% of the Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, was made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder was not less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, were made available for allocation on a proportional basis. For further details, refer “*Offer Procedure*” on page 329. Further, for details in relation to the terms of the Offer, see “*Terms of the Offer*” on page 321. For details, including in relation to grounds for rejection of Bids, refer to “*Offer Structure*” and “*Offer Procedure*” on pages 326 and 329, respectively.

## GENERAL INFORMATION

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli with the name '*Heranba Industrial Chemicals Private Limited*'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to '*Heranba Industrial Chemicals Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to '*Heranba Industries Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. For details of the change in the registered office of our Company, see "*History and Certain Corporate Matters-Changes in the Registered and Corporate Office*" on page 167.

### Registered Office of our Company

#### Heranba Industries Limited

CIN: U24231GJ1992PLC017315

Registration Number: 017315

Plot No 1504/1505/1506/1 GIDC,  
Phase-III Vapi, Valsad -396 195,  
Gujarat, India.

Tel. No.: +91 260 240 1646

E-mail: [compliance@heranba.com](mailto:compliance@heranba.com)

Website: [www.heranba.co.in](http://www.heranba.co.in)

### Corporate Office of our Company

#### Heranba Industries Limited

101 / 102, Kanchanganga, Factory Lane,  
Borivali - West, Mumbai – 400 092,  
Maharashtra, India.

Tel No.: +91 22 2898 7912

### Address of the Registrar of Companies

Our Company is registered with the RoC, situated at the following address:

The Registrar of Companies, Gujarat, Dadra & Nagar Haveli  
ROC Bhavan, Opp Rupal Park Society,  
Behind Ankur Bus Stop, Naranpura,  
Ahmedabad – 380 013, Gujarat

### Board of Directors

As on the date of this Prospectus, the composition of our Board is as set forth below:

Name, Nature of Directorship and DIN	DIN	Residential Address
<b>Sadashiv K. Shetty</b> <i>Chairman and Executive Director</i>	00038681	18/A, Tower "D", Viceroy Park, Thakur Village, Kandivali (East) Mumbai 400 101, Maharashtra, India.
<b>Raghuram K. Shetty</b> <i>Managing Director</i>	00038703	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar Village, Borivali (West) Mumbai 400 103, Maharashtra, India.
<b>Sujata S. Shetty</b> <i>Whole-time Director</i>	00632563	18/A, Tower "D", Viceroy Park, Near Thakur Cinema, Thakur Village, Kandivali (East), Mumbai 400 101, Maharashtra, India
<b>Vanita R. Shetty</b> <i>Whole-time Director</i>	02493401	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Borivali (West), Mumbai 400 103, Maharashtra, India.

Name, Nature of Directorship and DIN	DIN	Residential Address
<b>Raunak R. Shetty</b> <i>Whole-time Director</i>	08006529	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Borivali (West), Mumbai 400 103, Maharashtra, India.
<b>Kaushik H. Gandhi</b> <i>Independent Director</i>	01265059	A/103, Shantinath Apartment S.V. Road, Near Simpoli Signal, Borivali West, Mumbai – 400 092, Maharashtra, India
<b>Mulky V. Shetty</b> <i>Independent Director</i>	08168960	B/703, Shree Sai Sneha Complex, Ramdev Park Road, Near Shiv Temple, Mira Road (East), Thane – 401 107, Maharashtra, India
<b>Anil Kumar M. Marlecha</b> <i>Independent Director</i>	08193193	201, Aarlin CHS, Near Rajesh Hotel, Bhayander (West), Thane - 401101 Maharashtra, India
<b>Ganesh N. Vanmali</b> <i>Independent Director</i>	07833853	Flat No. 17, The Versova Sandip CO. OP. HSG. SOC., Juhu Versova Link Road, Near Rajiv Gandhi Engineering College Lane, Mumbai - 400 053, Maharashtra, India
<b>Nimesh S. Singh</b> <i>Independent Director</i>	00062998	C/507, Upvan Tower CHS Ltd., Upper Govind Nagar, Opp. Poddar School, Malad (East), Mumbai – 400 097, Maharashtra, India

For detailed profile of our Chairman and Managing Director, Whole-time Directors and other Directors, refer “Our Management” and “Our Promoters and Promoter Group” on page 172 and 192 respectively.

#### Company Secretary & Compliance Officer

##### Abdul Latif

101 / 102, Kanchanganga,  
Factory Lane, Borivali (West)  
Mumbai – 400 092  
Maharashtra, India.  
Tel. No.: +91 22 5070 5050  
E-mail: compliance@heranba.com

#### Chief Financial Officer

##### Maheshwar V. Godbole

101 / 102, Kanchanganga  
Factory Lane, Borivali (West)  
Mumbai – 400 092  
Maharashtra, India.  
Tel. No.: +91 22 5070 5050  
E-mail: compliance@heranba.com

#### Details of Key Intermediaries pertaining to this Offer of our Company:

Book Running Lead Managers	
<b>Emkay Global Financial Services Limited</b> The Ruby, 7th Floor Senapati Bapat Marg Dadar (West) Mumbai – 400 028, India. Tel. No.: +91 22 6612 1212 Email: heranba.ipo@emkayglobal.com Investor grievance email: ibg@emkayglobal.com Website: <a href="http://www.emkayglobal.com">www.emkayglobal.com</a> Contact Person: Deepak Yadav / Sagar Bhatia SEBI Registration No.: INM000011229 CIN: L67120MH1995PLC084899	<b>Batlivala &amp; Karani Securities India Private Limited</b> 1101, 1103, 1104, Hallmark Business Plaza, 11th Floor, Sant Dnyaneshwar Marg, Near Guru Nanak, Hospital Bandra (East), Mumbai - 400 051, Maharashtra, India. Tel. No.: +91-22-40076000 Email: merchantbanking@bksec.com Investor grievance email: grievance.mbd@bksec.com Website: www.bksec.com Contact Person: Darshan Piyush Trivedi/ Shikha Jain SEBI Registration No.: INM000012722 CIN: U67120WB1998PTC087160
Registrar to the Offer	Legal Advisor to the Offer
<b>Bigshare Services Private Limited</b> 1st floor, Bharat Tin Works Building	<b>Desai &amp; Diwanji</b> Advocates & Solicitors

<p>Opp. Vasant Oasis, Makwana Road, Marol Andheri (East), Mumbai- 400 059, India. Tel. No.: +91 22 6263 8200 Email: ipo@bigshareonline.com Website: www.bigshareonline.com SEBI Registration No: INR000001385 Contact Person: Ashish Bhope</p>	<p>Lentin Chambers, Dalal Street, Fort Mumbai – 400001, India. Tel. No.: +91 22 3984 1000 Email: info@desaidiwanji.com Contact Person: Sanjay Israni</p>
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<p><b>Statutory &amp; Peer Reviewed Auditor of our Company</b></p> <p><b>N. S. Shetty &amp; Co.</b> Chartered Accountants 'Arjun', Plot No. 6A, V. P. Road, Andheri (West), Mumbai – 400 058, Maharashtra, India. Tel. No.: +91 2623 1716 E-mail: nsshetty_co@yahoo.com Contact Person: CA Divakar Shetty Membership No.: 100306 Firm Registration No.: 110101W Peer review No.: 011168</p> <p><b>Change in Auditors</b> There has been no change in our statutory auditors in last three years.</p>	<p><b>Special Purpose International Legal Counsel to the Book Running Lead Managers</b></p> <p><b>Squire Patton Boggs Singapore LLP</b> 1 Marina Boulevard #21-01 One Marina Boulevard Singapore 018989 Republic of Singapore Tel. No.: +65 6922 8668</p>
<p><b>Bankers to the Offer</b></p> <p>Escrow Collection Bank/ Refund Bank/ Public Offer Account Bank/ Sponsor Bank</p> <p>ICICI Bank Limited Capital Market Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road Backbay Reclamation Churchgate, Mumbai-400 020 Tel: +91 22 2285 9911 /23 /24 Contact Person: Saurabh Kumar Email: kmr.saurabh@icicibank.com Website: <a href="http://www.icicibank.com">www.icicibank.com</a> SEBI Registration No: INBI00000004</p>	<p><b>Bankers to our Company</b></p> <p>Bank of Baroda Jyoti Plaza, 'C' Wing S. V. Road, Kandivali (West) Mumbai 400 067, Maharashtra, India Tel: +91 22 2862 1464 Contact Person: Vishal Garg Email: intmum@bankofbaroda.com Website: www.bankofbaroda.com</p>
<p><b>Syndicate Members</b></p> <p><b>Emkay Global Financial Services Limited</b> The Ruby, 7th Floor Senapati Bapat Marg Dadar (West) Mumbai – 400 028, India. Tel. No.: +91 22 6612 1212 Email: heranba.ipo@emkayglobal.com Website: <a href="http://www.emkayglobal.com">www.emkayglobal.com</a> Contact Person: Yogesh Mehta SEBI Registration No.: INZ000203933 CIN: L67120MH1995PLC084899</p>	<p><b>Batlivala &amp; Karani Securities India Private Limited</b> 1101, 1103, 1104, Hallmark Business Plaza, 11th Floor, Sant Dnyaneshwar Marg, Near Guru Nanak, Hospital Bandra (East), Mumbai - 400 051, Maharashtra, India. Tel. No.: +91 22 4007 6203 Email: jitendra.soni@bksec.com Website: www.bksec.com Contact Person: Jitendra Soni SEBI Registration No.: INZ000284836 CIN: U67120WB1998PTC087160</p>

Investors can contact the Company Secretary and Compliance Officer or the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the BRLMs, who shall respond to the same.

All grievances relating to the ASBA process were required to be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder were required to give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the submission of ASBA Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder. Further, the Bidder were required to also enclose the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances in relation to Bids submitted with Registered Brokers may be addressed to the Stock Exchange, with a copy to the Registrar to the Offer.

## **Designated Intermediaries**

### **Self-Certified Syndicate Banks (SCSB's)**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or such other website as may be updated from time to time. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time. Further, in relation to RIBs using the UPI Mechanism, a list of SCSBs eligible as 'Issuer Banks' for UPI is available on the website of SEBI at <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> or such other website as updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs and mobile applications whose name appears on the SEBI website at <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. A list of SCSBs and mobile application, which are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or any such other website as may be prescribed by SEBI from time to time.

### **Registered Brokers**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at [https://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx](https://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx) and [https://www1.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](https://www1.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively, as updated from time to time.

### **Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept the ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and [www1.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and on the website of NSE at [https://www1.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

### **Credit Rating**

This being an issue of Equity Shares, there is no requirement of credit rating for the Offer.

### **IPO Grading**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

### **Brokers to the Offer**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Offer.

### **Expert Opinion**

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

Our Company has received a written consent from the Statutory Auditors namely, N. S. Shetty & Co., Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 in this Prospectus and as an “Expert” as required under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect of the examination reports of the Statutory Auditors on the Restated Financial Statements dated December 4, 2020 and the statement of direct tax benefits dated December 7, 2020 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has also received a written consent from B.V. Anjaria, Chartered Engineer & Consultant to include their name as required under Section 26(5) of the Companies Act, 2013 in this Prospectus and as an “Expert” as required under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect to the assessment of capacity utilisation of our manufacturing facilities and the certificate issued by him to our Company and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U. S. Securities Act.

### **Debenture Trustees**

This is an issue of equity shares; hence appointment of debenture trustee is not required.

### **Appraising Agency**

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

### **Monitoring Agency**

Since the proceeds from the Fresh Issue does not exceed ₹ 1,000 million in terms of Regulation 41 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue.

### **Filing**

A copy of Draft Red Herring Prospectus has been filed with the Securities and Exchange Board of India at:

Securities and Exchange Board of India  
SEBI Bhavan, Western Regional Office,  
Panchvati 1st Lane, Gulbai Tekra Road,  
Ahmedabad - 380006, Gujarat, India.

The Red Herring Prospectus, along with the material contracts and documents referred to in the Red Herring Prospectus has been filed with the RoC at the office of the Registrar of Companies, Gujarat, Dadra and Nagar Haveli situated at:

Registrar of Companies Gujarat, Dadra and Nagar Haveli,  
ROC Bhavan, Opp. Rupal Park Society,  
Behind Ankur Bus Stop,  
Naranpura, Ahmedabad- 380 013,  
Gujarat, India.

A copy of this Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act, 2013.

### Inter se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	Emkay, B&K	Emkay
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of Offer Documents including memorandum containing salient features of the Offer Documents. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalization of the Offer Documents and ROC filing.	Emkay, B&K	Emkay
3.	Coordinating for all statutory advertisements.	Emkay, B&K	Emkay
4.	Coordinating for all publicity material other than statutory advertisements, including non-statutory/ corporate advertisement and brochures, media compliance report, etc.	Emkay, B&K	Emkay
5.	Appointment of and co-ordination with intermediaries, namely, the Registrar, the advertising agency, Bankers to the Offer, printers, etc.	Emkay, B&K	Emkay
6.	Marketing and road-show presentation and preparation of frequently asked questions for the road show team.	Emkay, B&K	B&K
7.	Marketing strategy for domestic institutions including banks, mutual funds, etc., finalizing the list and division of investors for one to one meetings, in consultation with the Company, and finalizing the investor meeting schedules.	Emkay, B&K	B&K
8.	Marketing strategy for international institutions investors, finalizing the list and division of investors for one to one meetings, in consultation with the Company, and finalizing the investor meeting schedules.	Emkay, B&K	B&K
9.	Non-Institutional and retail marketing of the Offer, which will include inter alia, formulating marketing strategies, preparation of publicity budget, finalizing media and public relations strategy, finalizing centres for holding conferences for press and brokers, deciding on the quantum of Offer material and following-up on distribution of publicity and Offer material including forms, prospectuses, etc.	Emkay, B&K	Emkay
10.	Co-ordination with Stock Exchanges for book building software, Bidding terminals and mock trading and anchor investor intimation, and payment of 1% security deposit to DSE.	Emkay, B&K	Emkay
11.	Managing the book and finalization of pricing, in consultation with the Company.	Emkay, B&K	Emkay
12.	The post Bidding activities including management of escrow accounts, co-ordination of institutional and non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post-Offer activities for the Offer involving essential follow up steps, which include the finalization of trading and dealing of instruments and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar and Bankers to the Offer, SCSBs and the bank(s) handling refund business.	Emkay, B&K	Emkay
13.	Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI.	Emkay, B&K	Emkay
14.	Filing of media compliance report to SEBI.	Emkay, B&K	Emkay

### Book Building Process

Book building, with reference to the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid-cum-Application Forms and the Revision Forms. The Price Band and minimum bid lot size which were determined by our Company and the Selling shareholders in consultation with the BRLMs in accordance with the Book



Building Process, and advertised in all editions of the Financial Express, all editions of Jansatta and the Valsad edition of Samna Dainik which are widely circulated English, Hindi and Gujarati daily newspapers respectively (Gujarati being the regional language of Gujarat where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, in accordance with SEBI ICDR Regulations, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price was determined by our Company and the Selling Shareholders, in consultation with the BRLMs after the Bid/ Offer Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Member(s);
- the Registrar to the Offer;
- the Escrow Collection Banks;
- the SCSBs;
- the CDPs;
- the RTAs; and
- the Registered Brokers.

**All Bidders (other than Anchor Investors) participated in this Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount was blocked by the SCSBs. In addition to this, the RIBs were required to participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount was blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors were not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/ Offer Period and withdraw their Bids on or before the Bid/ Offer Closing Date. Further, Anchor Investors were not allowed to withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the Anchor Investors was made be on a discretionary basis.**

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. In this regard, our Company along with the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer. For details, see “*Terms of the Offer*” and “*Offer Procedure*” on pages 321 and 329, respectively.

**The process of book building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid or application in the Offer.**

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

Each Bidder, by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

For details, see “Offer Structure” and “Offer Procedure” on pages 326 and 329, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 329.

### **Underwriting Agreement**

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares offered through the Offer. The Underwriting Agreement is dated February 27, 2021. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions

specified therein.

The Underwriters have indicated its intention to underwrite the following number of Equity Shares:

<b>Details of the Underwriters</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (₹ in million)</b>
Emkay Global Financial Services Limited	49,85,969	3,126.20
Batlivala & Karani Securities India Private Limited	49,85,968	3,126.20
<b>Total</b>	<b>99,71,937</b>	<b>6,252.40</b>

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/ IPO Committee, at its meeting held on February 27, 2021, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

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

No.	Particulars	Amount (₹ in millions)	
		Aggregate nominal value	Aggregate value at Offer Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	4,50,00,000 Equity Shares of face value of ₹10.00 each	450.00	--
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Offer</b>		
	3,90,56,530 Equity Shares of face value of ₹10.00 each	390.56	--
<b>C.</b>	<b>Present Offer in terms of this Prospectus</b>		
	Offer of 99,71,937* Equity Shares	99.72*	6,252.40*
	<i>Of which</i>		
	Fresh Issue of 9,56,937* Equity Shares	9.57*	600.00*
	Offer for Sale of 90,15,000* Equity Shares	90.15	5,652.40*
<b>D.</b>	<b>Issued, Subscribed and Paid-up Share Capital after the Offer</b>		
	4,00,13,467 Equity Shares of face value of ₹10.00 each*	400.13	25,088.44
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer		4.22
	After the Offer		594.65

\* Subject to finalisation of Basis of Allotment.

- 1) The Fresh Issue has been authorised by the Board of Directors pursuant to their resolution dated September 9, 2020 and the Shareholders pursuant to their resolution dated September 16, 2020.
- 2) The Offer for Sale has been authorized by Sadashiv K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; Raghuram K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; SAMS Industries Limited (Selling Shareholder) by its consent letter dated September 8, 2020; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 8, 2020. The Selling Shareholders have specifically confirmed that the Equity Shares being offered by them by way of this Offer have been held by them for at least one year prior to the filing of this Prospectus with SEBI in terms of Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.

### Notes to the Capital Structure:

#### 1. Share capital history of our Company:

A) The history of the equity share capital of our Company is set forth below:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
Upon Incorporation	20	100.00	100.00	Cash	Subscription to MoA <sup>(1)</sup>	20	2,000	Nil
August 20, 1994	70	100.00	100.00	Cash	Preferential	90	9,000	Nil

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
					Allotment <sup>(2)</sup>			
December 7, 1994	7,000	100.00	100.00	Cash	Preferential Allotment <sup>(3)</sup>	7,090	7,09,000	Nil
May 27, 1995	1,07,500	100.00	100.00	Cash	Preferential Allotment <sup>(4)</sup>	1,14,590	1,14,59,000	Nil
June 15, 1996	Pursuant to our Shareholders' resolution dated June 15, 1996, each equity share of our Company of face value of ₹ 100 each fully paid-up was sub-divided into 10 equity shares of our Company of face value of ₹ 10 each. Therefore, 1,14,590 equity shares of our Company of face value of ₹ 100 each were sub-divided into 11,45,900 equity shares of our Company of face value of ₹ 10 each.					11,45,900	1,14,59,000	Nil
September 30, 1996	1,90,940	10.00	10.00	Cash	Preferential Allotment <sup>(5)</sup>	13,36,840	1,33,68,400	Nil
August 17, 1997	63,160	10.00	10.00	Cash	Preferential Allotment <sup>(6)</sup>	14,00,000	1,40,00,000	Nil
September 20, 1997	7,00,000	10.00	N.A.	Other than Cash	Bonus Issue in the ratio of 1:2 <sup>(7)</sup>	21,00,000	2,10,00,000	Nil
March 30, 2002	4,00,000	10.00	10.00	Cash	Preferential Allotment <sup>(8)</sup>	25,00,000	2,50,00,000	Nil
March 30, 2006	8,35,800	10.00	10.00	Cash	Preferential Allotment <sup>(9)</sup>	33,35,800	3,33,58,000	Nil
March 31, 2006	1,00,000	10.00	100.00	Cash	Preferential Allotment <sup>(10)</sup>	34,35,800	3,43,58,000	90,00,000
October 26, 2009	2,18,978	10.00	200.00	Cash	Preferential Allotment <sup>(11)</sup>	36,54,778	3,65,47,780	5,06,05,820
March 30, 2010	17,250	10.00	200.00	Cash	Preferential Allotment <sup>(12)</sup>	36,72,028	3,67,20,280	5,38,83,320
December 5, 2011	92,625	10.00	200.00	Cash	Preferential Allotment <sup>(13)</sup>	37,64,653	3,76,46,530	7,14,82,070

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
January 28, 2013	50,000	10.00	200.00	Cash	Preferential Allotment <sup>(1)</sup> <sub>4)</sub>	38,14,653	3,81,46,530	8,09,82,070
December 21, 2013	32,500	10.00	200.00	Cash	Preferential Allotment <sup>(15)</sup>	38,47,153	3,84,71,530	8,71,57,070
May 28, 2014	38,47,153	10.00	N.A.	Other than Cash	Bonus Issue in the ratio of 1:1 <sup>(16)</sup>	76,94,306	7,69,43,060	6,86,85,540
May 8, 2015	1,17,000	10.00	100.00	Cash	Preferential Allotment <sup>(17)</sup>	78,11,306	7,81,13,060	7,92,15,540
July 9, 2018	3,12,45,224	10.00	N.A.	Other than Cash	Bonus Issue in the ratio of 4:1 <sup>(18)</sup>	3,90,56,530	39,05,65,300	42,15,540

Notes:

- Initial allotment of 10 Equity Shares each to Harshvardhan Vasudeo Churi and Mahadev Narain Limbore, being the subscribers to the MoA of our Company.
- Allotment of 10 Equity Shares each to B.V. Shetty, K. B. Bhandary, Sadashiv K. Shetty, Jaggannath Bhandari, Prashad K. Shetty, Raghuram K. Shetty and Nityanand Hegde.
- Allotment of 3,500 Equity Shares each to Harshvardhan Vasudeo Churi and Savjibhai Haribhai Patel.
- Allotment of 1,810 Equity Shares to Mahadeo Narayan Limbore, 4,580 Equity Shares to B.V. Shetty, 5,139 Equity Shares to K. B. Bhandary, 9,980 Equity Shares to Prasad K. Shetty, 13,980 Equity Shares to Raghuram K. Shetty, 4,250 Equity Shares to Sujata Shetty, 500 Equity Shares to Vanita R. Shetty, 3,916 Equity Shares to Krishna D. Shetty, 5,540 Equity Shares to S. K. Shetty, 1,000 Equity Shares to Savita Shetty, 4,000 Equity Shares to Vishala B. Shetty, 5,000 Equity Shares to Padma Bhandary, 2,500 K. B. Bhandary (HUF), 5,450 Equity Shares to S. N. Hegde, 2,100 Equity Shares to Sunita Hegde, 5,550 Equity Shares to Sashidhar Shetty, 2,500 Equity Shares to B. V. Shetty (HUF), 3,000 Equity Shares to SAMS Machines Private Limited, 4,000 Equity Shares to Surendra Kumar Hegde, 5,070 Equity Shares to Arvind Patel, 525 Equity Shares to V. J. Chury, 550 Equity Shares to V. V. Chury, 1,400 Equity Shares to A. V. Chury, 3,810 Equity Shares to H. M. Limbore, 1,000 Equity Shares to M/s. Suniti Plasto, 1200 Equity Shares to P. N. Vyas, 2,000 Equity Shares to Ramesh Shah, 3,150 Equity Shares to Mukesh Mehta and 4,000 Equity Shares to A. S. Salvigor.
- Allotment of 10,000 Equity Shares to Babu Shetty, 5,000 Equity Shares to R. K. Shetty, 10,000 Equity Shares to Vittala K. Bhandary, 3,100 Equity Shares to S. N. Hegde, 60,840 Equity Shares to Krishna D. Shetty, 20,000 Equity Shares to Surendra Kumar Hegde, 7,000 Equity Shares to Sashidhar B. Shetty, 17,000 Equity Shares to S. K. Shetty, 4,000 Equity Shares to Sunita Hegde, 40,000 Equity Shares to Vinoda S. Hegde, 4,000 Equity Shares to Savita S. Shetty and 10,000 Equity Shares to Sandhya Shetty.
- Allotment of 6,500 Equity Shares to S. K. Shetty, 6,500 Equity Shares to Prasad K. Shetty, 22,660 Equity Shares to S. N. Hegde, 6,500 Equity Shares to Krishna D. Shetty, 10,000 Equity Shares to Surendra Kumar Hegde, 11,000 Equity Shares to Sashidhar Shetty.
- Our Company vide shareholders resolution passed at EGM dated September 20, 1997 issued 7,00,000 Equity Shares as bonus shares to the existing shareholders in the ratio of 1 (One) Equity Share for every 2 (Two) Equity Share held by capitalization of profits of our Company. Allotment of 71,008 Equity Shares to Sadashiv K. Shetty, 73,094 Equity Shares to Prasad K. Shetty, 96,746 Equity Shares to Raghuram K. Shetty, 50,074 Equity Shares to Nityanand Hegde, 27,500 Equity Shares to Sujata S. Shetty, 7,500 Equity Shares to Babu K. Shetty, 2,500 Equity Shares to Shanta B. Shetty, 23,760 Equity Shares to R. K. Shetty, 5,000 Equity Shares to Vittala K. Bhandary, 22,500 Equity Shares to Sumita. N. Hegde, 73,194 Equity Shares to Krishna Shetty, 35,050 Equity Shares to Surendra Kumar Hegde, 55,070 Equity Shares to Sashidhar B. Shetty, 20,000 Equity Shares to Vinoda S. Hegde, 7,000 Equity Shares to Savita S. Shetty, 2,500 Equity Shares to K. Pakeera Shetty, 3,375 Equity Shares to Divakar K. Shetty, 2,500 Equity Shares to Shashi Sanjeeva Shetty, 2,500 Equity Shares to Jagannath K. Shetty, 2,500 Equity Shares to Suresh Gopal Shetty, 2,500 Equity Shares to Sheela K. Shetty, 2,500 Equity Shares to Damodar Sanjeeva Shetty, 3,285 Equity Shares to Vasant Hoovayya Shetty, 2,500 Equity Shares to Supriya Shetty, 2,500 Equity Shares to Rajendra Shetty, 785 Equity Shares to Darayus B. Irani, 19,894 Equity Shares to Priyamvada Leasing & Finance Private Limited, 2,000 Equity Shares to Shankar Hegde, 2,000 Equity Shares to Shashikala Hegde, 1,505 Equity Shares to Rukamaya Hedge, 2,500 Equity Shares to M. Y. Shetty, 2,500 Vasanti M. Shetty, 2,500 Equity Shares to Hemant M. Shetty, 2,500 Equity Shares to Santosh M. Shetty, 2,500 Equity Shares to D. R. Shetty, 1,995 Equity Shares to Pravin M. Shetty, 2,000 Equity Shares to Satishkumar, 2,000 Equity Shares to Ramchandra Hegde, 2,000 Equity Shares to Mohan R. Hegde, 2,000 Equity Shares to Sapna M. Hegde, 2,280 Equity Shares to Usha S. Hegde, 2,500 Equity Shares to Chitra B. Shetty, 2,500 Equity Shares to H. B. Shetty, 470 Equity Shares to Priya D. Shetty, 2,165 Equity Shares to Tara S. Shetty, 2,500 Equity Shares to M. S. Hegde, 650 Equity Shares to Rama Hegde, 2,500 Equity Shares to Vishala R. Hegde, 2,500 Equity Shares to Rodwinsin Rodriques, 2,500 Equity Shares to Girish Akolkar, 2,500 Equity Shares to Sunil Singh, 2,500 Equity Shares to Ujwal Lotlikar, 2,500 Equity Shares to S. R. Hegde, 2,500 Equity Shares to Vanita R. Shetty, 2,500 Equity Shares to Lilavati P. Shetty, 2,500 Equity Shares to Chandrahas K. Shetty, 2,500 Equity Shares to Ravindranath K. Shetty, 2,500 Equity Shares to Usha R. Shetty, 2,500 Equity Shares to Nityanand K. Shetty, 2,500 Equity

- Shares to Dayanand Ariga, 2,500 Equity Shares to Girija Bhandary, 1,600 Equity Shares to Anil Choudhary and 5,000 Equity Shares to Sandhya B. Shetty.
8. Allotment of 1,87,000 Equity Shares to Sadashiv K. Shetty, 1,43,000 Equity Shares to Raghuram K. Shetty, 35,000 Equity Shares to Sujata Shetty and 35,000 Equity Shares to Vanita Shetty.
  9. Allotment of 3,03,150 Equity Shares to Sadashiv K. Shetty, 92,650 Equity Shares to Raghuram K. Shetty, 1,78,200 Equity Shares to Sujata S. Shetty, 99,300 Equity Shares to Vanita R. Shetty, 24,500 Equity Shares to Sadashiv Kanyana Pakeera Shetty (HUF) and 1,38,000 Equity Shares to Raghuram K Shetty (HUF).
  10. Allotment of 5,000 Equity Shares to Buniyad Chemicals Limited, 16,000 Equity Shares to Talent Infoway Limited, 4,000 Equity Shares to Jaihind Synthetics Limited, 50,000 Equity Shares to Harbhole Tradelink Private Limited and 25,000 Equity Shares to Prisha Tradelink Private Limited.
  11. Allotment of 13,581 Equity Shares to Sadashiv K. Shetty, 590 Equity Shares to Sujata Shetty, 7,560 Equity Shares to Sadashiv Kanyana Pakeera Shetty (HUF), 18,747 Equity Shares to Raghuram K. Shetty, 2,500 Equity Shares to Buniyad Chemicals Limited, 5,000 to Jaihind Synthetics Limited, 2,500 Equity Shares to Talent Infoway Limited, 2,500 Equity Shares to Mihir Agencies Private Limited, 2,500 Equity Shares to Alpha Chemie Trade Agencies Private Limited, 10,000 Equity Shares to M/s. Hetu Investment & Trading Company, 31,250 Equity Shares to Highland Industries Limited, 25,000 Equity Shares to Supreme Communications Limited, 13,750 Equity Share to Nimbus Industries Limited, 38,750 Equity Shares to Innovative Print Form Limited, 24,750 Equity Shares to Pet Plastics Limited, 10,000 Equity Shares to Alpha Graphics India Limited and 10,000 Equity Shares to Milenium Cypertech Limited.
  12. Allotment of 5,000 Equity Shares to Stocknet International Limited, 12,250 Equity Shares to Artillageance Bio-innovations Limited.
  13. Allotment of 92,625 Equity Shares to SAMS Industries Limited.
  14. Allotment of 50,000 Equity Shares to SAMS Industries Limited.
  15. Allotment of 18,500 Equity Shares to Sadashiv K. Shetty and 14,000 Equity Shares to Raghuram K. Shetty.
  16. Our Company vide shareholders resolution passed at EGM dated May 28, 2014 issued 38,47,153 Equity Shares as bonus shares to the existing shareholders as on March 31, 2014 in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by capitalizing ₹2,00,00,000 out of the General Reserves and ₹1,84,71,530 out of Securities Premium Account of our Company. Allotment of 15,42,316 Equity Shares to Sadashiv K. Shetty, 10,32,085 Equity Shares to Raghuram K. Shetty, 3,17,290 Equity Shares to Sujata S. Shetty, 2,01,800 Equity Shares to Vanita R. Shetty, 22,500 Equity Shares to Babu K Shetty, 7,500 Equity Shares to Shanta B Shetty, 90,027 Equity Shares to R. K. Shetty, 15,000 Equity Shares to Vittala K. Bhandary, 100 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 100 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 94,250 Equity Shares to Shreya S. Shetty, 32,060 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 1,38,000 Equity Shares to Raghuram Pakeera Shetty HUF, 1,42,625 Equity Shares to SAMS Industries limited, 63,625 Equity Shares to Raunak R. Shetty, 84,250 Equity Shares to Shriraj S. Shetty and 63,625 Equity Shares to Roshan R. Shetty.
  17. Allotment of 53,500 Equity Shares to Sadashiv K. Shetty, 52,000 Equity Shares to Raghuram K. Shetty, 11,500 Equity Shares to Sujata S. Shetty.
  18. Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹7,50,00,000 out of Securities premium account and ₹23,74,52,240 out of free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K. Shetty, 60,000 Equity Shares to Shanta B. Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vittala K. Bhandary, 800 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya S. Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak R. Shetty, 6,74,000 Equity Shares to Shriraj S. Shetty and 5,09,000 Equity Shares to Roshan R. Shetty.

B) The history of 12% Cumulative Redeemable Preference Shares of our Company is set forth below:

Date of allotment/Redemption	Number of Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Shares	Cumulative paid-up Share capital (₹)	Cumulative Securities premium (₹)
March 30, 2002	1,121	100.00	100.00	Cash	Further Allotment <sup>(1)</sup>	1,121	1,12,100	Nil
September 20, 2002	24,000	100.00	100.00	Cash	Further Allotment <sup>(2)</sup>	25,121	25,12,100	Nil
March 31, 2018	(25,121)	100.00	100.00	Cash	Redemption <sup>(3)</sup>	Nil	Nil	Nil

Notes:

1. Allotment of 500 Preference Shares to Sadashiv K. Shetty and 621 Preference Shares to Raghuram K. Shetty.
2. Allotment of 9,600 Preference Shares to Sadashiv K. Shetty, 6,000 Preference Shares to Raghuram K. Shetty, 4,800 Preference Shares to Sujata S. Shetty, 3,600 Preference Shares to Vanita R. Shetty.
3. Redemption of 25,121, 12% Cumulative Redeemable Preference Shares at par by way of a resolution passed at the meeting of our Board held on March 8, 2018 and by way of a resolution passed at the meeting of our preference shareholders, respectively, held on March 31, 2018.

## 2. Issue of Equity Shares for Consideration other than Cash:

Except as stated below, our Company has not issued any Equity Shares or preference shares for consideration other than cash, or through bonus issue as on the date of this Prospectus. Further, our Company has not issued any Equity Shares or preference shares out of revaluation of reserves at any time since incorporation.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Reason(s) of allotment	Benefits Accrued to our Company
September 20, 1997	7,00,000	10.00	N.A.	Bonus Issue <sup>(1)</sup>	N.A.
May 28, 2014	38,47,153	10.00	N.A.	Bonus Issue <sup>(2)</sup>	N.A.
July 9, 2018	3,12,45,224	10.00	N.A.	Bonus Issue <sup>(3)</sup>	N.A.

### Notes:

- Our Company vide shareholders resolution passed at EGM dated September 20, 1997 issued 7,00,000 Equity Shares as bonus shares to the existing shareholders in the ratio of 1 (One) Equity Share for every 2 (Two) Equity Share held by capitalization of profits of our Company. Allotment of 71,008 Equity Shares to Sadashiv K. Shetty, 73,094 Equity Shares to Prasad K. Shetty, 96,746 Equity Shares to Raghuram K. Shetty, 50,074 Equity Shares to Nityanand Hegde, 27,500 Equity Shares to Sujata S. Shetty, 7,500 Equity Shares to Babu K. Shetty, 2,500 Equity Shares to Shanta B. Shetty, 23,760 Equity Shares to R. K. Shetty, 5,000 Equity Shares to Vittala K. Bhandary, 22,500 Equity Shares to Sunita. N. Hegde, 73,194 Equity Shares to Krishna Shetty, 35,050 Equity Shares to Surendra Kumar Hegde, 55,070 Equity Shares to Sashidhar B. Shetty, 20,000 Equity Shares to Vinoda S. Hegde, 7,000 Equity Shares to Savita S. Shetty, 2,500 Equity Shares to K. Pakeera Shetty, 3,375 Equity Shares to Divakar K. Shetty, 2,500 Equity Shares to Shashi Sanjeeva Shetty, 2,500 Equity Shares to Jagannath K. Shetty, 2,500 Equity Shares to Suresh Gopal Shetty, 2,500 Equity Shares to Sheela K. Shetty, 2,500 Equity Shares to Damodar Sanjeeva Shetty, 3,285 Equity Shares to Vasant Hoovayya Shetty, 2,500 Equity Shares to Supriya Shetty, 2,500 Equity Shares to Rajendra Shetty, 785 Equity Shares to Darayus B. Irani, 19,894 Equity Shares to Priyamvada Leasing & Finance Private Limited, 2,000 Equity Shares to Shankar Hegde, 2,000 Equity Shares to Shashikala Hegde, 1,505 Equity Shares to Rukamaya Hedge, 2,500 Equity Shares to M. Y. Shetty, 2,500 Vasanti M. Shetty, 2,500 Equity Shares to Hemant M. Shetty, 2,500 Equity Shares to Santosh M. Shetty, 2,500 Equity Shares to D. R. Shetty, 1,995 Equity Shares to Pravin M. Shetty, 2,000 Equity Shares to Satishkumar, 2,000 Equity Shares to Ramchandra Hegde, 2,000 Equity Shares to Mohan R. Hegde, 2,000 Equity Shares to Sapna M. Hegde, 2,280 Equity Shares to Usha S. Hegde, 2,500 Equity Shares to Chitra B. Shetty, 2,500 Equity Shares to H. B. Shetty, 470 Equity Shares to Priya D. Shetty, 2,165 Equity Shares to Tara S. Shetty, 2,500 Equity Shares to M. S. Hegde, 650 Equity Shares to Rama Hegde, 2,500 Equity Shares to Vishala R. Hegde, 2,500 Equity Shares to Rodwinsin Rodriques, 2,500 Equity Shares to Girish Akolkar, 2,500 Equity Shares to Sunil Singh, 2,500 Equity Shares to Ujwal Lotlikar, 2,500 Equity Shares to S. R. Hegde, 2,500 Equity Shares to Vanita R. Shetty, 2,500 Equity Shares to Lilavati P. Shetty, 2,500 Equity Shares to Chandrahas K. Shetty, 2,500 Equity Shares to Ravindranath K. Shetty, 2,500 Equity Shares to Usha R. Shetty, 2,500 Equity Shares to Nityanand K. Shetty, 2,500 Equity Shares to Dayanand Ariga, 2,500 Equity Shares to Girija Bhandary, 1,600 Equity Shares to Anil Choudhary and 5,000 Equity Shares to Sandhya B. Shetty.
- Our Company vide shareholders resolution passed at EGM dated May 28, 2014 issued 38,47,153 Equity Shares as bonus shares to the existing shareholders as on March 31, 2014 in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by capitalizing ₹2,00,00,000 out of the General Reserves and ₹1,84,71,530 out of Securities Premium Account of our Company. Allotment of 15,42,316 Equity Shares to Sadashiv K. Shetty, 10,32,085 Equity Shares to Raghuram K. Shetty, 3,17,290 Equity Shares to Sujata S. Shetty, 2,01,800 Equity Shares to Vanita R. Shetty, 22,500 Equity Shares to Babu K Shetty, 7,500 Equity Shares to Shanta B Shetty, 90,027 Equity Shares to R. K. Shetty, 15,000 Equity Shares to Vittala K. Bhandary, 100 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 100 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 94,250 Equity Shares to Shreya S. Shetty, 32,060 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 1,38,000 Equity Shares to Raghuram Pakeera Shetty HUF, 1,42,625 Equity Shares to SAMS Industries limited, 63,625 Equity Shares to Raunak R. Shetty, 84,250 Equity Shares to Shriraj S. Shetty and 63,625 Equity Shares to Roshan R. Shetty.
- Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹7,50,00,000 out of Securities premium account and ₹23,74,52,240 out of free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K. Shetty, 60,000 Equity Shares to Shanta B. Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vittala K. Bhandary, 800 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya S. Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak R. Shetty, 6,74,000 Equity Shares to Shriraj S. Shetty and 5,09,000 Equity Shares to Roshan R. Shetty.
- No Equity Shares have been allotted by our Company pursuant to any scheme approved under Sections 391-394 of the erstwhile Companies Act, 1956 or Section 230-233 of the Companies Act, 2013, as applicable.
- Our Company does not have any employee stock option scheme as on the date of this Prospectus.

5. Our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during the period of one year preceding the date of this Prospectus.

6. **Build Up of our Promoters Shareholding, Promoters Contribution and Lock-In:**

As on the date of this Prospectus, our Promoters holds 2,71,73,780 Equity Shares, constituting 69.58% of the pre-offer, issued, subscribed and paid-up Equity Share capital of our Company.

a) *Build-up of our Promoters shareholding in our Company*

Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)*
<b>Sadashiv K. Shetty</b>							
August 20, 1994	Preferential Allotment	10	100.00	100.00	Cash	--	--
May 27, 1995	Preferential Allotment	5,540	100.00	100.00	Cash	--	--
June 15, 1996	Sub-division of nominal value of Equity Shares of our Company from ₹100.00 per Equity Share to ₹10.00 per Equity Share (EGM dated June 15, 1996).						
	After Sub-division	55,500				0.14%	0.14%
July 22, 1996	Acquisition <sup>(1)</sup>	63,016	10.00	10.00	Cash	0.16%	0.16%
September 30, 1996	Preferential Allotment	17,000	10.00	10.00	Cash	0.04%	0.04%
August 17, 1997	Preferential Allotment	6,500	10.00	10.00	Cash	0.02%	0.02%
September 20, 1997	Bonus Issue	71,008	10.00	Nil	Other than cash	0.18%	0.18%
June 26, 2001	Acquisition <sup>(2)</sup>	7,96,701	10.00	5.00	Cash	2.04%	1.99%
June 26, 2001	Transfer <sup>(3)</sup>	(100)	10.00	10.00	Cash	Negligible	Negligible
March 30, 2002	Preferential Allotment	1,87,000	10.00	10.00	Cash	0.48%	0.47%
November 30, 2004	Acquisition <sup>(4)</sup>	33,485	10.00	10.00	Cash	0.09%	0.08%
June 30, 2005	Acquisition <sup>(5)</sup>	89,925	10.00	10.00	Cash	0.23%	0.22%
March 30, 2006	Preferential Allotment	3,03,150	10.00	10.00	Cash	0.78%	0.76%
October 26, 2009	Preferential Allotment	13,581	10.00	200	Cash	0.03%	0.03%
May 28, 2013	Transfer <sup>(6)</sup>	(1,12,950)	10.00	Nil	Other than cash	(0.29%)	(0.28%)
December 21, 2013	Preferential Allotment	18,500	10.00	200	Cash	0.05%	0.05%
May 28, 2014	Bonus Issue	15,42,316	10.00	Nil	Other than cash	3.95%	3.85%
May 8, 2015	Preferential Allotment	53,500	10.00	100.00	Cash	0.14%	0.13%
July 9, 2018	Bonus Issue	1,25,52,528	10.00	Nil	Other than cash	32.14%	31.37%



Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)*
September 26, 2018	Acquisition <sup>(7)</sup>	1,000	10.00	100.00	Cash	Negligible	Negligible
October 4, 2018	Transfer <sup>(8)</sup>	(15,00,000)	10.00	Nil	Other than cash	(3.84%)	(3.75%)
May 8, 2019	Transfer <sup>(9)</sup>	(11,39,864)	10.00	Nil	Other than cash	(2.92%)	(2.85%)
	<b>Total (A)</b>	<b>1,30,51,796</b>				<b>33.42%</b>	<b>32.62%</b>
Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)*
<b>Raghuram K. Shetty</b>							
August 20, 1994	Preferential Allotment	10	100.00	100.00	Cash	--	--
May 27, 1995	Preferential Allotment	13,980	100.00	100.00	Cash	--	--
June 15, 1996	Sub-division of nominal value of Equity Shares of our Company from ₹100.00 per Equity Share to ₹10.00 per Equity Share (EGM dated June 15, 1996).						
	After Sub-division	1,39,900				0.36%	0.35%
July 22, 1996	Acquisition <sup>(10)</sup>	96,112	10.00	10.00	Cash	0.25%	0.24%
September 30, 1996	Preferential Allotment	5,000	10.00	10.00	Cash	0.01%	0.01%
September 20, 1997	Bonus Issue	1,20,506	10.00	Nil	Other than Cash	0.31%	0.30%
June 26, 2001	Acquisition <sup>(11)</sup>	4,39,347	10.00	5.00	Cash	1.12%	1.10%
June 26, 2001	Transfer <sup>(12)</sup>	(100)	10.00	10.00	Cash	0.00%	0.00%
March 30, 2002	Preferential Allotment	1,43,000	10.00	10.00	Cash	0.37%	0.36%
March 30, 2006	Preferential Allotment	92,650	10.00	10.00	Cash	0.24%	0.23%
October 26, 2009	Preferential Allotment	18,747	10.00	200.00	Cash	0.05%	0.05%
March 15, 2013	Transfer <sup>(13)</sup>	(60,000)	10.00	Nil	Other than cash	(0.15%)	(0.15%)
May 28, 2013	Acquisition <sup>(14)</sup>	1,12,950	10.00	Nil	Other than cash	0.29%	0.28%
December 21, 2013	Preferential Allotment	14,000	10.00	200.00	Cash	0.04%	0.03%
May 28, 2014	Bonus Issue	11,22,112	10.00	Nil	Other than cash	2.87%	2.80%
May 8, 2015	Preferential Allotment	52,000	10.00	10.00	Cash	0.13%	0.13%

Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre-Offer Equity Share Capital (%)	Percentage of Post-Offer Equity Share Capital (%)*
July 9, 2018	Bonus Issue	91,84,896	10.00	Nil	Other than cash	23.52%	22.95%
September 26, 2018	Acquisition <sup>(15)</sup>	1,000	10.00	100.00	Cash	Negligible	Negligible
October 4, 2018	Acquisition <sup>(16)</sup>	15,00,000	10.00	Nil	Other than cash	3.84%	3.75%
May 8, 2019	Acquisition <sup>(17)</sup>	11,39,864	10.00	Nil	Other than cash	2.92%	2.85%
	<b>Total (B)</b>	<b>1,41,21,984</b>				<b>36.16%</b>	<b>35.29%</b>
	<b>Total (A)+(B)</b>	<b>2,71,73,780</b>					<b>67.91%</b>

\* Subject to finalisation of Basis of Allotment

Notes:

- Acquisition of 63,016 equity shares from B. V. Shetty.
- Acquisition of 1,50,222 equity shares from Nityanand Hegde, 67,500 equity shares from Sunita N. Hegde, 7,500 equity shares from Chitra B. Shetty, 7,500 equity shares from H. B. Shetty, 1,410 equity shares from Priya D. Shetty, 6,495 equity shares from Tara S. Shetty, 7,500 equity shares from M. S. Hegde, 1,950 equity shares from Rama S. Hegde, 7,500 equity shares from Vishala. R. Hegde, 7,500 equity shares from S. R. Hegde, 2,19,582 equity shares from Krishna D. Shetty, 7,500 equity shares from Jagannath K. Shetty, 7,500 equity shares from Suresh Gopal Shetty, 7,500 equity shares from Sheela. Shetty, 7,500 equity shares from Damodar Sanjeeva Shetty, 9,855 equity shares from Vasant Hoovayya Shetty, 1,05,150 equity shares from S. R. Hegde, 59,682 equity shares from Priyamvada Leasing and Finance Private Limited, 6,000 equity shares from Shankar Hegde, 6,000 equity shares from Shashikala Hegde, 4,515 equity shares from Rukmaya Hegde, 6,000 equity shares from Satish Kumar, 6,000 equity shares from Ramchandra Hegde, 6,000 equity shares from Mohan R. Hegde, 6,000 equity shares from Sapna M. Hegde, 6,840 equity shares from Usha S. Hegde, 60,000 equity shares from Vinoda S. Hegde.
- Transfer of 100 equity shares to Jagdish Patel jointly with Sadashiv K. Shetty.
- Acquisition of 33,485 equity shares from Ashok Paigankar.
- Acquisition of 7,500 equity shares from K. Pakeera Shetty, 10,125 equity shares from Divakar. Shetty, 7,500 equity shares from Chandrahas. Shetty, 7,500 equity shares from Ravindranath. Shetty, 7,500 equity shares from Usha. Shetty, 7,500 equity shares from Nityanand. Shetty, 7,500 equity shares from Dayanand Ariga, 7,500 equity shares from Girija Bhandary, 4,800 equity shares from Anil Chaudhary, 7,500 equity shares from Sandhya. Shetty.
- Transfer of 1,12,950 equity shares to Raghuram K. Shetty by way of gift.
- Acquisition of 1,000 equity shares from Jagdish Patel jointly with Sadashiv K. Shetty.
- Transfer of 15,00,000 equity shares to Raghuram K. Shetty by way of gift.
- Transfer of 11,39,864 equity shares to Raghuram K. Shetty by way of gift.
- Acquisition of 12,590 equity shares from Harshvardhan V. Churi, 14,430 equity shares from Mahadev Narain Limbore, 5,284 equity shares from B. V. Shetty, 48,308 equity shares from K. B. Bhandary, 5,500 equity shares from V. V. Churi, 10,000 equity shares from A. V. Churi.
- Acquisition of 2,19,282 equity shares from Prasad K. Shetty, 1,65,210 equity shares from Shashidhar B. Shetty, 7,500 equity shares from Shashi Sanjeeva Shetty, 7,500 equity shares from Supriya Shetty, 7,500 equity shares from Rajendra Shetty, 2,355 equity shares from Darajus B. Irani, 7,500 equity shares from Rodwinson Rodrigues, 7,500 equity shares from Girish Akolkar, 7,500 equity shares from Sunil Singh, 7,500 equity shares from Ujjwal Lottikar,
- Transfer of 100 equity shares to Bhupendra Patel jointly with Raghuram K. Shetty.
- Transfer of 60,000 equity shares to Vanita R. Shetty by way of gift.
- Acquisition of 1,12,950 equity shares from Sadashiv K. Shetty by way of gift.
- Acquisition 1,000 equity shares from Bhupendra Patel jointly with Raghuram K. Shetty.
- Acquisition of 15,00,000 equity shares from Sadashiv K. Shetty by way of gift.
- Acquisition of 11,39,864 equity shares from Sadashiv K. Shetty by way of gift.

Our Promoters have confirmed to our Company and the BRLMs that the acquisition of the Equity Shares forming part of the Promoters Contribution has been financed from personal funds/internal accruals and no loans or financial assistance from any banks or financial institution has been availed by our Promoters for this purpose. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Prospectus, none of the Equity Shares held by our Promoters are pledged.

### Build Up of our Promoters Shareholding - 12% Cumulative Redeemable Preference Shares

Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Preference Shares	Face Value per Preference Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Preference Share (in ₹)	Nature of Consideration
<b>Sadashiv K. Shetty</b>					
March 30, 2002	Further Allotment	500	100.00	100.00	Cash
September 20, 2002	Further Allotment	9,600	100.00	100.00	Cash
March 31, 2018	Redemption	(10,100)	100.00	100.00	Cash
	<b>Total (A)</b>	<b>Nil</b>			
<b>Raghuram K. Shetty</b>					
March 30, 2002	Further Allotment	621	100.00	100.00	Cash
September 20, 2002	Further Allotment	6,000	100.00	100.00	Cash
March 31, 2018	Redemption	(6,621)	100.00	100.00	Cash
	<b>Total (B)</b>	<b>Nil</b>			

Our Promoters have confirmed to our Company and the BRLMs that the acquisition of the Preference Shares forming part of the Promoters Contribution has been financed from personal funds/internal accruals and no loans or financial assistance from any banks or financial institution has been availed by our Promoters for this purpose. All the Preference Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Preference Shares.

#### b) Details of Promoters Contribution Locked-in for Three Years

Pursuant to Regulation 14(1) and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post Offer Equity Share capital of our Company held by our Promoter shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("Minimum Promoters' Contribution").

Details of the Equity Shares to be locked-in for three years from the date of Allotment as Minimum Promoter's Contribution are set forth in the table below:

Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Equity Shares Locked-in	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre-Offer Equity Share Capital (%)	Percentage of Post-Offer Equity Share Capital (%)*
<b>Sadashiv K. Shetty</b>							
July 9, 2018	Bonus Issue	40,01,500	10.00	Nil	Other than cash	10.25%	10.00%
	<b>Total (A)</b>	<b>40,01,500</b>				<b>10.25%</b>	<b>10.00%</b>
<b>Raghuram K. Shetty</b>							
May 8, 2015	Preferential Allotment	24,186	10.00	100.00	Cash	0.06%	0.06%
July 9, 2018	Bonus Issue	39,77,314	10.00	Nil	Other than cash	10.18%	9.94%
	<b>Total (B)</b>	<b>40,01,500</b>				<b>10.25%</b>	<b>10.00%</b>
	<b>Total (A+B)</b>	<b>80,03,000</b>				<b>20.50%</b>	<b>20.00%</b>

\* Subject to finalisation of Basis of Allotment

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Minimum Promoters' Contribution. Our Promoters have

agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Minimum Promoters' Contribution from the date of filing of this Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

For details on build-up of Equity Shares held by our Promoters, refer "*Capital Structure*"– *Build-up of our Promoters shareholding in our Company*" at page 80.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters Contribution under Regulation 15 of the SEBI ICDR Regulations. In this computation, as per Regulation 15 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

- (i) The Equity Shares offered for Promoter's contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.;
  - (ii) The Equity Shares acquired during the one year preceding the date of this Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
  - (iii) Our Company has not been formed by conversion of a one or more partnership firms or limited liability partnerships into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Prospectus pursuant to conversion of a partnership firm For further details, please see "*History and Certain Corporate Matters*" on page 167; and
  - (iv) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance as on the date of this Prospectus.
  - (v) All the Equity Shares held by our Promoter shall be in dematerialised form.
  - (vi) The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new Promoter/s or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferee/s for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable.
- c) *Equity Shares locked-in for one year*

Except for (a) the Promoters' Contribution which shall be locked in as above and (b) Offered Shares which are successfully transferred pursuant to the Offer for Sale by the Selling Shareholders, the entire pre-Offer equity share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment in terms of Regulation 17 of the SEBI ICDR Regulations. Further, any unsubscribed portion of the Equity Shares being offered by the Selling Shareholder in the Offer for Sale, would also be locked-in as required under the SEBI ICDR Regulations.

d) *Other requirements in respect of 'lock-in'*

- i. Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans;
- ii. Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans;
- iii. Pursuant to Regulation 22 of the SEBI ICDR Regulations, (a) the Equity Shares held by the Promoters, which are locked-in may be transferred to and among the members of the Promoter Group or to any new Promoters or persons

in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable and (b) the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI (SAST) Regulations

- iv. Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment. We further confirm that, our Minimum Promoters Contribution does not include any contribution from Alternative Investment Fund.

7. The shareholding pattern of our Promoters and Promoter Group before and after the Offer is set forth below:

No.	Particulars	Pre-Offer		Post-Offer	
		No. of Shares	% Holding	No. of Shares	% Holding*
(A)	<b>Promoters</b>				
1.	Sadashiv K. Shetty	1,30,51,796	33.42%	7,201,796	18.00%
2.	Raghuram K. Shetty	1,41,21,984	36.16%	11,849,946	29.61%
	<b>Total (A)</b>	<b>2,71,73,780</b>	<b>69.58%</b>	<b>19,051,742</b>	<b>47.61%</b>
(B)	<b>Members of Promoter Group</b>				
3.	Sujata S. Shetty	32,30,400	8.27%	3,230,400	8.07%
4.	Vanita R. Shetty	20,18,000	5.17%	2,018,000	5.04%
5.	Sams Industries Limited	14,26,250	3.65%	613,288	1.53%
6.	Raghuram K. Shetty HUF	13,80,000	3.53%	1,380,000	3.45%
7.	Shreya Shetty	9,42,500	2.41%	942,500	2.36%
8.	Shriraj S. Shetty	8,42,500	2.16%	842,500	2.11%
9.	Raunak R. Shetty	6,36,250	1.63%	636,250	1.59%
10.	Roshan R. Shetty	6,36,250	1.63%	636,250	1.59%
11.	Sadashiv Kanyana Pakeera Shetty HUF	3,20,600	0.82%	320,600	0.80%
	<b>Total (B)</b>	<b>1,14,32,750</b>	<b>29.27%</b>	<b>10,619,788</b>	<b>26.54%</b>
	<b>Total (A)+(B)</b>	<b>3,86,06,530</b>	<b>98.85%</b>	<b>29,671,530</b>	<b>74.15%</b>

\*Subject to finalisation of Basis of Allotment and completion of offer for sale by Selling Shareholders, Sadashiv K. Shetty, Raghuram K. Shetty, SAMS Industries Limited, Babu K. Shetty and Vittala K. Bhandary.

8. **Our Shareholding Pattern**

- i. Pursuant to Regulation 31 of the SEBI LODR Regulations, the holding of specified securities is divided into the following three categories: (a) Promoter and Promoter Group; (b) Public; and (c) Non-Promoter – Non-Public.

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (XI)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital) As a % of (A+B+C2) (XI) = (VII) + (X)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class: Equity	Class: Preference	Total								
(A)	Promoter & Promoter Group	11	3,86,06,530	-	-	3,86,06,530	98.85%	3,86,06,530	-	3,86,06,530	98.85%	-	-	-	-	-	3,86,06,530	
(B)	Public	3	4,50,000	-	-	4,50,000	1.15%	4,50,000	-	4,50,000	1.15%	-	-	-	-	-	4,50,000	
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total</b>	<b>14</b>	<b>3,90,56,530</b>	-	-	<b>3,90,56,530</b>	<b>100.00%</b>	<b>3,90,56,530</b>	-	<b>3,90,56,530</b>	<b>100.00%</b>	-	-	-	-	-	<b>3,90,56,530</b>	

Notes: The term “Encumbrance” has the same meaning as assigned under regulation 28(3) of SEBI (SAST) Regulations.

- (a) Our Company will file the shareholding pattern of our Company in the form prescribed under Regulation 31 of SEBI LODR Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of our Equity Shares.
- (b) There are no Equity Shares against which depository receipts have been issued.
- (c) Other than the Equity Shares, there is no other class of securities issued by our Company.

9. **Particulars of shareholders holding 1% or more of the paid-up share capital of aggregating to 80% or more of the paid-up share capital of the is set forth below:**

a. *As on the date of filing of this Prospectus, our Company has 14 (fourteen) shareholders out of which 10 (Ten) shareholders are holding 1% or more of the paid-up share capital of our Company.*

b. *As on the date of filing of this Prospectus:*

No.	Name of the Shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,30,51,796	33.42%
2.	Raghuram K. Shetty	1,41,21,984	36.16%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,85,930</b>	<b>98.03%</b>

c. *Two (2) years prior to the date of filing of this Prospectus:*

No.	Name of Shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,41,91,660	36.34%
2.	Raghuram K. Shetty	1,29,82,120	33.24%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,85,930</b>	<b>98.03%</b>

d. *One (1) year prior to the date of filing of this Prospectus:*

No.	Name of the Shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,30,51,796	33.42%
2.	Raghuram K. Shetty	1,41,21,984	36.16%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,85,930</b>	<b>98.03%</b>

e. Ten (10) days prior to the date of filing of this Prospectus:

No.	Name of the Shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,30,51,796	33.42%
2.	Raghuram K. Shetty	1,41,21,984	36.16%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,85,930</b>	<b>98.03%</b>

10. None of our Promoters, members of our Promoter Group or our Directors or their immediate relatives have sold or purchased Equity Shares during the six months immediately preceding the date of this Prospectus.
11. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as set forth below:

Name of the Person	No. of Equity Shares held	Pre-Offer percentage of Shareholding
(A) Directors and Key Managerial Personnel		
Sadashiv K. Shetty	1,30,51,796	33.42%
Raghuram K. Shetty	1,41,21,984	36.16%
Sujata S. Shetty	32,30,400	8.27%
Vanita R. Shetty	20,18,000	5.17%
Raunak R. Shetty	6,36,250	1.63%
<b>Total (A)</b>	<b>3,30,58,430</b>	<b>84.66%</b>
(B) Key Managerial Personnel (other than as mentioned above)	--	--
<b>Total (B)</b>	<b>Nil</b>	<b>Nil</b>
<b>Total (A)+(B)</b>	<b>3,30,58,430</b>	<b>84.66%</b>

12. Our Company does not have any Employee Stock Option Scheme/Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed Offer. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
13. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of this Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Offer, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
14. There have been no financial arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months preceding the date of this Prospectus, other than in the normal course of business of the financing entity.
15. Our Company, our Promoters, our Directors and the BRLMs to this Offer have not entered into any buy-back and/or standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Prospectus.



16. As on the date of this Prospectus, none of the Equity Shares held by the members of our Promote Group are pledged or otherwise encumbered. None of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered.
17. An oversubscription to the extent of 1% of the Offer can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 1% of the Offer as a result of which, the post-offer paid up capital after the Offer would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Offer paid-up capital is locked in for 3 years.
18. Under-subscription in the Offer, if any, except in QIB Portion would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Selling shareholders and the BRLMs and the Stock Exchanges.
19. The Offer was made for at least 25% of the post-Offer paid-up Equity Share capital of our Company wherein not more than 50.00% of the Offer was made available for allocation on a proportionate basis to QIBs. Our Company, in consultation with the Selling shareholders and the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares were added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) was made available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further not less than 15.00% of the Offer was made available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35.00% of the Offer was made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.
20. As on the date of filing of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
21. All the Equity Shares of our Company are fully paid up as on the date of this Prospectus. Further, since the entire money in respect of the Offer is being called on application, all the successful applicants will be issued fully paid-up equity shares.
22. There shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
23. No payment, direct or indirect in the nature of discount, commission, allowances or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Offer.
24. Except for sale of its Equity Shares in the Offer for Sale, our Promoters and the members of our Promoter Group will not participate in this Offer.
25. Our Company has not made any public issue since its incorporation.
26. As on the date of this Prospectus, the BRLMs and their respective associates (determined as per the definition of 'associate company' under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company. The BRLMs and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.
27. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the members of our Promoter Group between the date of filing this Prospectus and the Offer Closing Date shall be reported to the Stock Exchange within 24 (twenty-four) hours of such transaction

## OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue of 9,56,937\* Equity Shares aggregating to ₹600 million by our Company and the Offer for Sale of 90,15,000 Equity Shares aggregating to ₹ 5,652.40\* million by the Selling Shareholders.

\* Subject to finalisation of Basis of Allotment

### Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate 90,15,000 of Equity Shares subject to finalization of Basis of Allotment held by them. Our Company will not receive any proceeds from the Offer for Sale.

### Fresh Issue

The net proceeds of the Fresh Issue, i.e. gross proceeds of the Fresh Issue less the Offer expenses apportioned to our Company (“Net Proceeds”) are proposed to be utilised in the following manner:

1. To fund working capital requirements; and
2. To fund expenditures towards general corporate purposes.

The other Objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on BSE and NSE.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue.

### Net Proceeds

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

Particulars	Amount
Gross Proceeds of the Issue*	600.00
Less: Offer expenses** (only those apportioned to our Company)	25.19
<b>Net Proceeds of the Issue</b>	<b>574.81</b>

\* Subject to finalization of Basis of Allotment

\*\* The Offer related expenses in relation to the Fresh Issue shall be borne by our Company. For further details, please see “Offer Related Expenses”

### Utilization of Net Proceeds

We intend to utilize the proceeds of the Issue after deducting the underwriting and management fees, selling commissions and other expenses associated with the Issue (“Net Proceeds”) to meet the following objects:

Particulars	Amount
To fund working capital requirements	500.00
General corporate purposes	74.81
<b>Net Proceeds of the Issue</b>	<b>574.81</b>

### Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the schedule as stated below:

Particulars	Total Estimated Cost	Amount to be deployed from the Net Proceeds in Fiscal Year 2021
To fund working capital requirements	500.00	500.00
General corporate purposes	74.81	74.81

<b>Net Proceeds of the Issue*</b>	574.81	574.81
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\*This amount has been derived by subtracting the Offer expenses from the total of gross proceeds of the Fresh Issue See “Offer Related Expenses” below.

If the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable law.

#### Details of the Objects:

##### A. To meet Working Capital Requirement

We propose to utilize ₹ 500 million from the Net Proceeds to fund the working capital requirements of our Company. Our business is working capital intensive and we fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and financing from banks. As of March 31, 2020, our Company’s working capital facilities and borrowings from banks consisted of an aggregate outstanding of ₹431 million on a restated basis. For further details of the working capital facilities availed by us, please see “Financial Indebtedness” on page 295 of this Prospectus.

Our Company requires additional working capital for executing its future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes.

##### *Basis of estimation of working capital requirements*

The working capital requirements set forth below are our estimates based on past experience and in line with our business growth. The details of our Company’s composition of net current assets/ working capital as per the Restated Financial Statements as at March 31, 2018, 2019 and 2020 along with the source of funding for the same are as set out below:

Particulars	FY- 2018	FY-2019	FY-2020	(₹ in million)
				FY-2021 (Estimated)
Trade Receivables (i)	2,030.82	2,532.72	2,584.67	2,912.00
Revenue (ii)	7,450.95	10,044.44	9,513.74	11,652.00
No of days = i/ii*365	99	92	99	91
Inventories (i)	939.98	1138.94	1455.18	1573.00
Cost of Good Sold (ii)	6572.85	8730.31	8220.24	9982.78
No of days = i/ii*365	52	48	65	58
Short term loans & advances and other Current Assets (i)	655.94	634.73	641.46	641.00
Revenue (ii)	7450.95	10044.44	9513.74	11652.00
No of days = i/ii*365	32	23	25	20
Cash & Bank	117.77	209.65	31.94	781.00

<b>Particulars</b>	<b>FY- 2018</b>	<b>FY-2019</b>	<b>FY-2020</b>	<b>FY-2021 (Estimated)</b>
<b>Total Current Assets*</b>	<b>3,744.51</b>	<b>4,516.04</b>	<b>4,713.25</b>	<b>5,907.00</b>
Trade payables (i)	1,784.19	2,352.07	2,124.68	2,417.00
Raw Materials consumed	4,970.07	7,148.26	6,550.88	7,803.22
No of days = i/ii*365	131	120	118	113
Other Current Liabilities & Other financial liabilities (i)	119.52	218.35	302.50	300.00
Total Expenses minus depreciation and finance cost (ii)	6572.85	8730.31	8220.24	9982.78
No of days = i/ii*365	7	9	13	11
Short Term Provisions & Current tax Liabilities (Net)	177.82	150.75	94.86	97.00
Total Expenses minus depreciation and finance cost (ii)	6572.85	8730.31	8220.24	9982.78
No of days = i/ii*365	10	6	4	4
<b>Total Current Liabilities#</b>	<b>2,081.53</b>	<b>2,721.17</b>	<b>2,522.04</b>	<b>2,814.00</b>
<b>Net Working Capital</b>	<b>1,662.98</b>	<b>1,794.87</b>	<b>2,191.21</b>	<b>3,093.00</b>
<b>No of days</b>	<b>36</b>	<b>27</b>	<b>52</b>	<b>42</b>
Working Capital Loan <sup>@</sup>	757.42	498.74	430.79	-
Funding from Internal Accruals	905.56	1,296.13	1,760.42	2,593.00
<b>Proposed working capital to be funded by IPO</b>				<b>500</b>

\* For further details, please refer to the paragraph titled “Annexure I: Restated Statement of Assets and Liabilities – Assets – Current Assets” under section “Financial Information” on Page 209 of this Prospectus.

# For further details, please refer to the paragraph titled “Annexure I: Restated Statement of Assets and Liabilities – Equity and Liabilities – Liabilities - Current Liabilities” under section “Financial Information” on Page 210 of this Prospectus.

@ For further details, please refer to the paragraph titled “Annexure VI: Notes to the Restated Financial Information - Note 11: Borrowings” under section “Financial Information” on Page 241 of this Prospectus.

#### **Assumptions and justifications for working capital requirements**

In respect of the working capital requirements detailed hereinabove, the key assumptions and justification for holding levels (“Assumptions”) is set forth hereunder –

<b>Trade Receivables</b>	This is based on the average standard payment terms across our customers. Our Company's general credit terms vary across geographies and type of customer, and our assumptions are based on past trends. Our outstanding trade receivables (calculated as closing trade receivables divided by net revenues from operations over 365 days) derived from the Restated Financial Statements. Our Company has assumed trade receivables turnover ratio as 91 days for the Financial Years 2021.
<b>Inventories</b>	Inventories days derived from the Restated Financial Statements (Calculated as Inventory as on balance sheet date divided by COGS* over 365 days). We have anticipated that our Inventory days will reduce to 65 days and 58 days as on March 31, 2020 and March 31, 2021 respectively by focusing on rationalizing our inventory management to meet our future requirement while not carrying undue levels of inventory.
<b>Short term loans &amp; advances and other Current Assets</b>	Short term loans & advances and other Current Assets days derived from the Restated Financial Statements (Calculated as Short term loans & advances and other Current Assets as on balance sheet date divided by total revenues over 365 days). Our Company has assumed Short term loans & advances and other Current Assets turnover ratio as 25 days and 20 days for the Financial Years 2020 and 2021, respectively.
<b>Cash &amp; Bank</b>	Our Company is required to keep sufficient cash balance to address the growth in operations. We have assumed a certain level of safety cash required for our operations.
<b>Trade Payables</b>	This is based on the average standard payment terms of our vendors. Our Trade Payables days derived from the Restated Financial Statements (Calculated as Trade Payables as on balance sheet date divided by total expenses, excluding depreciation, finance cost and tax expense over 365 days 131 days, 120 days and 118 days for Financial Years 2018, 2019 and 2020, respectively. Our Company has assumed Trade Payables turnover ratio as 118 days and 113 days for the Financial Years 2020 and 2021, respectively.
<b>Other Current Liabilities &amp; Other financial liabilities</b>	Our Other Current Liabilities & Other financial liabilities days derived from the Restated Financial Statements (Calculated as Other Current Liabilities & Other financial liabilities as on balance sheet date divided by total expenses, excluding depreciation, finance cost and tax expense over 365 days 7 days, 9 days, and 13 days Financial Years 2018, 2019 and 2020, respectively. Our Company has assumed Other Current Liabilities & Other financial liabilities turnover ratio as 13 days and 11 days for the Financial Years 2020 and 2021, respectively.
<b>Short Term Provisions &amp; Current tax Liabilities (Net)</b>	Our Short Term Provisions & Current tax Liabilities (Net) days derived from the Restated Financial Statements (Calculated as Short Term Provisions & Current tax Liabilities (Net) as on balance sheet date divided by total expenses, excluding depreciation, finance cost and tax expense over 365 days 10 days, 6 days and 4 days for Financial Years 2018, 2019 and 2020, respectively. Our Company has assumed Short Term Provisions & Current tax Liabilities (Net) turnover ratio as 4 days and 4 days for the Financial Years 2020 and 2021, respectively.

\*COGS means cost of goods sold includes cost of materials consumed, purchases of traded goods, (increase)/decrease in inventories of finished goods, traded goods and work-in-progress and manufacturing overheads.

Our Board pursuant to its resolution dated September 9, 2020 has approved the working capital requirements of our Company. N. S. Shetty & Co., Chartered Accountants by its certificate dated September 23, 2020, certified the working capital requirements of our Company. See "*Material Contracts and Documents for Inspection*" beginning from page 374.

## **B. General Corporate Purposes**

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Fresh Issue, in compliance with the SEBI ICDR Regulations.

Such general corporate purpose including but not restricted to, maintenance and expansion of our manufacturing facilities, strengthening of the marketing capabilities, setting up and completion of the interior design at the new office purchased at Borivali, capital expenditure, including towards development/refurbishment/renovation of our assets and /or meeting ongoing general corporate purposes or contingencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

### C. Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ 262.54 million. The expenses of this Offer include, among others, listing fees, selling commission and brokerage, fees payable to the BRLMs, fees payable to legal counsel, fees payable to the Registrar to the Offer, Escrow Collection Bank(s) and Sponsor Bank to the Offer, processing fee to the SCSBs for processing application forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Our Company and the Selling Shareholders will share the costs and expenses (including all applicable taxes, except STT payable on sale of Offered Shares ) directly attributable to the Offer (excluding listing fees, audit fees of the Statutory Auditors and expenses for any corporate advertisements, i.e. any corporate advertisements consistent with past practices of the Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) that will be borne by the Company), on a pro rata basis, based on the proportion of the proceeds received for the Fresh Issue and the respective Offered Shares. Any expenses in relation to the Offer shall initially be paid by the Company, and to the extent of any expense paid by our Company on behalf of the Selling Shareholders, such expense shall be reimbursed to the Company by the Selling Shareholders on completion of the Offer, directly from the Public Offer Account, subject to applicable law.

The estimated Offer expenses are as follows:

Activity	Estimated expenses (₹ in million)*	% of Total Expenses*	% of Total Issue size*
Book Running Lead Managers' fees	138.70	52.83%	2.22%
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs*	51.60	19.65%	0.83%
Fees payable to the Registrar to the Offer	5.36	2.04%	0.09%
Fees payable to the other advisors to the Offer	5.00	1.90%	0.08%
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses	22.51	8.57%	0.36%
- Printing and stationery	14.24	5.43%	0.23%
- Advertising and marketing expenses	15.40	5.87%	0.25%
- Fee payable to legal counsels	4.74	1.80%	0.08%
- Miscellaneous	5.00	1.90%	0.08%
<b>Total Estimated Offer Expenses</b>	<b>262.54</b>	<b>100%</b>	<b>4.20%</b>

\*Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change.

Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, and Non- Institutional Bidders, which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders	₹ 10 per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Bidders	₹ 10 per valid Bid cum Application Form (plus applicable taxes)

The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Sponsor Bank	₹ 8 per valid Bid cum Application Form* (plus applicable taxes).  The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.
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\*For each valid application

Selling commission on the portion for Retail Individual Bidders (using UPI mechanism), Non- Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs or for using 3-in1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

**Uploading Charges/ Processing Charges of ₹ 30** valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:

- for applications made by Retail Individual Investors using the UPI Mechanism

**Uploading Charges/ Processing Charges of ₹ 10** valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:

- for applications made by Retail Individual Investors using 3-in-1 type accounts
- for Non-Institutional Bids using Syndicate ASBA mechanism / using 3- in -1 type accounts,

The Bidding/uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

#### **For Registered Brokers**

Selling commission payable to the registered brokers on the portion Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:

Portion for Retail Individual Bidders & Non - Institutional Bidders	₹ 10 per valid application* (plus applicable taxes)
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\*Based on valid applications.

#### **Appraisal**

None of the objects of the Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/financial institution.

#### **Bridge Financing Facilities**

As on the date of this Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

#### **Means of Finance**

The fund requirements set out above are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 7(1) (e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Fresh Issue.

### **Monitoring Utilization of Funds**

As the funds received by our Company will be less than ₹1000 million, our Company is not required to appoint a monitoring agency for the Offer in accordance with Regulation 41 of the SEBI ICDR Regulations.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors. Further, in accordance with the Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

### **Interim Use of Proceed**

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with scheduled commercial banks. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds and for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders and such variation will be in accordance with the applicable laws including the Companies Act, 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act, 2013.

### **Other confirmations**

No part of the Net Proceeds will be paid to our Promoters, Directors, our Group Companies or our Key Managerial Personnel, except in the ordinary course of business. Our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Directors, our Key Management Personnel or our Group Companies in relation to the utilization of the Net Proceeds of the Offer.



## BASIS FOR OFFER PRICE

The Offer Price has been determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers on the basis of the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 62.6 times the face value at the lower end of the Price Band and 62.7 times the face value at the higher end of the Price Band. Investors should also refer to “*Our Business*”, “*Risk Factors*”, “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 131, 28, 206 and 268, respectively of this Prospectus, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- a. Presence in a wide range of products across the entire value chain of synthetic pyrethroids.
- b. Product registrations in the domestic and international markets enabling global outreach.
- c. Strong product portfolio and wide distribution network.
- d. Diversified and stable customer base.
- e. Experienced Promoters and Management Team.

For further details, see “*Our Business – Our Strengths*” on page 132 of this Prospectus,

### Quantitative Factors

The information presented below relating to our Company has been derived from the Restated Financial Statements of our Company. For further details, see “*Financial Statements*” beginning on page 206 of this Prospectus.

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

#### 1. Basic & Diluted Earnings per share (EPS) (Face value of ₹10 each):

As per the Restated Financial Statements for the Fiscals 2020, 2019 and 2018,

Year Ended	Basic/ Diluted EPS (₹)	Weights
March 31, 2020	25.03	3
March 31, 2019	19.31	2
March 31, 2018	12.00	1
<b>Weighted Average</b>	<b>20.95</b>	--
For the six months ended September 30, 2020	16.98	

Notes: 1. The figures disclosed above are derived from the Restated Ind AS Summary Statements of our Company.

2. The ratios have been computed as below:

Basic & Diluted earnings per share = Restated Net profit after tax / weighted average number of shares outstanding during the year.

3. Earnings per share and number of shares outstanding for the year ended March 31, 2018 has been proportionately adjusted for the bonus issue in the ratio of 4:1, i.e. 4 (Four) bonus equity shares of Rs. 10 each for every 1 (One) fully paid up equity shares held.

#### 2. Price Earning (P/E) Ratio in relation to Offer Price of ₹ 627 per Equity Share:

Particulars	P/E at the Offer Price (number of times)
Based on basic EPS for the year ended March 31, 2020	25.05
Based on the Weighted Average EPS	29.93

#### 3. Industry Peer Group P/E ratio:

Highest – Punjab Chemicals and Crop Protection Limited	95.10
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Lowest – Bharat Rasayan Limited	26.87
Average	60.99

Source: Financial Statements for the year ending March 31, 2020 and closing market price per share as on February 3, 2021 was taken from <https://www.bseindia.com>

#### 4. Average Return on Net worth (RoNW)

As per Restated Financial Statements:

Period	RONW (%)	Weights
March 31, 2020	30.47	3
March 31, 2019	33.05	2
March 31, 2018	29.80	1
<b>Weighted Average</b>	<b>31.22</b>	
For the six months ended September 30, 2020	17.39	

Note: Return on net worth (%) = Net profit attributable to equity shareholders / net worth as at the end of year

#### 5. Net Asset Value (NAV) per Equity Share (Face Value ₹10 each):

As at	NAV (₹)
NAV per Equity Share as on September 30, 2020	97.62
NAV per Equity Share as on March 31, 2020	82.14
NAV per Equity Share after the Offer:	
After the completion of the Offer at Offer Price*	110.28

\* Subject to finalisation of Basis of Allotment and adjusted for Fresh Issue size.

Note: Net Asset Value per Equity Share represents net worth, as restated, divided by the weighted average number of Equity Shares outstanding at the end of the period (adjusted for Bonus and share split). Net Worth includes Equity share capital and other equity and excludes revaluation reserve.

#### 6. Comparison of Accounting Ratios with Industry Peers

We believe following is our peer group which has been determined on the basis of listed public companies comparable in the similar line of segments in which our Company operates and whose business segment in part or full may be comparable with that of our business, however, the same may not be exactly comparable in size or business portfolio on a whole with that of our business.

Name of Company	Face Value (₹/Share)	P/E	EPS (₹)	RoNW (%)	NAV (₹ per share)
Heranba Industries Limited	10.00	25.05*	25.03	30.47	82.14
<b>Peer Group</b>					
Rallis India Limited	1.00	28.77	9.51	13.11	72.51
Sumitomo Chemical India Limited	10.00	77.38	4.10	16.75	24.48
Bharat Rasayan Limited	10.00	26.87	371.03	27.94	1327.73
Punjab Chemicals and Crop Protection Limited	10.00	95.10	8.77	11.00	79.72

Source: Financial Statements for the year ending March 31, 2020 and closing market price per share as on February 3, 2021 was taken from <https://www.bseindia.com>

\*Based on Offer Price of ₹ 627 per Equity Share divided by EPS for financial year ended March 31, 2020.

Our Company's information has been taken from its restated financial statement.

#### 7. The Offer price is 62.7 times of the face value of the Equity Shares.

The Offer Price of ₹ 627 has been determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, and “*Financial Information*” on pages 28, 131 , and 206, respectively of this Prospectus, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “*Risk Factors*” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

The Board of Directors  
**Heranba Industries Limited**  
101/102, Kanchanganga,  
Factory Lane, Borivali (W),  
Mumbai – 400092.

Dear Sirs,

**Sub: Proposed initial public offering of equity shares of face value of Rs. 10 each (the “Equity Shares”) of Heranba Industries Limited (the “Company”) and Offer for Sale by the Selling Shareholders (the “Offer”)**

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct and indirect tax laws including the Income-tax Act 1961, Goods and Services Tax Act, 2017, Customs Act, 1962 and Foreign Trade Policy 2015-2020 relevant to the financial year 2020-2021 presently in force in India, available to the Company, and its shareholders for inclusion in the red herring prospectus (“RHP”) and prospectus (collectively, “Offer Documents”) to be filed with Securities and Exchange Board of India (“SEBI”), relevant stock exchanges where the Equity Shares are proposed to be listed (“Stock Exchanges”), Registrar of Companies, Gujarat, Dadra and Nagar Haveli, Ahmedabad (“ROC”), and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”). Several of these benefits are dependent on the Company and its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company, and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed **Annexure** are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither we are suggesting nor advising the investor to invest in the Offer based on this statement.

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

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

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

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above and in the statement. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue or to any third party relying on the statement.

This statement has been prepared solely in connection with the issue of Equity shares by the Company under the Securities and Exchange Board of India (“SEBI”) ICDR Regulations.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Offer Documents or in any other documents in connection with the Offer.

We hereby give consent to include this statement of special tax benefits in the Offer Documents and in any other material used in connection with the Offer.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the

records to be maintained by the Lead Managers in connection with the Offer and in accordance with applicable law.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued/transferred pursuant to the Offer commence trading on the stock exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the stock exchanges.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Offer Documents.

Yours faithfully,

For and on behalf of  
N S Shetty & Co  
Chartered Accountants  
Firm Registration Number: 110101W

Sd/-

Name: Divakar Shetty  
Partner  
ICAI Membership Number: 100306  
Date: December 7, 2020  
Place: Mumbai

## ANNEXURE

### STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO CERTAIN OF ITS SHAREHOLDERS

#### I. Special tax benefits available to the Company

Section 115BAA of the Act, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of tax of 22% (plus applicable surcharge and cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified incentives/deductions or set-off of losses, depreciation etc. and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA of the Act, provisions of Minimum Alternate Tax [“MAT”] under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company has represented to us that they will opt to apply section 115BAA of the Act for the assessment year 2020-2021.

#### II. Special tax benefits available to certain shareholders

##### 1. Special tax benefits to Foreign Portfolio Investors (FPIs)

- Section 2(14) of the Act provides that any securities held by a FPI who has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992 would be treated as a capital asset. Income arising from transfer of such security by a FPI would be treated to be in the nature of capital gains.
- Under Section 115AD (1) (ii) of the Act, income by way of Short-term Capital Gains arising to the FPI on transfer of shares shall be chargeable at a rate of 30% where such transactions are not subjected to Securities Transaction Tax (‘STT’), and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and cess.
- Under Section 115AD (1) (iii) of the Act, income by way of Long-term Capital Gains (‘LTCG’) arising from the transfer of shares held in the company will be taxable at the rate of 10% (plus applicable surcharge and cess). In case STT is paid at the time of acquisition and transfer, income tax at 10% (plus applicable surcharge and cess) shall be calculated on LTCG exceeding INR one lakh. The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

##### 2. Special tax benefits to Non-Resident Indians

- As per section 115C(e) of the Act, the term “non-resident Indians” means an individual, being a citizen of India or a person of Indian origin who is not a “resident”. A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.
- As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the company will be subject to tax at the rate of 10% (plus applicable surcharge and cess), without any indexation benefit.
- As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset then this exemption would be allowable on a proportionate basis. Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as LTCG in the year in which such specified asset are transferred.
- As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under

section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

### **3. Special tax benefits available to Alternative Investment Funds (Category I and II)**

- Under section 10(23FBA) of the Act, any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax.  
Investment fund means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- As per Section 115UB (1) of the Act, any income accruing/arising/received by a person from his investment in an investment fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments by the investment fund been made directly by him. As per Section 115UB (6) of the Act, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

### **4. Special tax benefits available to Mutual Funds**

As per section 10(23D) of the Act, any income of:

- mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder; or
- such other mutual funds set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India, subject to such conditions as the central government may, by notification in the Official Gazette, specify in this behalf will be exempt from income tax.

#### **NOTES:**

1. The above benefits are as per the Income-tax Act, 1961 as amended by the Finance Act, 2020 and The Taxation Laws (Amendment) Act, 2019. The shareholders / investors are advised to consult their own Professional advisors regarding possible Income tax consequences that applies to them.
2. This statement does not discuss any tax consequences in any country outside India of an investment in the shares.
3. As per the Finance Act, 2020 surcharge is to be levied on individuals, Hindu undivided family, associations of persons, body of individuals or artificial juridical person at the rate of 10% if the total income exceeds INR fifty lakhs but does not exceed INR one crore, at the rate of 15% if the total income exceeds INR one crore but does not exceeds INR two crore, at the rate of 25% if the total income exceeds INR two crore but does not exceeds INR five crore and at the rate of 37% if the total income exceeds INR five crore. The enhanced surcharge, i.e., 25% or 37%, is not applicable on capital gains arising on sale of equity share in a company or a unit of an equity oriented fund or a unit of a business trust liable for securities transaction tax.  
However, in case of FPI, the enhanced surcharge i.e., 25% or 37%, is not applicable on any capital gains.
4. Surcharge is to be levied on firm, co-operative society and local authorities at the rate of 12% if the total income exceeds INR one crore.
5. Generally surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 12% where the income exceeds INR ten crores.
6. Surcharge is to be levied at the rate of 10% on domestic companies which have opted for the lower tax rate of 22% as per section 115BAA of the Act.

7. Surcharge is to be levied on every company other than domestic company at the rate of 2% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 5% where the income exceeds INR ten crores.

8. Health and Education Cess at 4% on the tax and surcharge is payable by all categories of taxpayers.

9. The above statement of possible special direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

10. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country of residence of the nonresident. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident. As per section 90(4) of the Act, the non-residents shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-residents shall be required to provide such other information, as has been notified.

## **INDIRECT TAXATION**

### **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS**

Based on the various documents and the evidences produced before us, we would like to certify that the Company is not availing any special tax benefit such as concessional tax rate or exemption from tax which is contingent upon fulfillment of conditions nor any other similar special tax benefits.

#### **Notes:**

1. This certificate is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
2. The certificate covers only above-mentioned tax laws benefits which according to us are relevant for the Company and does not cover any other indirect tax law.
3. Our views expressed in this certificate are based on the facts and documents as presented by the Company. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes



## SECTION V: ABOUT THE COMPANY AND THE INDUSTRY

### INDUSTRY OVERVIEW

*Except as otherwise indicated, the information contained in this section is derived from a report titled “India Pyrethroids Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025”, dated March 2020, prepared by International Market Analysis Research and Consulting Group (IMARC). Neither we nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current.*

Further, in this regard, IMARC has issued the following disclaimer:

*All contents and data of this publication, including forecasts, data analysis and opinion have been based on information and sources believed to be accurate and reliable at the time of publishing. International Market Analysis Research and Consulting (IMARC) makes no representation of warranty of any kind as to the accuracy or completeness of any Information provided. IMARC accepts no liability whatsoever for any loss or damage resulting from opinion, errors or inaccuracies, if any found in this publication.*

#### Overview

Pyrethroids are synthetic chemical compounds that are procured from chrysanthemum cinerariaefolium flowers. Owing to these properties, they are used to control pest insects in farms, homes, communities, restaurants, hospitals and schools. Apart from this, as they are less toxic to mammals and birds, they are widely utilized in the production of veterinary medicines. Pyrethroids are currently available in the form of emulsifying concentrates, wet powders, granules and ultra-low-volume (ULV) spray.

Pyrethroids were first developed in the 1950s. However, they gained popularity when photostable second-generation pyrethroids were introduced in the late 1970s and 1980s. With the phasing out of most acceptable uses of organophosphate insecticides (e.g., chlorpyrifos and diazinon), pyrethroids became the predominant class of insecticides that were available in the urban marketplace. In the early 2000s, the United States Environmental Protection Agency (USEPA) approved the sales of permethrin-treated mosquito-repellent clothing. Nowadays, pyrethroids are used both outdoors and indoors to control insects such as ants, fleas, termites, and bedbugs.

#### Key Industry Trends

Growing at a CAGR of nearly 7.4% during 2014-2019, the India Pyrethroids market is currently experiencing a positive growth. In 2019, the market reached a sales value of US\$ 110 Million. Pyrethroids are cost-effective alternatives for conventionally used insecticides. They exhibit biodegradable properties and are widely used as liquid powders, granules, concentrate emulsifiers, and ultra-low-volume (ULV) sprays. Additionally, they are relatively less poisonous for mammals or birds, owing to which they are used for killing bugs and flying insects in small quantities. Consequently, they are also replacing organophosphates, which were conventionally used on vegetables, such as carrots and lettuce.

Despite the presence of several driving forces, the Indian pyrethroids market faces some challenges as well. For instance, the rapid photodegradation and high susceptibility to moisture and heat are limiting the effectiveness of pyrethroids in agriculture and other open space applications. Moreover, although pyrethroids offer lower toxicity to human applicators and nontarget mammals and birds, they are highly toxic to invertebrates and fish. Furthermore, the behavioral and genetic changes in insects that result in resistance to pyrethroid treatment act as another major restraint to the market growth.

Overall, we expect the demand for pyrethroids in India to remain positive during 2020-2025, exhibiting a CAGR of 19.6% and reaching a sales value of US\$ 205 Million by 2025.

## Global Agrochemicals Market

### Market Overview

**Table 1: Global: Agrochemicals Market: Key Industry Highlights, 2019 and 2025**

Global Market	2019	2025	CAGR 2019-2025
Agrochemicals Market- Value (in Billion US\$)	65.59	73.39	1.89%

Market by Region	2019 (in Billion US\$)	2025 (in Billion US\$ )	CAGR 2019-2025
Asia Pacific	19.53	24.39	3.78%
Latin America	18.93	21.46	2.12%
Europe	12.78	10.83	-2.73%
North America	11.83	13.87	2.69%
Middle East and Africa	2.53	2.85	2.01%
<b>Total</b>	<b>65.59</b>	<b>73.39</b>	<b>1.89%</b>

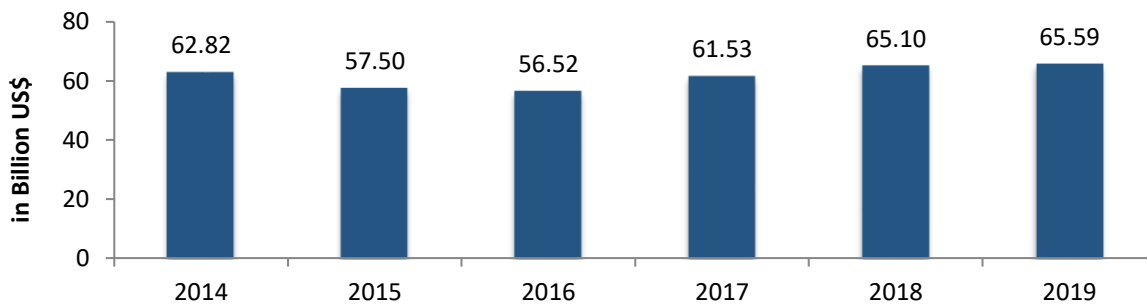
Market by Crop Type	2019 (in Billion US\$)	2025 (in Billion US\$)	CAGR 2019-2025
Fruit & Vegetables	14.88	15.89	1.10%
Soybean	9.85	10.72	1.42%
Cereals	9.42	10.26	1.44%
Maize	6.96	7.62	1.52%
Rice	5.70	6.28	1.63%
Cotton	2.96	3.28	1.75%
Others	8.02	8.47	0.91%
<b>Total</b>	<b>57.79</b>	<b>62.53</b>	<b>1.32%</b>

Market by Product Type	2019 (in Billion US\$)	2025 (in Billion US\$)	CAGR 2019-2025
Herbicides	24.70	26.23	1.01%
Fungicides	16.39	17.88	1.47%
Insecticides	14.61	16.07	1.60%
Others	2.09	2.34	1.91%
<b>Total</b>	<b>57.79</b>	<b>62.53</b>	<b>1.32%</b>

### Market Trends

The global agrochemicals market reached a value of US\$ 65.59 Billion in 2019, growing at a CAGR of 0.87% during 2014-2019. Agrochemicals have gained popularity in the agriculture industry in recent years because they help farmers boost their crop quality as well as quantity. Considering the current global population scenario, rising crop production within the present arable land to feed the global population is of utmost importance, which is helping the agrochemicals market to grow further.

**Figure 1: Global: Agrochemicals Market: Sales Value (in Billion US\$), 2014-2019**

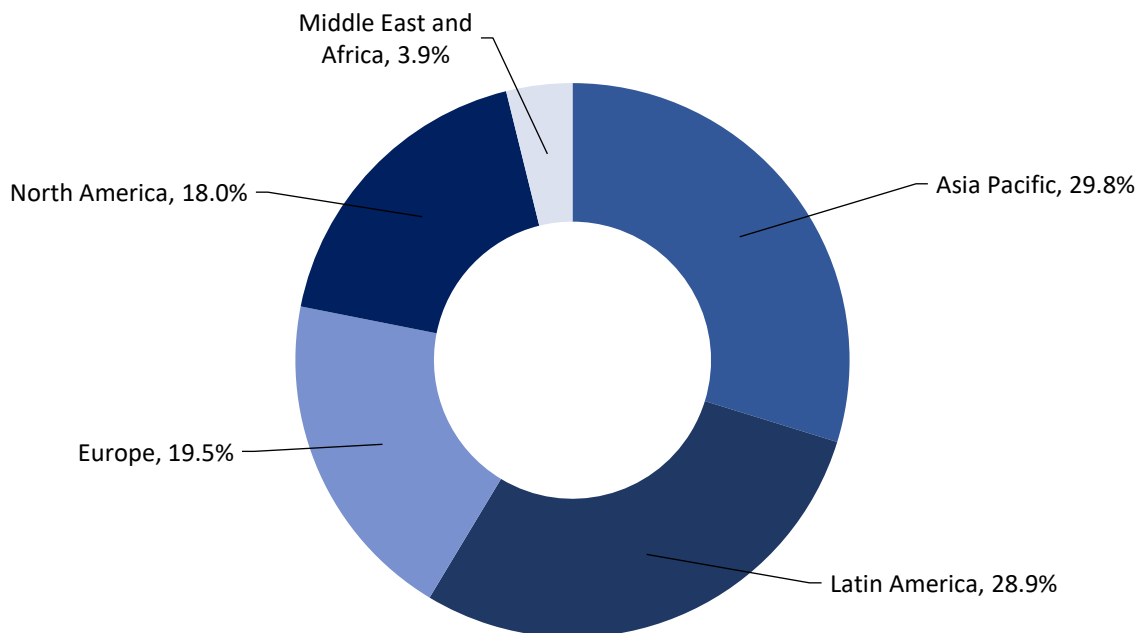


Source: Phillips McDougall and IMARC Group

### Market Breakup by Region

Asia Pacific represented the largest market for agrochemicals globally, accounting for 29.8% of the total market in 2019. Asia Pacific was followed by Latin America (28.9%), Europe (19.5%), North America (18.0%) and Middle East and Africa (3.9%).

Figure 2: Global: Agrochemicals Market: Breakup by Region (in %), 2019



Source: Phillips McDougall and IMARC Group

### Factors Driving the Global Consumption Growth of Agrochemicals

A significant increase in the global population, the escalating requirement to improve crop yields, and increasing demand for biologically based new products have catalyzed the demand for crop protection chemicals over the past few years.

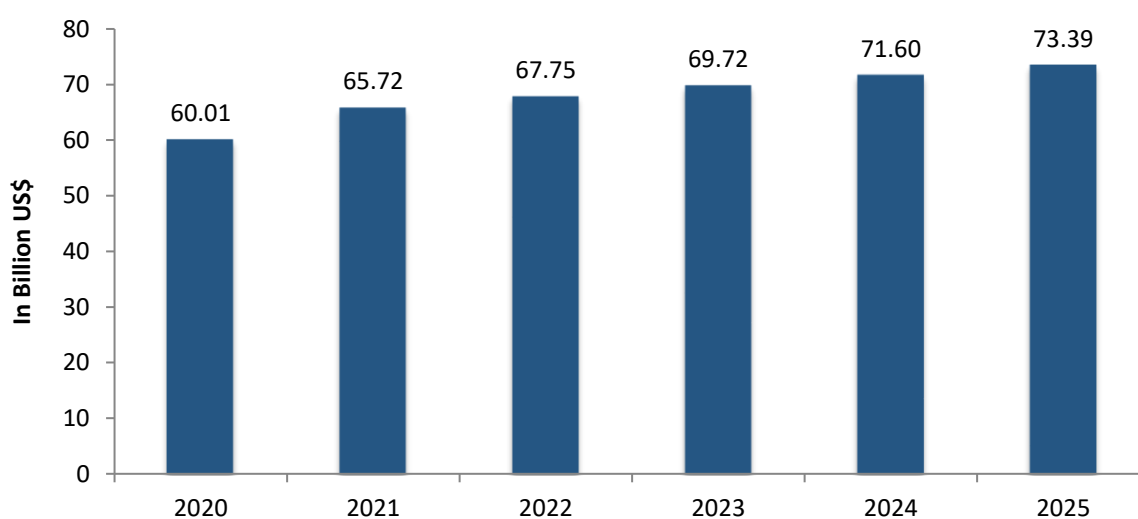
**Asia Pacific:** The Asia-Pacific region accounts for the largest share in the global agrochemicals industry. Some of the major factors influencing the agrochemicals market growth in the region are as follows:

- **Increasing Demand:** Growing population in the region, especially in India and China, and the rising need for achieving food grain self-sufficiency have stimulated the agrochemicals market growth.
- **Farmland Availability:** Rapid urbanization has had a negative impact on land availability. The pressure to increase yield per hectare can be achieved through increased usage of productivity-enhancing inputs, such as crop protection products.
- **Off-patent Molecules:** The share of off-patent molecules compared to patented molecules and proprietary off-patent molecules have been increasing over the years. This provides improved export opportunities for Asian companies (especially India and China) that possess expertise in the off-patent segment.

## Market Forecast

Looking forward, we expect the global agrochemicals market to grow at a CAGR of 4.11% during 2020-2025, reaching a value of US\$ 73.39 Billion by 2025.

**Figure 3: Global: Agrochemical Market Forecast: Sales Value (in Billion US\$), 2020-2025**



Source: IMARC Group

## India Agrochemicals Market

### Market Overview

**Table 2: India: Agrochemicals Market: Key Industry Highlights, 2019 and 2025**

India Market	2019	2025	CAGR 2019-2025
Agrochemicals Market- Value (in Million US\$)	2,760	3,798	5.5%

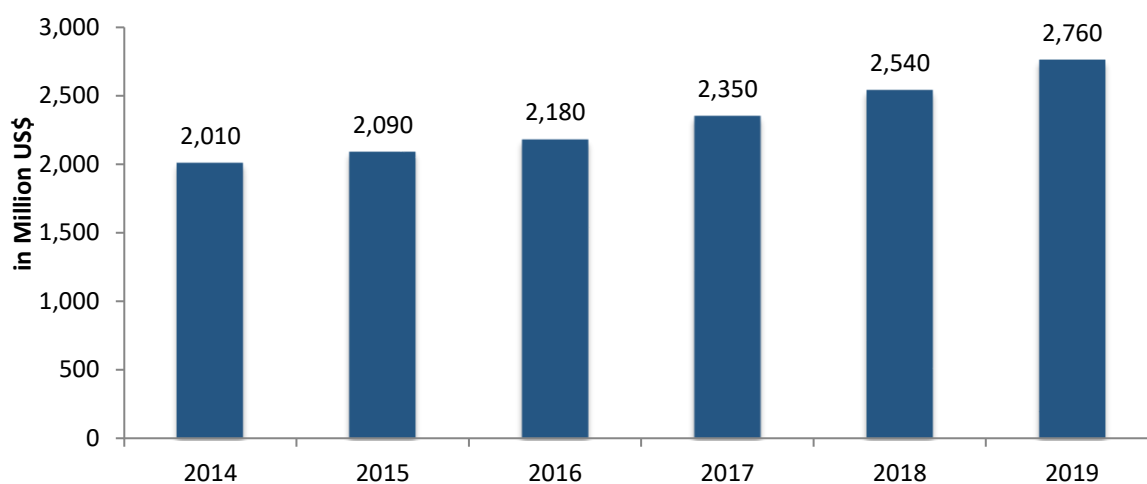
Market by Product Type	2019 (in Million US\$)	2025 (in Million US\$)	CAGR 2019-2025
Insecticides	1,493	2,017	5.1%
Herbicides	643	899	5.7%
Fungicides	516	727	5.9%

Others	108	155	6.21%
Total	<b>2,760</b>	<b>3,798</b>	<b>5.5%</b>

### Market Trends

The agrochemicals market in India reached a value of US\$ 2,760 Million in 2019, growing at a CAGR of 6.5% during 2014-2019. In India, the agrochemicals market is rising due to growing demand for food driven by an increasing population. Moreover, India's agrochemical market is expected to grow in the forecast period due to rising export opportunities for Indian suppliers owing to the shutdown of agrochemical plants in China due to green movements.

**Figure 4: India: Agrochemicals Market: Sales Value (in Million US\$), 2014-2019**



Source: FICCI and IMARC Group

### Factors Driving Agrochemical Consumption in India

India is the fourth-largest global producer of crop protection products, after the US, Japan and China. It has also emerged as one of the major exporters of crop protection products globally. With more mouths to feed, shrinking arable area and loss of yield due to increased pest attacks, the crop protection products industry in the country is growing significantly. Some of the major factors driving the Indian agrochemicals market growth are as follows:

- **Increasing Food Demand:** With the estimated growth of population to 1.7 Billion by 2050, Indian food grain demand is estimated to reach a volume of 355 Million Tons by 2030. On account of reducing arable land, small land holdings and low consumption of pesticides per hectare, the requirement for increasing farming productivity is being witnessed, which is crucial for improving the overall outputs. This can be further achieved through optimum usage of farm productivity-enhancing inputs like agrochemicals.
- **Increasing demand for Horticulture and Floriculture:** Fruits and vegetables account for nearly 90% of total horticulture production in the country. Due to rapid urbanization and a shift towards nutritious and healthy diets, the demand for fruits and vegetables is likely to increase by 141% (from 268 Million Tons to 647 Million Tons in 2050). Hence, in order to reduce the post-harvest loss in fruits and vegetables, the demand for fungicides is expected to increase significantly.
- **Off Patent Molecules:** Pesticides worth USD\$ 4.1 Billion are expected to go off-patent by 2020. This is anticipated to provide significant export opportunities for Indian companies to develop generic molecules. Further, the implementation of stringent regulations by the Chinese government pertaining to environmentally polluting industries is also projected to offer numerous opportunities for the Indian manufacturers in the form of off-patent molecules for effectively increasing exports from India.
- **Increasing Export Potential:** The Indian exports of agrochemicals reached a value of US\$ 3.37 Billion in 2019, growing at a CAGR of 11.6% during 2014-2019. The Indian government has set an agricultural export policy to expand the exports to USD\$ 60 Billion by 2022. This is expected to boost the Indian export of agrochemicals in the coming

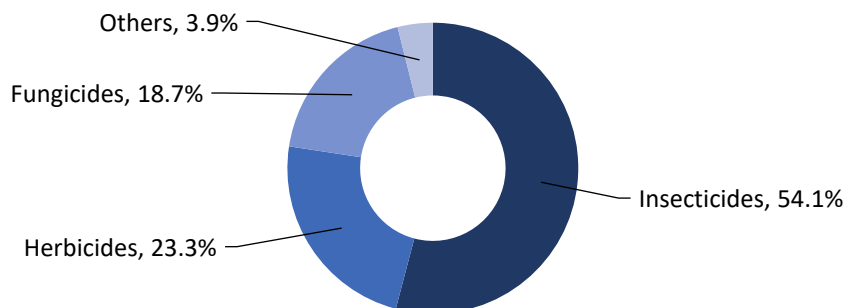
years. Apart from this, the government is also targeting cluster-based developments, which will boost the competitiveness of exports and domestic sales by reducing logistics costs.

- **Government Budgetary and Policy Support:** The growing adoption of institutional credit to provide credit facilities to farmers in rural areas is continuously increasing. Thus, the availability and low-interest rates of farm loans have encouraged farmers to use pesticides in order to improve their crop yields. The increasing MSP (Minimum Selling Price) has also invigorated farmers to improve their yield, which is anticipated to boost the use of agrochemicals.
- **Increasing Usage of Bio-pesticides:** Globally, the bio-pesticides market is growing at a CAGR of 10-15%, whereas the bio-pesticides segment in India constitutes only 3% of the Indian crop protection market. However, growing awareness regarding numerous eco-friendly approaches and the increasing use of integrated pest management (IPM) method for crop protection is providing lucrative opportunities for the growth of bio-pesticides in the Indian agrochemical industry.
- **Per Capita Consumption:** India has one of the lowest pesticide consuming country in the world. India's per hectare consumption of pesticide is 0.6 Kg is lower when compared to the US (5-7 Kg/ha) and Japan (11-12 Kg/ha). Thus, an immense potential for the growth of the agrochemical industry in India is anticipated. This lower per capita consumption of pesticides has positively impacted the agrochemicals market growth over the past few years.
- **Climatic Conditions:** Farms need an array of inputs to protect crops from the effects of erratic climatic conditions. Irregular monsoons, in confluence with lack of irrigation, results in low agricultural yields.

### Market Breakup by Product Type

In 2019, Insecticides represented the most popular product type in the agrochemicals industry of India, accounting for 54.1% of the total market in India. The insecticides were followed by herbicides (23.3%), fungicides (18.7%) and others (3.9%).

**Figure 5: India: Agrochemicals Market: Breakup by Product Type (in %), 2019**

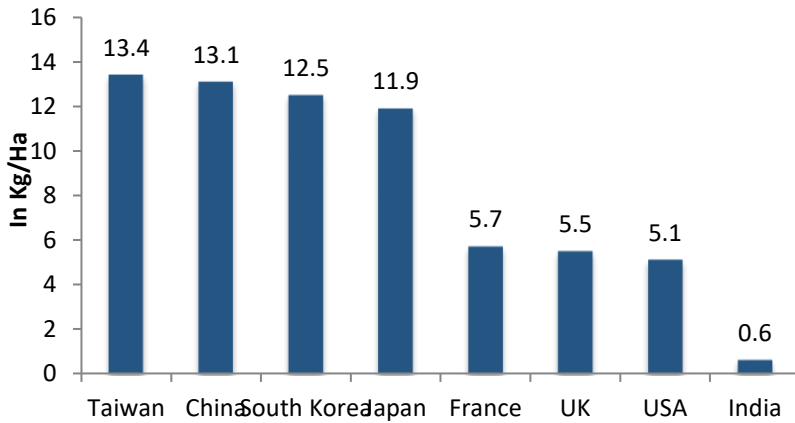


Source: FICCI and IMARC Group

### Per Capita Consumption: India vs Global

In 2019, Taiwan had a per capita pesticides consumption of around 13.4 Kg/Ha. Taiwan was followed by China (13.1 Kg/Ha), South Korea (12.5 Kg/Ha), Japan (11.9 Kg/Ha), France (5.7 Kg/Ha), the United Kingdom (5.5 Kg/Ha), the United States (5.1 Kg/Ha) and India (0.6 Kg/Ha)

**Figure 6: India: Agrochemical Market: Per Capita Consumption (in Kg/Ha), 2019**

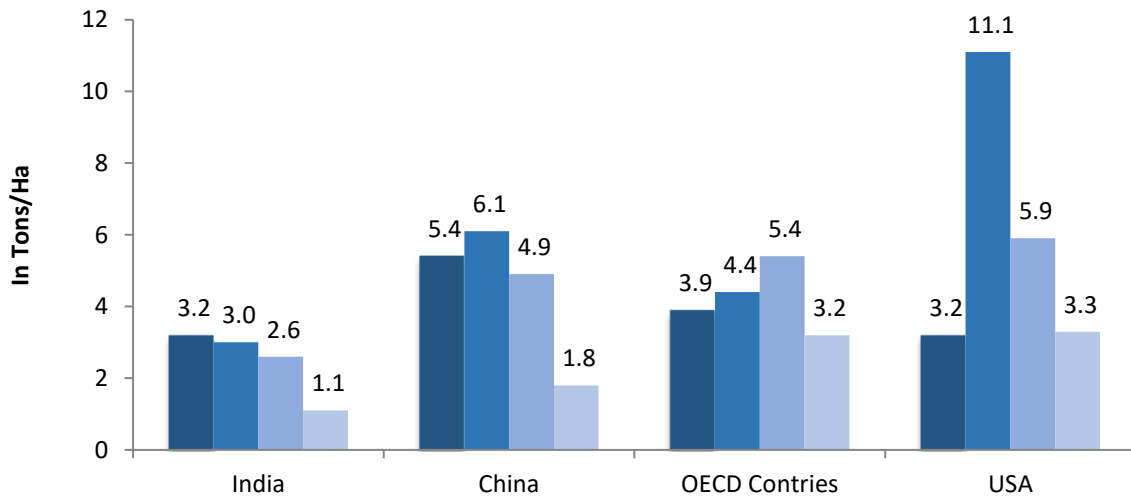


Source: FICCI Report

### Agricultural Yield: India vs Global

The figure given below depicts the comparison of yield of major crops among the major countries.

Figure 7: India: Agrochemical Market: Comparison of Major Crops: India vs Global (in Tons/Ha), 2019

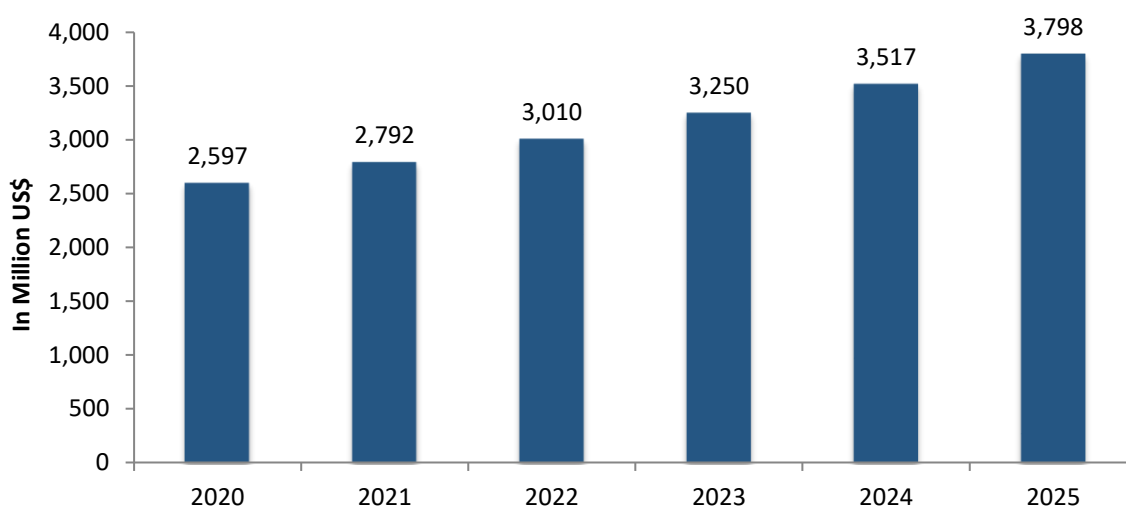


Source: OECD

### Market Forecast

Looking forward, we expect the agrochemicals market in India to grow at a CAGR of 7.9% during 2020-2025, reaching a value of US\$ 3,798 Million by 2025.

Figure 8: India: Agrochemical Market Forecast: Sales Value (in Million US\$), 2020-2025



Source: IMARC Group

### Key Players

The table given below provides the revenue and installed capacity of key players of India agrochemicals market

**Table 3: India: Agrochemicals Market: Key Players**

Sr. No.	Key Players	2019 Revenue (In Million US\$)	Installed Capacity (In TPA)
1.	UPL Limited	472	82,920
2.	Syngenta India Limited	230	40,000
3.	Sumitomo Chemical India Ltd.	223	36,000
4.	Bayer CropScience Limited	158	28,000
5.	Coromandel International	155	80,000
6.	Insecticides (India) Ltd.	152	21,000
7.	Rallis India Limited	146	40,000
8.	Indofil Industries Limited	143	71,000
9.	PI Industries	137	43,240
10.	BASF	118	24,000

Source: Analyst Report, Expert Interviews and IMARC Group

### Market Breakup by Product Type

By 2025, we expect insecticides to represent the most popular product type, accounting for 53.1% of the total agrochemical market in India. Insecticides is expected to be followed by herbicides (23.7%), fungicides (19.2%) and others (4.1%).

**Table 4: India: Agrochemical Market Forecast: Breakup by Product Type (in Million US\$), 2020-2025**

Type	2020	2021	2022	2023	2024	2025	CAGR (2020-2025)
Insecticides	1,401	1,501	1,613	1,737	1,874	2,017	7.6%
Herbicides	607	654	707	765	830	899	8.2%
Fungicides	488	526	570	618	671	727	8.3%
Others	102	111	120	131	142	155	8.7%

Source: FICCI and IMARC Group



## **Regulatory Aspects in India for Production and Consumption of Agrochemicals**

### **Overview**

India is one of the most dynamic generic pesticide manufacturers in the world and is the fourth largest pesticide manufacturer after China, the US and Japan.

Manufacture, Import, Registration, Sale, Transport, Distribution and use of agrochemicals in India is regulated by The Insecticides Act, 1968 and Insecticides Rules, 1971. All agrochemicals (Insecticides, Fungicides, Herbicides, Public health insecticides) must be registered with Central Insecticides Board & Registration Committee (CIB&RC), ministry of agriculture under various sections of Insecticides Act before they can be imported/ manufactured for sale and distribution.

Once a crop protection product is approved by CIB & RC, it will be further approved by state governments of each state.

As per the Insecticides Act, pesticides are defined as those substances that are listed on the "Schedule" of the Insecticides Act, 1968. If there is any pesticide other than listed in schedule, then it must be included in schedule before it can be applied for registration with CIB & RC.

### **Registration Process**

Registration is done under various sections of the Insecticides Act, 1968, including 9(3B) for pesticides being introduced first time in India, 9(3) for manufacturing/import of already existing pesticides with different impurities or higher purity and 9(4) for indigenous manufacturing of active ingredients and formulations under me too category. Each section has a different set of data requirements, and the application for the registration is prepared in Form -1 and submitted online along with the required data. Final approval from CIB&RC may take from 2 months to 1 year of time depending upon the category of requested registration.

Once a pesticide product is approved by CIB&RC it must be registered with government of the state where the product is supposed to be distributed or sold.

### **Stages in Pesticides Registrations**

1. Study of guidelines displayed on official website of CIB&RC.
2. Generation of chemistry, toxicological, packaging, bio-efficacy data as per latest guidelines.
3. Submission of required data.
4. Preliminary scrutiny by CIB&RC for application and data completeness.
5. Sampling and verification of manufacturing site by government authorities.
6. Testing of collected samples if same are as per specifications.
7. Scrutiny of submitted data by concerned sections of CIB&RC.
8. Approval in CIB&RC monthly meeting.
9. Issuance of Registration certificate
10. Application for manufacturing license from state government
11. Issuance of manufacturing license
12. Application for stock and sale of Insecticides
13. Approval by state governments if to be sold and distributed in India.

### **Data requirement**

Data requirement varies extensively depending upon the category of application. Least data (AMES test report) is required for registration under me too category under section 9(4); however, the 9(3)B and 9(3) applications may require physicochemical properties of adjuvants, analytical test report, identification & quantification of identifiable impurities, shelf-life data, establishment of chemical equivalence, acute six pack toxicology studies, sub-acute toxicity, neuro-toxicity, synergism & potentiation, teratogenicity, effect on reproduction, carcinogenicity, metabolism, mutagenicity, toxicity to birds, toxicity to fish, toxicity to honeybees, toxicity to live stock, bio-effectiveness, phytotoxicity, translocation in plants, metabolism in soil, metabolism in water, metabolism in plant, persistence in soil, persistence in water, persistence in plant, compatibility with other chemicals, residues in plant, residues in soil, Maximum Residue Limit (MRLs), transport worthiness test and container compatibility test.

### **Appeal Against Rejection/Cancellation of Approval**

Application for registration may be rejected by CIB & RC if precaution claimed by applicant possess serious risk to human beings, animals or environment.

Any person aggrieved by a decision of the registration committee may appeal within a period of thirty days from the date on which the decision communicated to him, to the Central Government in the ministry of agriculture whose decision thereon shall be final. Central Government may entertain an appeal after the expiry of the said period, if it is satisfied that the appellants was prevented by enough cause from filling the appeal in time.

### **Pesticide Management Bill, 2020**

The Pesticides Management Bill, 2020 has been approved by the Union Cabinet. The Bill will regulate the business of pesticides and compensate farmers in case of losses from the use of agrochemicals. Key Features of the bill are described below:

- **Pesticide Data:** It will empower farmers by providing them with all the information about the strength and weakness of pesticides, the risk and alternatives. All information will be available openly as data in digital format and in all languages.
- **Compensation:** The Bill has a unique feature in the form of a provision for compensations in case there is any loss because of the spurious or low quality of pesticides.
- **Organic Pesticides:** The bill also intends to promote organic pesticides.
- **Registration of Pesticide Manufacturers:** All pesticide manufacturers have to be registered and bound by the new Act, once it is passed. The advertisements of pesticides will be regulated so there should be no confusion or no cheating by the manufacturers.

### **Commentary on Key Raw Materials and Pricing Impact Due to Chinese Factors**

The agrochemical industry has an extensive consumption of raw materials that are derived from crude-oil, chlorine, yellow phosphorus and bromine. As these materials are essential for the manufacturing of technical grades, any fluctuation in the pricing of these raw materials, directly impacts the overall production costs of agrochemicals.

Currently, China is the largest exporter of agrochemicals to India, accounting for a share of around 55% of the total agrochemical imports in India. The key Indian agrochemical companies import a significant part of their technical requirements from China as it sources most of the raw materials required to manufacture agrochemicals.

Recently, the coronavirus outbreak in China has hit the supply chains worldwide. Indian importers of raw materials are also facing problems as China factories remain shut for some time now. As a result, there has been a sudden surge in the prices, which were initially declining from past few months. The Indian agrochemical sector is closely monitoring the outbreak as it imports a noteworthy portion of its raw material from China. A prolonged trade barrier is expected to impact the profitability of the Indian firms.

Besides this, the recent trade tensions between the US and China has benefited the Indian agrochemical industry. China is the largest exporter of agrochemicals to the US, accounting for around 22% of the total US import in 2019. India stands at the second position with a share of 17%. The trade war between the US and China has provided a lucrative opportunity for Indian firms to increase their export potential in the long run.

Thus, Chinese factors such as these have a significant impact on the pricing and profitability of the Indian agrochemical firms.

### **R & D Expenditure: India vs Global**

Research and development (R&D) includes various activities undertaken by the organizations to innovate and introduce new products and services. The R&D in the agrochemical sector involves a long gestation period and high capital requirement. In general, it takes an investment of \$100-350 Million, along with a period of 10 years, to develop a new market for agrochemicals. Owing to extensive R&D and innovation, product manufacturers are now able to screen

potentially toxic traits in the active ingredients. This aids in ruling out the products at an early stage of the development process, which can have adverse effects on human health or the environment.

The world's leading manufacturers of agrochemicals invest more than \$3 Billion annually into the R&D of new products, while the overall R&D investment by the major research-based companies has remained consistently high at 7%-10% of annual sales every year. Even though the rate of new product approvals has decreased in the recent years, the industry still has been able to maintain a decent level of product innovation. Apart from this, investment also remains high, along with other developments such as integrated crop solutions, application technology and precision farming. These factors reflect a continually increasing R&D investments in this sector as compared to that of other sectors. The average R&D expenditure between the period 2010-14 was reported to be \$286 Million, which increased from \$256 Million in the previous period.

Although companies in Japan always had low R&D capabilities, they are now spending extensively in their R&D. However, Japan's previous status stands in contrast to the leading agrochemical companies in the European region and in the US, which have always maintained a relatively higher level, i.e., approximately 40% of their agricultural chemical products, in the R&D phase.

Several Indian agrochemical companies are building strategic partnerships with pesticide manufacturing companies based in the USA, Europe, Japan and China. In return, these companies provide a strong distribution network and sales infrastructure. As per the data, it is estimated that most Indian companies spend 1-2% of their sales in R&D. The Agrochemical industry has witnessed huge investments and mergers and acquisitions (M&A), which is helping the Indian companies to minimize their the costs of R&D and product development time, thereby improving the overall efficiency of the R&D process.

PI Industries Limited, an Indian chemical manufacturing company, has one dedicated unit for R&D among its manufacturing units, that focuses on improving the product quality in the agri-input industry. The constantly invest in the R&D and new product launches despite fluctuations in the prices of raw materials, which usually lead to depletion in the margins. As a result, the R&D expense has doubled in FY 2018 to INR 650 Million from INR 350 Million in FY 2017.

### **Government Policies and Initiatives**

With the objective of increasing the production of agricultural products, the Government of India launched various policies and initiatives, which played a significant role in escalating the sales of agrochemicals across the country. Some of the major government policies and initiatives are described below:

**Increasing MSP:** The Government has fixed minimum selling prices (MSPs) of 22 mandated kharif and rabi crops and fair and remunerative prices (FRPs) for sugarcane. This has assured the farmers a minimum of 50% as margin of profit, which is one of the important and progressive steps towards doubling farmers' income by 2022 and improving their welfare substantively.

**Pradhan Mantri Kisan Samman Nidhi (PM-KISAN):** The PM-KISAN Yojana was introduced in the interim budget for the year 2019-2020. Based on this initiative, the small and marginal landholder farmer families with cultivable land holding up to 2 hectares were assured Rs 6000 per year across the country. Moreover, the Government of India has recently revised the scheme and it is now expected to cover around 2 crores more farmers, increasing the coverage of the Yojana to around 14.5 crore beneficiaries, with an estimated expenditure by the Central Government of INR 87,217 Crore for the year 2019-20.

**Direct Benefit Transfer:** Through the simpler and faster flow of information/funds, the direct benefit transfer initiative re-engineered the cash disbursement process in welfare schemes to ensure accurate targeting of beneficiaries, remove duplication and reduce fraud. In FY 2019-20 alone, this scheme is estimated to have transferred more than INR 231,927 Crore.

**Pradhan Mantri Annadata Aay Sanrakshhan Abhiyan (PM-AASHA):** This scheme aims to ensure that farmers get remunerative prices for their produce. It is expected to complement the increase in MSP, which will be translated into farmers income by way of robust procurement mechanism in coordination with the states. There are three components outlined under the scheme, namely:

- Price Support Scheme (PSS)
- Price Deficiency Payment Scheme (PDPS)
- Pilot of Private Procurement & Stockist Scheme (PPPS)

These components help in enhancing agricultural productivity, reducing the cost of cultivation that will boost and secure farmers income in the long run.

**Make in India:** The Government of India through its ‘Make in India’ initiative has been inviting several national and international organizations to manufacture and expand operations in the country. Most of the companies are currently looking for sourcing chemicals from India to de-risk their sourcing from China. Additionally, there are numerous other reasons for MNCs investing in India. Few among those are low capex, availability of skilled manpower at low cost, and infrastructural advancement.

**National Agriculture Market (eNAM):** National Agriculture Market (eNAM) is a pan-India electronic trading portal that networks the existing Agricultural Produce Market Committee (APMC) mandis to form a unified national market for agricultural commodities. Small Farmers Agribusiness Consortium (SFAC) is the lead agency, which implements eNAM under the aegis of Ministry of Agriculture and Farmers’ Welfare (Government of India). The scheme aims to encourage uniformity in agriculture marketing by streamlining of procedures through the integrated markets, removing information asymmetry between buyers and sellers, and promoting real time price discovery on the basis of actual demand and supply.

**National Horticulture Mission:** National Horticulture Mission (NHM) refers to a centrally sponsored scheme that was launched in 2005-06. It helps in improving the horticulture production and enhancing nutritional security and income support to farm households and others through area-based regionally differentiated strategies. After its launch, significant progress has been made in area expansion under horticulture crops, which resulted in higher production. Over the last decade, the area under horticulture grew at an average rate of 2.7% per annum and annual production increase at an average rate of 7.0% per annum.

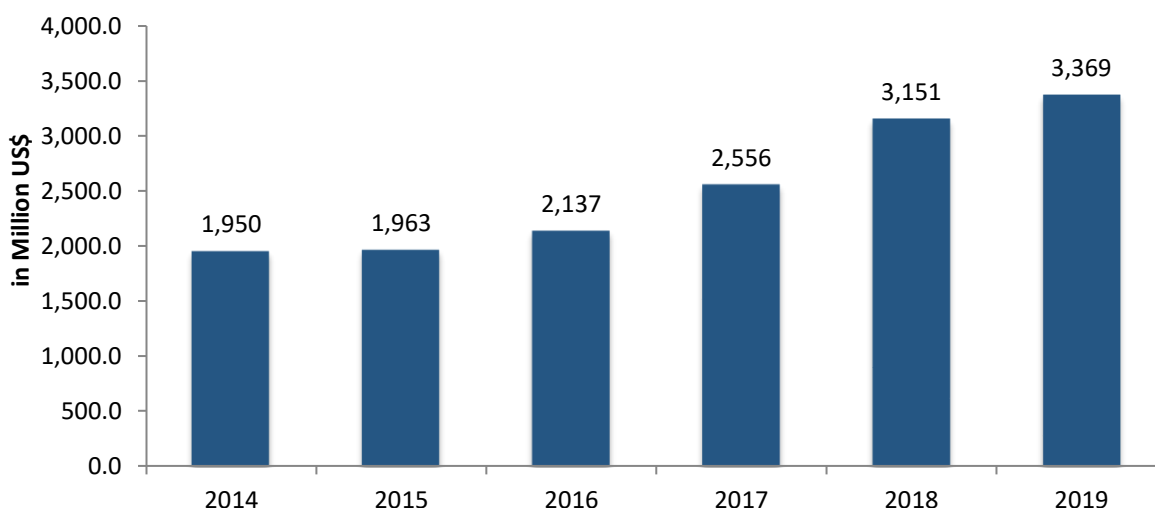
**Trade Data**

**Export Trends**

**Value Trends**

In 2019, the export of agrochemicals from India reached a value of US\$ 3,369 Million growing at a CAGR of 11.6% during 2014-2019.

**Figure 9: India: Agrochemical Export Trends: Export Values\* (in Million US\$), 2014 - 2019**



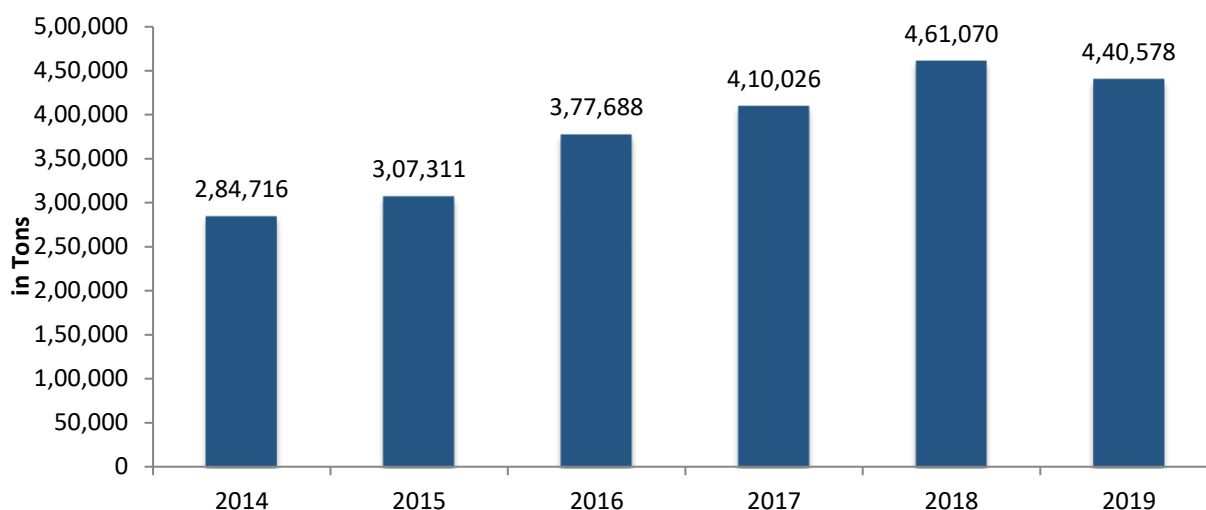
Source: Ministry of Commerce & Industry and IMARC Group

NOTE\*: 2019 figures are estimated as the data is available for 9 Months only.

**Volume Trends**

In 2019, the export of agrochemicals from India reached a volume of 440,578 tons, growing at a CAGR of 9.1% during 2014-2019.

**Figure 10: India: Agrochemical Export Trends: Export Volume\* (in Tons), 2014-2019**



Source: Ministry of Commerce & Industry and IMARC Group

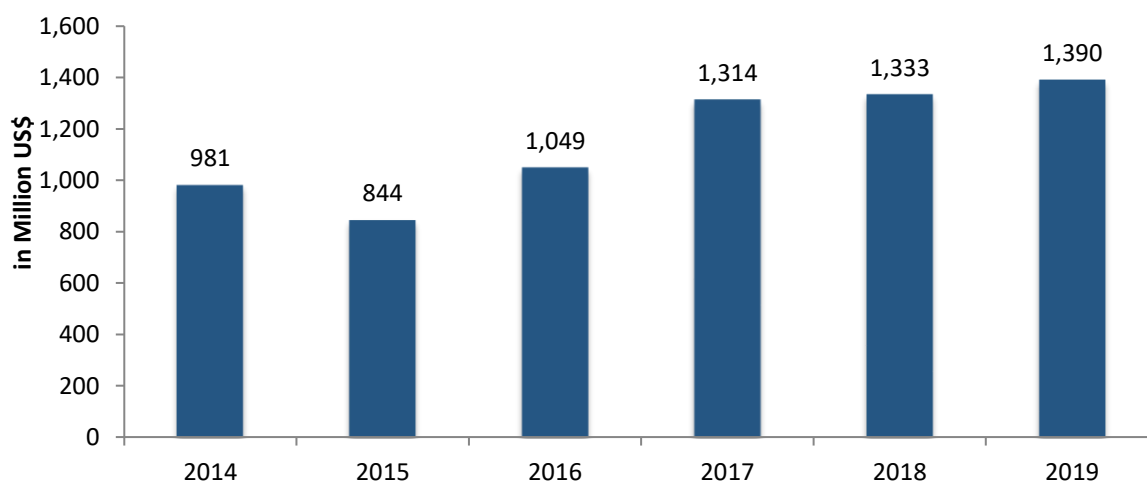
NOTE\*: 2019 figures are estimated as the data is available for 9 Months only.

#### Import Trends

##### Value Trends

In 2019, agrochemicals import in the country reached a value of US\$ 1,390 Million, growing at a CAGR of 7.2% during 2014-2019.

**Figure 11: India: Agrochemicals Import: Value (in Million US\$), 2014-2019**

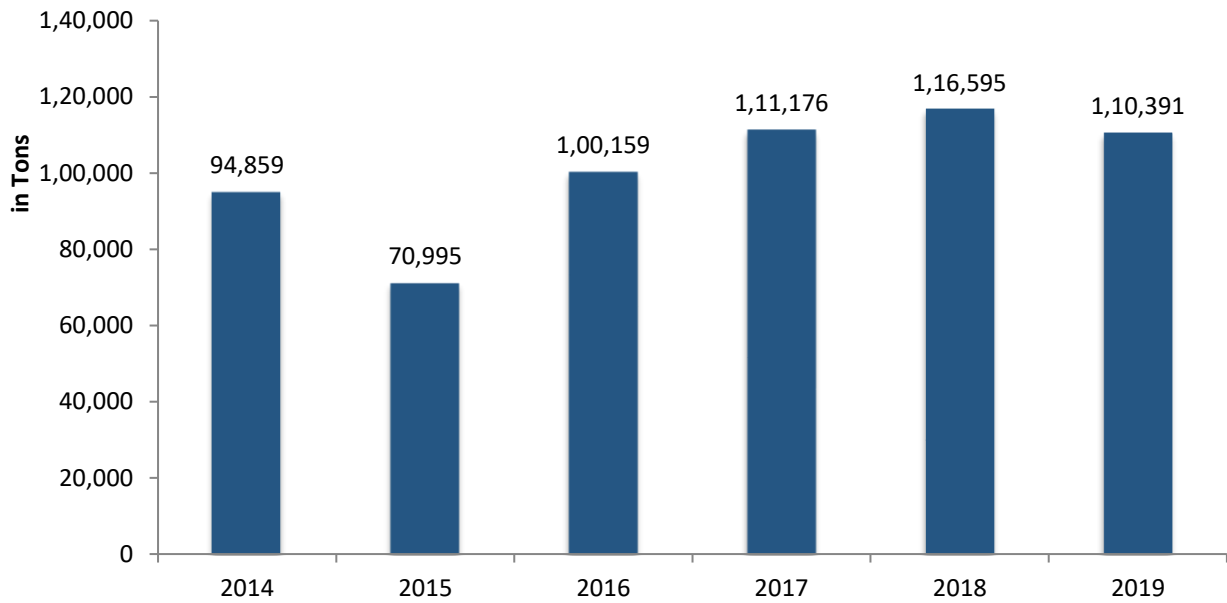


Source: Ministry of Commerce & Industry

##### Volume Trends

India imported 110,391 tons of agrochemicals in 2019, growing at a CAGR of 3.1% during 2014-2019.

**Figure 12: India: Agrochemicals Import: Volume (in Tons), 2014-2019**



Source: Ministry of Commerce & Industry  
**Global Pyrethroids Market**

#### Market Overview

**Table 5: Global: Pyrethroids Market: Key Industry Highlights, 2019 and 2025**

Global Market	2019	2025	CAGR 2019-2025
Pyrethroids Market- Consumption Value Trends (in Million US\$)	3,235	4,068	3.89%

Market by Region	2019 (in Million US\$)	2025 (in Million US\$)	CAGR 2019-2025
Asia Pacific	1,278	1,564	3.43%
Latin America	796	1,011	4.07%
North America	573	731	4.14%
Europe	385	495	4.27%
Middle East and Africa	204	267	4.62%

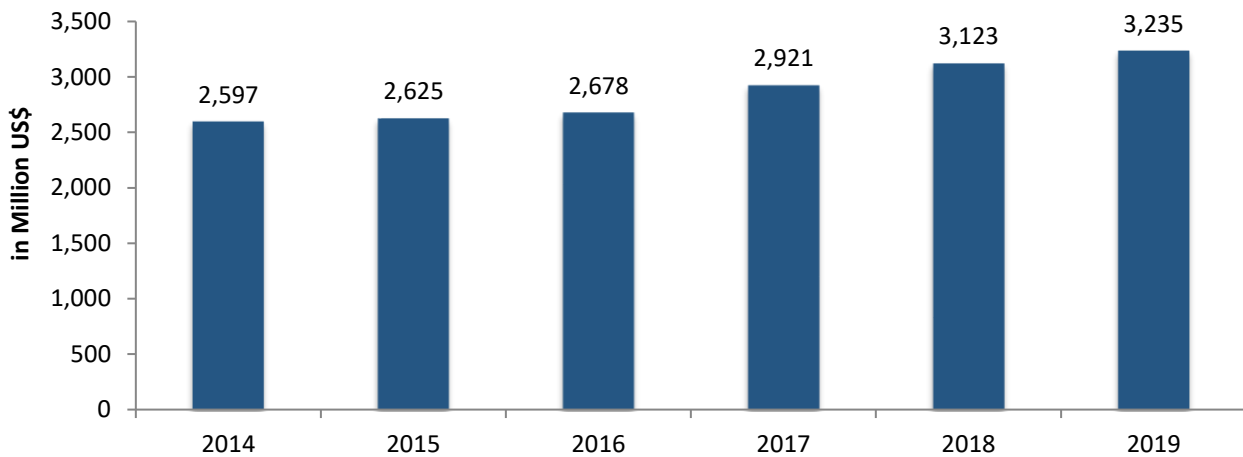
Market by Product Type	2019 (in Million US\$)	2025 (in Million US\$)	CAGR 2019-2025
Cypermethrin	785	994	4.00%
Lambda-Cyhalothrin	709	899	4.05%
Deltamethrin	380	485	4.13%
Bifenthrin	330	424	4.28%
Permethrin	227	295	4.48%
Others	805	971	3.19%
<b>Total</b>	<b>3,235</b>	<b>4,068</b>	<b>3.89%</b>

Market by Crop Type	2019 (in Million US\$)	2025 (in Million US\$)	CAGR 2019-2025
Fruit & Vegetables	642	798	3.68%
Cotton	557	696	3.79%
Rice	384	480	3.80%
Soybean	242	304	3.90%
Cereals	176	225	4.18%
Maize	149	194	4.46%
Others	293	310	0.92%
<b>Total</b>	<b>3,235</b>	<b>4,068</b>	<b>3.89%</b>

### Market Performance

The global Pyrethroids market reached a value of US\$ 3,235 Million in 2019, growing at a CAGR of 4.50% during 2014-2019. Pyrethroids are a family of more than a dozen similar synthetic chemical compounds based on the chemical structure of pyrethrins, the naturally occurring botanical insecticides derived from chrysanthemum flowers. Pyrethroids are widely used in agricultural and urban areas. With the growing population and declining farmland, farmers around the world are adopting new farming practices for improved yield. Pyrethroids, when compared with organophosphates, are safer for humans because mammals, unlike other classes of organisms, have more extensive enzyme systems that are capable of metabolizing and detoxifying the pyrethroid.

**Figure 13: Global: Pyrethroids Market: Sales Value (in Million US\$), 2014-2019**

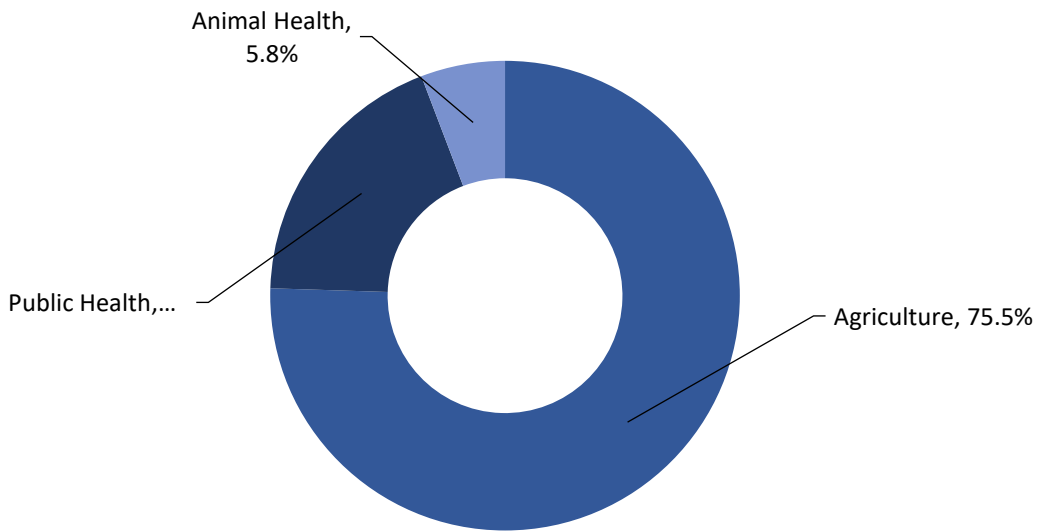


Source: IMARC Group

### Market Breakup by End Use

Agriculture represented the largest end-use segment, accounting for 75.5% of global Pyrethroids market in 2019. Agriculture was followed by public health (18.7%), and animal health (5.8%).

**Figure 14: Global: Pyrethroids Market: Breakup by End Use (in %), 2019**

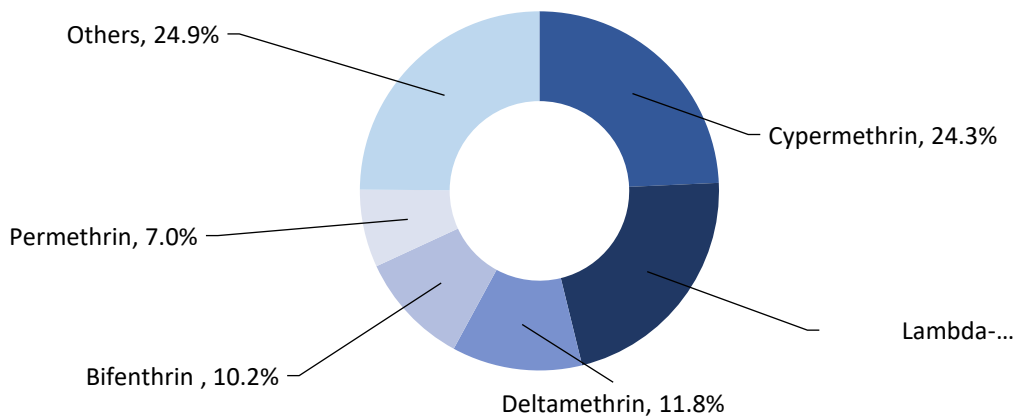


Source: Primary Research and IMARC Group

### Market Breakup by Product Type

Cypermethrin represented the most popular type in the global Pyrethroids market, accounting for 24.3% of total market in 2019. Cypermethrin was followed by lambda-cyhalothrin (21.9%), deltamethrin (11.8%), bifenthrin (10.2%), permethrin (7.0%) and others (24.9%). Growth of lambda-cyhalothrin market is driven by the rise in concerns toward diseases transferable by insects, awareness about disease prevention and rapid growth of commercial pest management services. The development of advanced and efficient technologies, a rise in the demand for home pest control, increasing government initiatives to enhance agriculture yield are among the key the factors driving the growth of deltamethrin market. Cypermethrin used in long-lasting insecticidal nets is widely used to protect people from mosquitoes that carry malaria, dengue, and yellow fever diseases. Permethrin, cypermethrin, and deltamethrin are mainly used as active ingredients in nets. DDT and pyrethroids have the same mode of action. Bifenthrin is the type of synthetic pyrethroid used in the control of pests and insects, such as mosquitoes, ticks, fleas, termites, and cockroaches. It is available in different forms, such as sprays and granules. It is included in one of the recommendations from the CDC to fight mosquito-borne diseases such as malaria, West Nile, and Zika. With the increase in the production of food crops, the demand for insecticides such as bifenthrin has increased. The factor driving the permethrin market is the toxicity of permethrin for mites, and other insects are triggering its demand from various insecticidal applications. The pharmaceutical use of permethrin which includes head lice treatment is also increasing its demand. The pharmaceutical applications of permethrin are increasing, owing to growing health awareness among consumers.

Figure 15: Global: Pyrethroids Market: Breakup by Product Type (in %), 2019



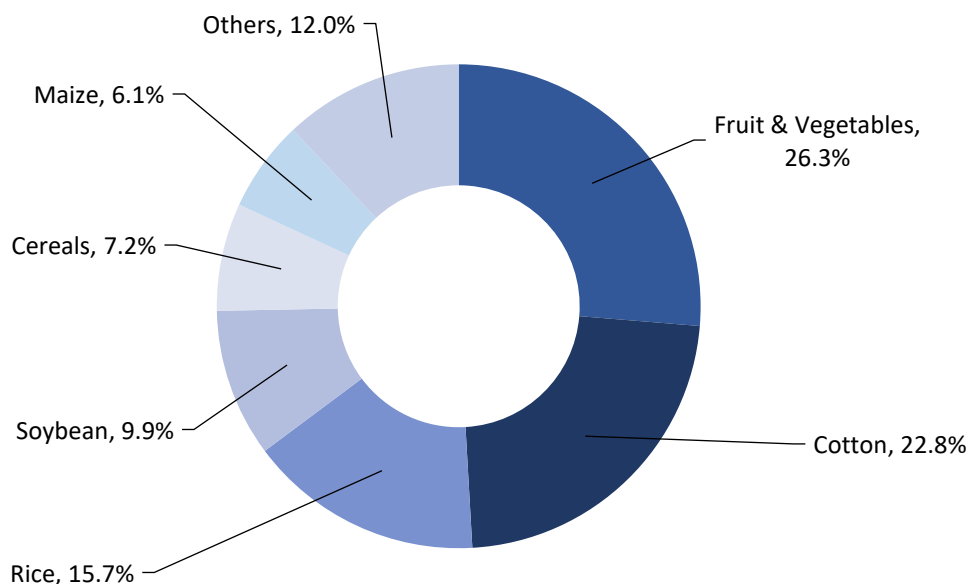


Source: Phillips McDougall and IMARC Group

### Market Breakup by Crop Type

In 2019, fruit & vegetables represented the largest crop type in the global Pyrethroids market, accounting for 26.3% of the total market. Fruit & vegetables were followed by cotton (22.8%), rice (15.7%), soybean (9.9%) cereals (7.2%), maize (6.1%) and others (12.0%). In some countries, several programmes have been initiated for public health nutrition and promoting a balanced diet to reduce diet-related disease costs. These factors have led to significant growth in the fruit and vegetable industry. When vegetables are produced, pesticides are applied or prospectively applied at each growth stage of the crop to enhance agriculture productivity. Pyrethroids have been especially useful in Bt cotton since larvae that survived the Bt are smaller and slower to develop. The development of photostable synthetic pyrethroid insecticides has particular significance in cotton pest control while being much more acceptable environmentally. There may be potential short-term uncertainties in the cotton market. But higher productivity driven by technological progress, including greater adoption of biotech cotton, creates a substantial potential for cotton production to expand in the next decade. Pyrethroid insecticides (permethrin and cypermethrin) are generally used in rice farms and for household pest control. Rice is one of the major food staples and also the mainstay for the rural population and their food security, owing to which the rice industry is experiencing significant growth. By eradicating weeds, pyrethroids deliver broad-spectrum control and long-lasting activity to improve crop production. Soybeans are the fourth leading crop produced globally (by volume). While some of the crops are used directly, more than 85% is further processed through crushing into soybean meal and oil. Soybeans and its derivatives are the most traded agricultural commodity, thus boosting demand for soy products for feed use, especially for poultry. Pyrethroid insecticides are widely used to control cereal aphids, favored for their rapid knockdown effect, low cost and low environmental risk. Aphids, as the foremost cereal pest, have been the key target of pyrethroid applications. The global cereal demand shift in favor of maize reflects rising incomes in many developing countries with consequent growth in meat consumption, which drives the demand for maize as feed for poultry and swine. As maize is used for animal feed, fast-expanding livestock sectors in developing countries have led to its increased consumption. Application of pyrethroids in all these sectors, coupled with the continually growing human population, is expected to contribute to the extensive growth of the global pyrethroid industry in the near future.

Figure 16: Global: Pyrethroids Market: Breakup by Crop Type (in %), 2019



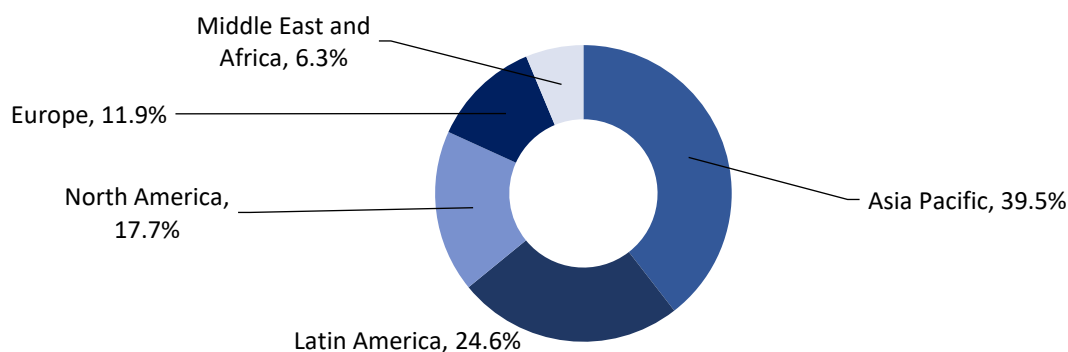
Source: Primary Research and IMARC Group

### Market Breakup by Region

Asia Pacific represented the largest market for Pyrethroids, accounting for 39.5% of the total market in 2019. Asia Pacific was followed by Latin America (24.6%), North America (17.7%), Europe (11.9%), and Middle East and Africa (6.3%). The market for pyrethroids in Asia Pacific is driven by the rising demand for hygiene products and pyrethroid insecticides, owing to increasing disposable income levels and growing awareness regarding the importance of maintaining hygiene.

Along with this, owing to increasing population and food security, Asia Pacific has emerged as the region with maximum potential for growth. The emerging economies, including China, India, Vietnam, and Thailand are the significant consumers of pyrethroid insecticides for application on various cereal and grain crops. The use of pyrethroids has been increasing in North America, owing to the increasing replacement of organophosphates with pyrethroids. Canada, which is one of the largest agricultural producers and exporters in the world, significantly uses pyrethroids-based insecticides. Several vegetables and fruits, which are grown in the country, get treated by the domestically registered pyrethroids. The use of pesticides and insecticides is expected to increase with an expanding agricultural base and export-oriented growth. The market demand for insecticides is expected to further grow due to strong government support for responsible and environmentally friendly agricultural practices. The market growth in Latin America is propelled by the increasing demand for hygienic household products, along with the rising population and changing lifestyle. The market in the Middle East and Africa region is mainly driven by various factors such as high potency and effectiveness of pyrethroids, which has made them the preferred ingredient to be used in the household and industrial insecticides.

**Figure 17: Global: Pyrethroids Market: Breakup by Region (in %), 2019**

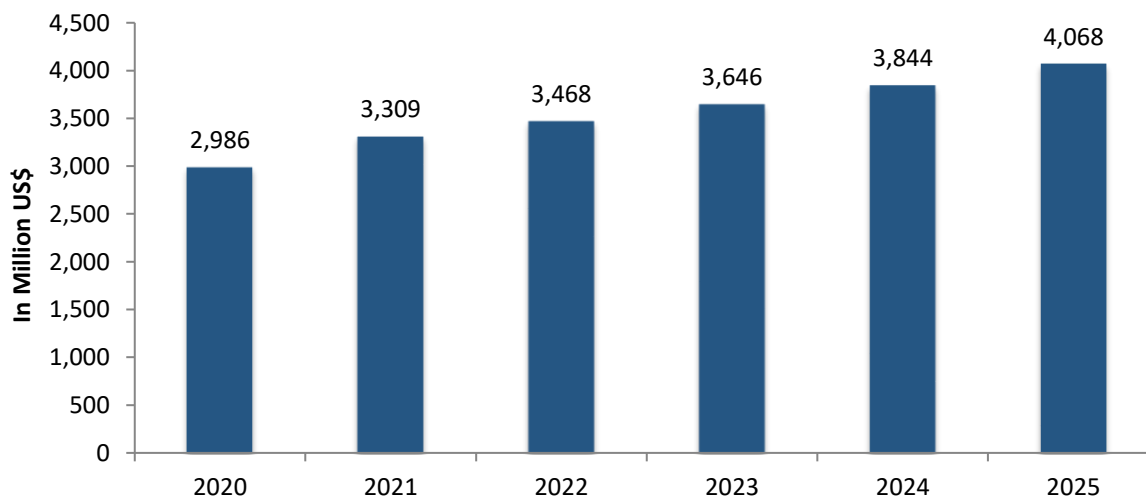


Source: Phillips McDougall and IMARC Group

### Market Forecast

Looking forward, we expect global Pyrethroids market to grow at a CAGR of 6.38% in terms of value, during 2020-2025, reaching a value of US\$ 4,068 Million by 2025. Pyrethroids serve as a cost-effective alternative to the conventionally used insecticides. Some insecticides are also known for their high potency and extreme efficacy. As a result, there is a growing demand for pyrethroids not only for crops but also for the treatment of clothes and mosquito control across residential and industrial sectors. All these factors are expected to catalyze global pyrethroids market growth further.

**Figure 18: Global: Pyrethroids Market Forecast: Sales Value (in Million US\$), 2020-2025**

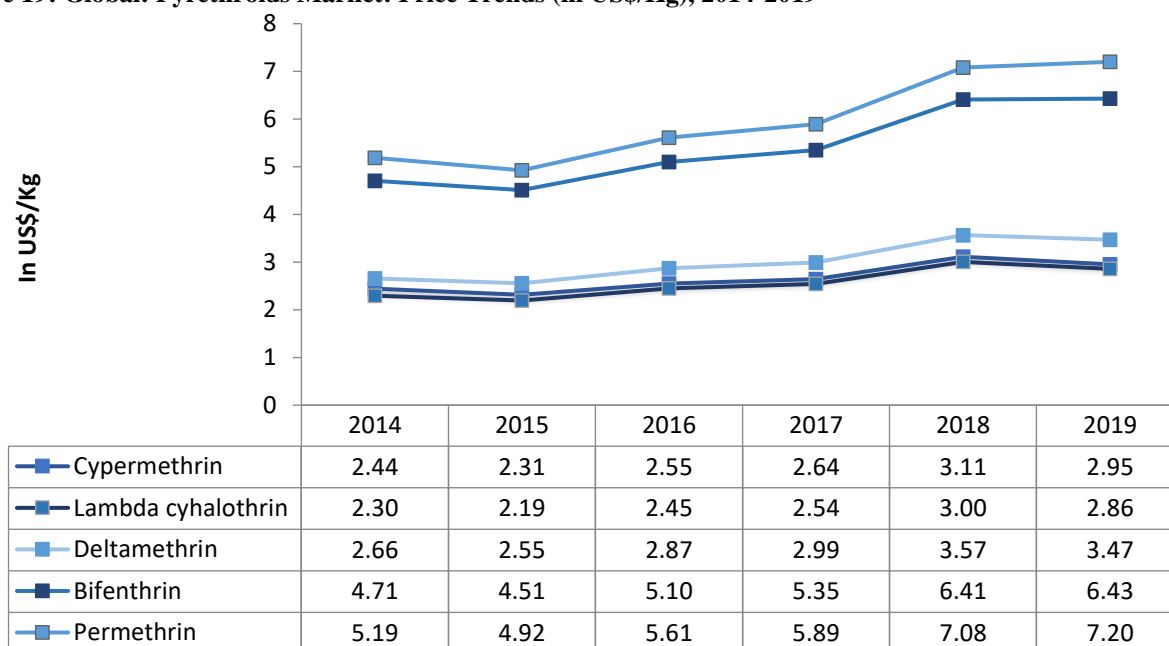


Source: IMARC Group

## Price Trends

The figure given below depicts the global average prices of different Pyrethroids.

**Figure 19: Global: Pyrethroids Market: Price Trends (in US\$/Kg), 2014-2019**



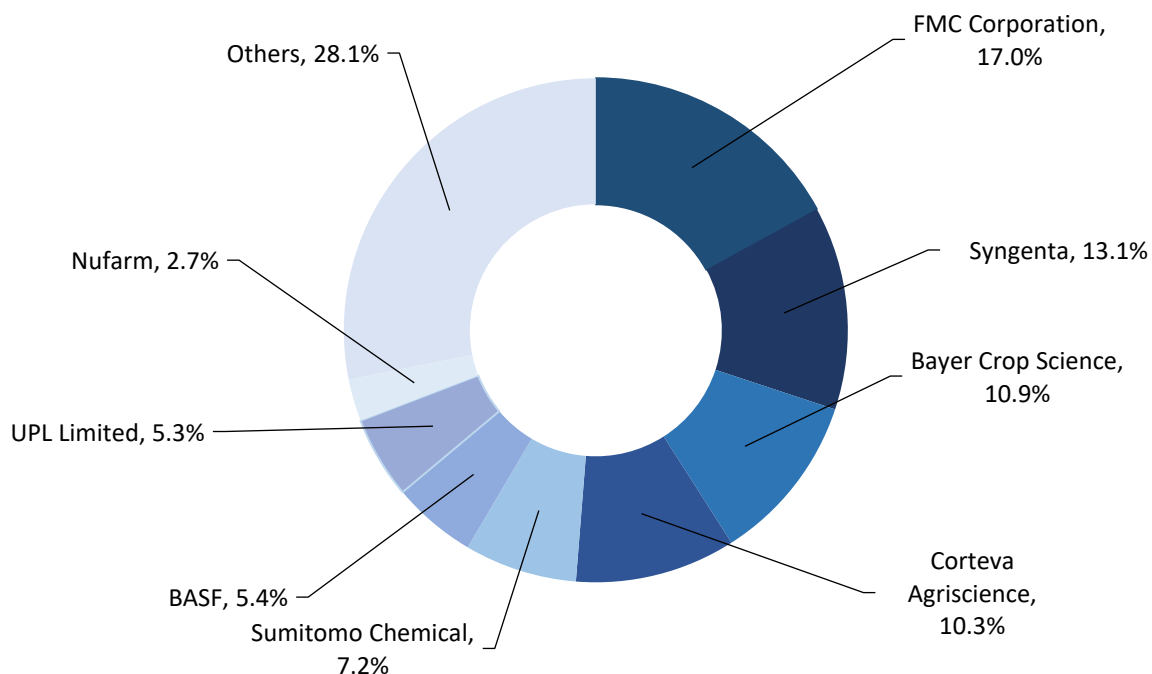
Source: International Trade Center and IMARC Group

Note: The prices for Cypermethrin is for 10% EC, Lambda-cyhalothrin for 5% EC, Deltamethrin for 2.5% EC, Bifenthrin for 10% EC and Permethrin for 25% EC

## Key Players

In 2019, FMC Corporation dominated the global pyrethroids market, accounting for the share of 17.0% of the total market. FMC Corporation was followed by Sygenta (13.1%), Bayer Crop Science (10.9%), Corteva Agriscience (10.3%), Sumitomo Chemical (7.2%), BASF (5.4%), UPL Limited (5.3%), Nufarm (2.7%) and others (28.1%).

**Figure 20: Global: Pyrethroids Market: Key Players Share (in %), 2019**



Source: Analyst Report, Expert Interviews and IMARC Group

## India Pyrethroids Market

### Overview

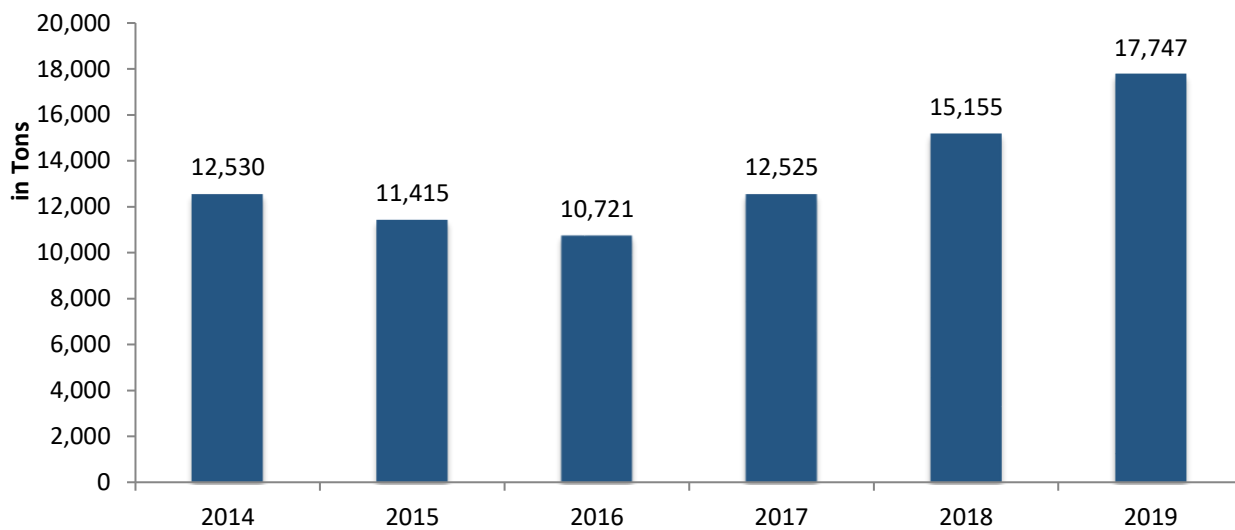
Pyrethroids serve as an economical and safe alternative for increasing crop yields for combating hunger, as well as eliminating vector borne diseases like malaria. Today pyrethroids find usage in significant applications across pest protection, environmental health and crop care as well as animal health. Since pyrethroids are significantly more effective against a broader range of insects, they are considered highly economical and beneficial by most farmers. Pyrethroids are extremely useful and fast-acting against chewing insects and have low water solubility. This implies pyrethroids are less likely to develop to environmentally hazardous levels. They are low in mammal and bird toxicity and require very low dosage as compared to organophosphate pesticides to kill insects. They maintain insecticidal activity over a prolonged period which helps to control overlapping pest generations. Finally, they are naturally readily biodegradable. Pyrethroids are safe chemistry, they have a broad spectrum of usage and are cost-effective when considering agriculture economy per hectare. There has always been a significant application of pyrethroids in the cotton industry which brought higher returns on investment. The pyrethroids market growth declined with the launch of Bt cotton in India in the early 2000s and the subsequent reduction was experienced in the need for pesticides to be sprayed onto a crop. The region under Bt cotton cultivation, which was barely 0.29 lakh ha (0.38%) out of 76.70 lakh, in 2002-03, increased to 119.40 lakh ha out of 128.19 lakh hectares in 2014-15, showing more than 93.14% adoption over a span of 13 years. The demand for pyrethroids remained stagnant until manufacturers started to look for their applications in other sectors, such as rice, fruit, and vegetables, around 2015.

Throughout 2016, the pyrethroid industry was experiencing a resurgent demand mainly caused by the need to substitute certain organophosphates (OP) and carbamates that were being investigated for their high toxicity risks. Pyrethroids, on the other hand, being safer for the environment, became an automatic option as they balanced environmental concerns and costs of production. India has emerged as the largest pyrethroid manufacturer over the years. More than half of the global demand for pyrethroids comes from China, after importing intermediates from India, which is used to produce pyrethroid. Yet China's adoption of the 'Blue Sky' program to realize green GDP has led to the shutdown of several chemical plants. This, in turn, is expected to result in higher volumes of pyrethroids being exported out of India.

## Market Performance

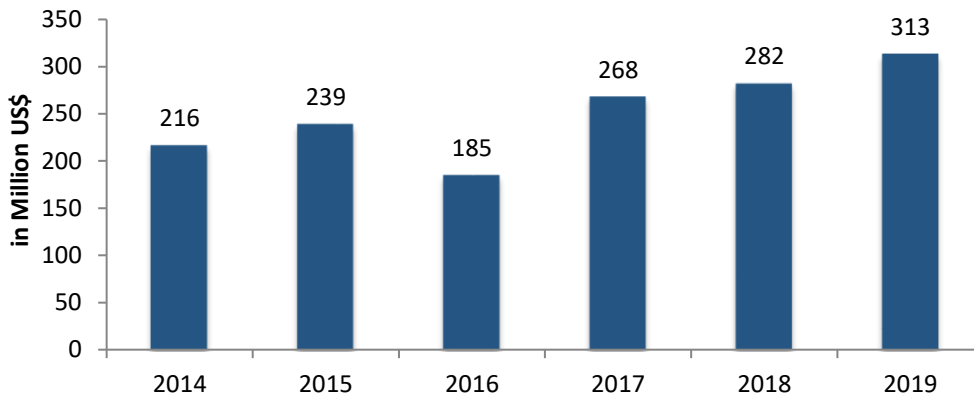
The Pyrethroids market in India reached a production volume of 17,747 tons in 2019, growing at a CAGR of 7.2% during 2014-2019. In terms of production value and consumption value, the market reached a value of US\$ 313 Million and US\$ 110 Million in 2019, exhibiting a CAGR of 7.7% and 7.4% during 2014-2019 respectively.

**Figure 21: India: Pyrethroids Market: Production Volume (in Tons), 2014-2019**



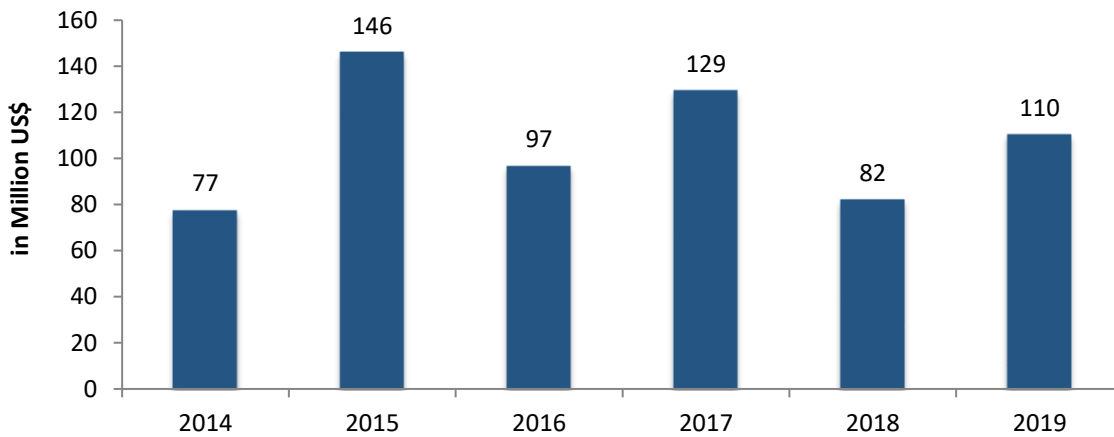
Source: IMARC Group

**Figure 22: India: Pyrethroids Market: Production Value (in Million US\$), 2014-2019**



Source: IMARC Group

**Figure 23: India: Pyrethroids Market: Consumption Value (in Million US\$), 2014-2019**

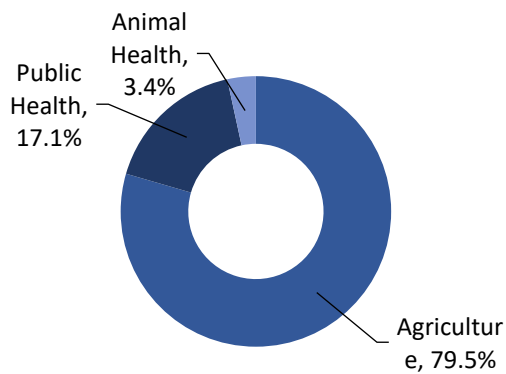


Source: IMARC Group

**Market Breakup by End Use**

In 2019, Agriculture represented the largest end-use segment for Pyrethroids, accounting for 79.5% of the total market. Agriculture was followed by public health (17.1%), and animal health (3.4%).

**Figure 24: India: Pyrethroids Market: Breakup by End Use (in %), 2019**

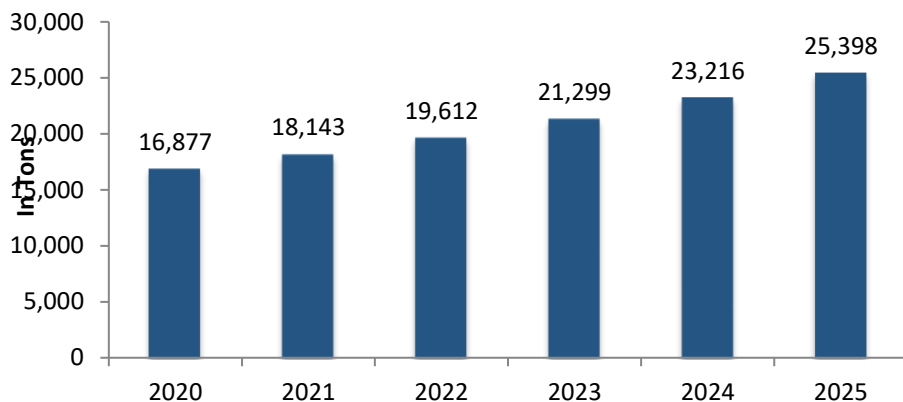


Source: Phillips McDougall and IMARC Group

### Market Forecast

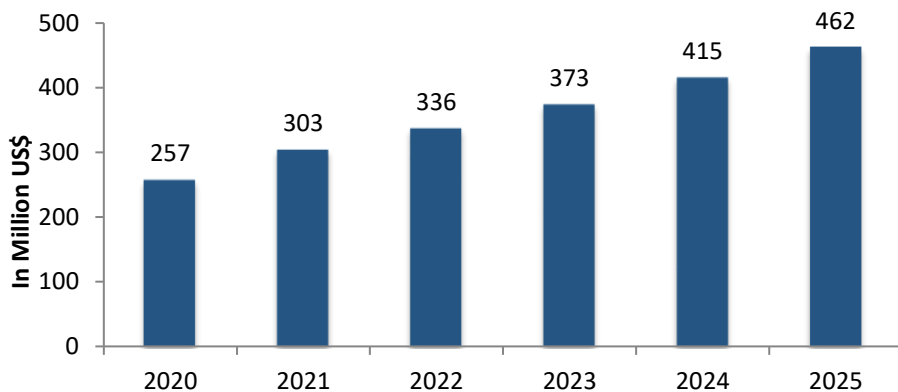
Looking forward, we expect the Pyrethroids market in India to grow at a CAGR of 8.5% during 2020-2025, reaching a production volume of 25,398 Tons by 2025. Moreover, the production and consumption value are expected to reach a value of US\$ 462 Million and US\$ 205 Million by 2025, exhibiting a CAGR of 12.5% and 19.6% respectively.

**Figure 25: India: Pyrethroids Market Forecast: Production Volume (in Tons), 2020-2025**



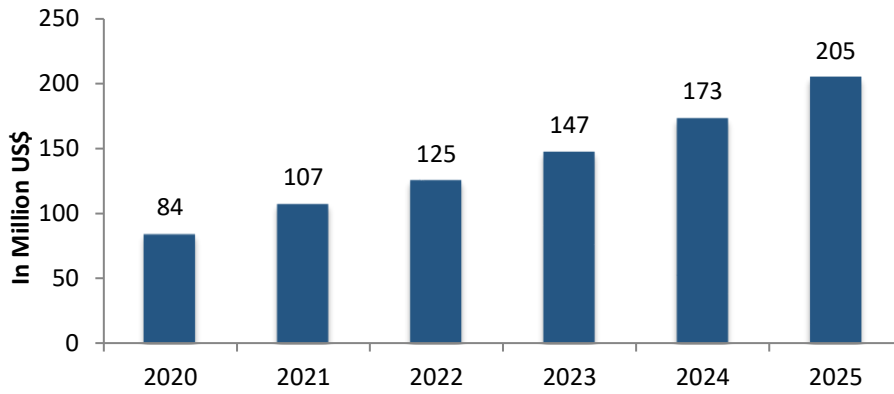
Source: IMARC Group

**Figure 26: India: Pyrethroids Market Forecast: Production Value (in Million US\$), 2020-2025**



Source: IMARC Group

**Figure 27: India: Pyrethroids Market Forecast: Consumption Value (in Million US\$), 2020-2025**

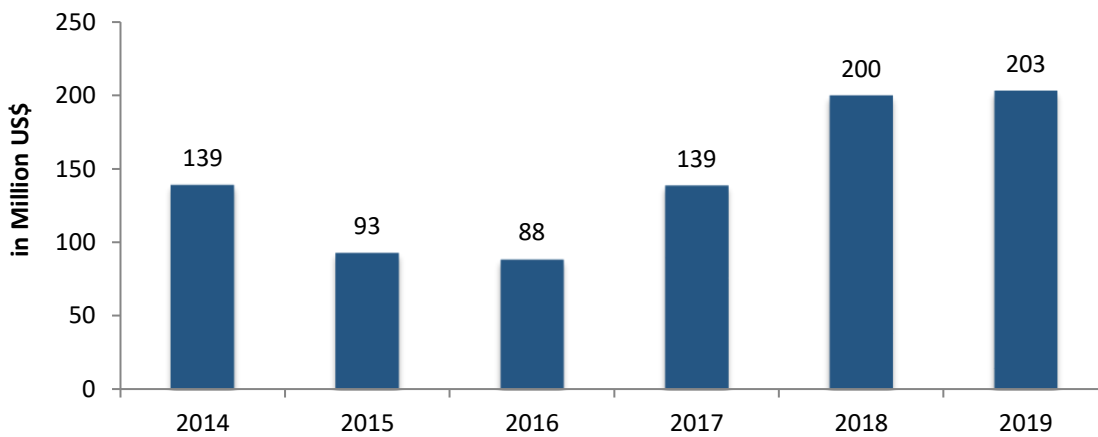


Source: IMARC Group

### Exports

The Indian Pyrethroids market reached an export value of US\$ 203 Million in 2019, growing at a CAGR of 7.9% during 2014-2019.

**Figure 28: India: Pyrethroids Market: Export Value (in Million US\$), 2014-2019**



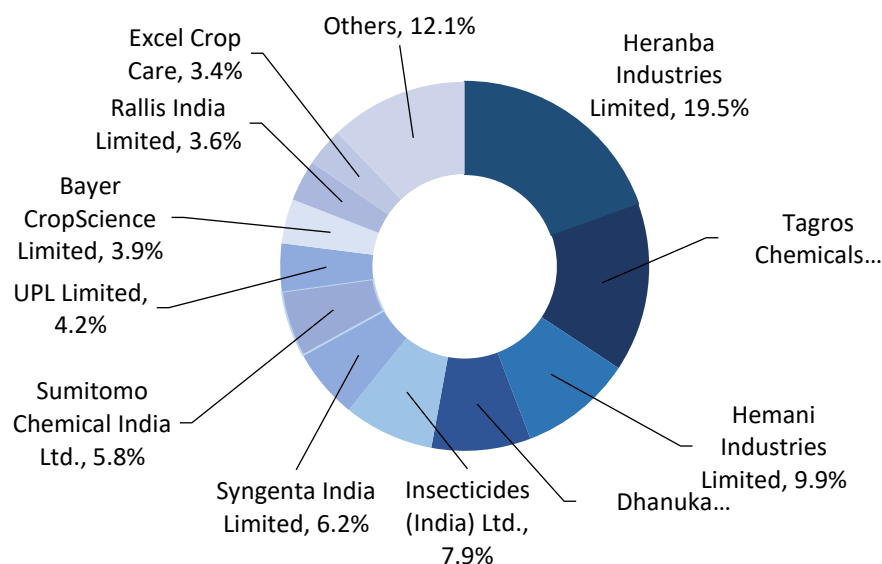
Source: IMARC Group

### Key Players

In 2019, Heranba Industries Limited dominated the India pyrethroids market, accounting for a share of 19.5% of the total Indian pyrethroids production values. Heranba Industries Limited was followed by Tagros Chemicals India Limited (14.8%), Hemani Industries Limited (9.9%), Dhanuka Agritech Limited (8.7%), Insecticides (India) Limited (7.9%), Syngenta India Limited (6.2%), Sumitomo Chemical India Limited (5.8%), UPL Limited (4.2%), Bayer CropScience Limited (3.9%), Rallis India Limited (3.6%), Excel Crop Care (3.4%) and Others (12.1%).

**Figure 29: India: Pyrethroids Market: Key Players Share (in %), 2019**





Source: Analyst Report, Expert Interviews and IMARC Group

Note: The market share has been calculated on the India pyrethroids production value.

### Value Chain Analysis

The value chain of the pyrethroid industry involves- Research & development, technical grade manufacturer, formulators, distributors/exporter and the end users. A detailed value chain has been illustrated below

**Research and Development** – For a new pyrethroid, the discovery or research process involves the synthesis of candidate molecules. These candidate molecules are subsequently subjected to a series of biological research tests or screens which are designed to demonstrate the biological activity of the new molecule. The screening process is likely to involve several increasingly complex stages to ensure that the new chemical has a suitable biological activity to merit further development.

After research comes the development stage. Pyrethroid development encompasses a broad range of processes which are all aimed at developing the product for subsequent commercialization. Chemical development processes include the establishment of a pilot plant to produce suitable quantities of material for further biological and safety testing. Studies on optimizing the manufacturing process for commercial production are subsequently undertaken with the aim of arriving at a suitably cost-effective manufacturing process.

**Technical Grade Manufacturer:** After the successful synthesizing of the active ingredient in the lab, the production begins in the factory. Synthesizing a pyrethroid is a complex chemical procedure that requires trained chemists and a large, sophisticated laboratory. Once synthesized, the active ingredient is packaged and sent to a formulator.

**Formulators:** A formulator accepts the active ingredient, measures out the proper amount, mixes it with carrier if it is to be a liquid or with inert powders if it is to be a dust pesticide, then bottles or packages it. Liquid pyrethroids are usually packaged in 200-liter drums if a large-scale farmer is the anticipated customer or 20-liter jugs for small-scale operations. Dry formulations can be packaged in 5 to 10 kg plastic or plastic-lined bags. An emulsified formulation is usually concentrated to render transport easier (the active ingredient typically makes up 50 percent of the emulsified concentrate), but granulated and dry pesticides are ready to use.

**Distributor:** The distributor of pyrethroid procures pyrethroids in various formulations from the formulators and distribute them to various end users. They are responsible for distributing and selling commercial pyrethroid products across the country. Many of these are regional players who have tie ups with one or more agrochemical companies for distribution and sale of their products.

**Exporter:** Like the distributors, the exporters of agrochemicals procure them from the formulators and supply it to the end users based in other countries.

**End-user:** The agrochemicals are then provided to various end users including farmers and households.

## OUR BUSINESS

We are a crop protection chemical manufacturer, exporter and marketing company based out of Vapi, Gujarat. We manufacture Intermediates, Technicals and Formulations. We are one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin etc. Our Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. Our business verticals include (a) *Domestic Institutional sales of Technicals*: manufacturing and selling of Technicals in bulk to domestic companies; (b) *Technicals Exports*: Exports of Technicals in bulk to customers outside India; (c) *Branded Formulations*: Manufacturing and selling of Formulations under our own brands through our own distribution network in India; (d) *Formulations Exports*: Export of Formulations in bulk and customer specified packaging outside India; and (e) *Public Health*: Manufacturing and selling of general insect control chemicals by participating in public health tenders issued by governmental authorities and selling to pest management companies.

We started our manufacturing activity in the year 1996 with production of an Intermediate product CMAC. By the FY 2001-2002, we forward integrated our Company into the manufacturing of various Technicals like metametron, cypermethrin, alpha, permethrin and deltamethrin. By the end of the FY 2004-2005, we further expanded our product range to Formulations, which are final products sold to farmers as Pesticides, Herbicides, Fungicides for crop protection and into public health products in the FY 2010-11. Our Company is present in the entire product value chain of the agrochemicals industry i.e. Intermediates, Technicals and Formulations and holds registrations for eighteen (18) Technicals for manufacture and sale in India, one hundred and three (103) Technicals & Formulations for manufacture and sale in the export markets and one hundred and sixty nine (169) Formulations registered for manufacturing and sale in India. Applications for registration of fourteen (14) Technicals & Formulations for manufacture & sale in India and seven (7) Technicals and Formulations to manufacture for the export markets have been filed with the CIB&RC and are in the process of evaluation. We have diversified our business from manufacturing and selling of Intermediates to manufacturing, marketing and selling of Technicals and Formulations. Majority of our current Intermediates production is utilized for captive consumption for the manufacturing of Technicals Products. Formulations are produced and packaged in powder and liquid forms and sold to distributors for further sales to farmers.

Our manufacturing process mainly includes chemical reactions of ammonolysis, esterification, hydrolysis, condensation, favorski reaction, isomerisation, cyanation, friedel crafts, methoxylation, cyclisation and halogenation. We have our in-house R&D team for product development and improvisation which is well supported by our product registration team. Our R&D facilities at Unit I and II are recognized by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India (DSIR). Our new R&D facility at Unit III, Sarigam has become operational from October, 2020.

We exported our products to more than sixty (60) countries in Latin America, CIS, Middle East, Africa, Asia and South East Asia in Fiscal 2020. As of November 15, 2020, our International Distribution Partners have successfully obtained three hundred and - seventy one (371) registrations of our Technicals and Formulations in forty one (41) countries across Middle East, CIS, Asia, South East Asia and Africa. Our International Distribution Partners have presently filed one hundred and seventy two (172) registration applications for our Technicals and Formulations products which are pending before the regulatory authorities in forty one (41) countries. Our International Distribution Partner in Europe has already received registration for Deltamethrin Technical. Our other International Distribution Partner has incorporated a company, Heranba Europe S.L. wherein registration of Alpha Cypermethrin Technical has been recently received. Applications for registration of Lambda Cyhalothrin Technical, and Metribuzin Technical filed by our International Distribution Partners are in process before the relevant authority in EU. Our International Distribution Partner in the USA has also applied for registration of Lambda Cyhalothrin Technical manufactured by our Company as another source of supply to their existing registration for this product. We are in process of developing two (2) products of Fungicides, two (2) products of Herbicides and one (1) product of Insecticides, for which research and development tests have been initiated, for exclusive sale to the European markets after registration with the regulatory authority in EU. India has emerged as the largest pyrethroid manufacturer over the years. More than half of the global demand for Pyrethroids comes from China, after importing intermediates from India, which is used to produce pyrethroid. Yet China's adoption of the 'Blue Sky' program to realize green GDP has led to the shutdown of several chemical plants. This, in turn, is expected to result in higher volumes of Pyrethroids being exported out of India. For further information, please see "*Industry Overview*" beginning from page 105.

We have an extensive distribution network in India supported by a skilled sales force. We have more than nine thousand four hundred (9,400) dealers having access to twenty-one (21) depots of our Company across sixteen (16) states and one (1) union territory in India supporting the distribution of our products. We participate in various international & domestic agrochemical exhibitions and industry conferences to market our products. Our sales & marketing teams travel extensively to maintain and strengthen existing relationships with customers and exploring new relationships with potential customers.

We also educate farmers regarding the benefits of using our products by conducting farmer training camps, participating in village level programmes and exhibitions to establish a direct relationship with farmer communities all over India. Some of our Branded Formulations sold to farmers in the domestic markets are “Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henox[a]”, “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” among others.

We have three (3) manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat having one hundred seventy-four (174) reactors with an aggregate manufacturing capacity of 14,024 MTPA. These facilities will manufacture Intermediates like cypermethric acid chloride, cypermethric acid and MPBD and Technicals like Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin and Lambda cyhalothrin amongst others and a range of Insecticides, Herbicides and Fungicides Formulations. From four (4) facilities earlier, we have now integrated a facility with Unit I for operational purposes which will exclusively manufacture Intermediates and Technicals and Unit II will continue to manufacture Intermediates and Technicals. Facilities which have been mainly producing Formulations in liquid and powder forms, which are then packed in various sizes as per the required dosage for each crop on a per acre basis dismantled and shifted to Unit III at Sarigam. As a part of our expansion plans, we have in the year 2018 acquired on lease from GIDC around 55,000 sq. mtrs. of land at Sarigam, near Vapi, Gujarat out of which around 22,300 sq. mtrs. is being used for Formulations facility, which will streamline our production by some new reactors and establishing an automated facility for packaging the Formulations. Our new R&D facility at Unit III at Sarigam has become operational from October, 2020. The remaining land shall be utilized at a later stage for manufacturing Intermediates, Technicals and for establishing other administrative facilities. The Sarigam Unit III also has a rooftop solar plant generating 2,66,590 units-kWh per annum for captive consumption. Our manufacturing facilities have been/are being installed with well-balanced effluent treatment systems for solid, liquid and gaseous effluents and emission generated from our processes.

Our Promoters Mr. Sadashiv K. Shetty and Mr. Raghuram K. Shetty are first generation entrepreneurs and have more than three (3) decades of experience in the agrochemicals industry. They have been instrumental in the growth and management of our Company.

Some of our financial details for the six months period ended on September 30, 2020 and September 30, 2019 and for the Fiscal 2020, Fiscal 2019 and Fiscal 2018 are set out below:

Particulars	(₹ in million)				
	As at September 30, 2020	As at September 30, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Revenue from Operations	6,183.44	5,016.49	9,513.74	10,044.44	7,450.95
EBITDA	1001.44	762.96	1,458.82	1,388.07	931.25
EBITDA Margin (in %)	16.20	15.21	15.33	13.82	12.50
PAT	663.11	532.43	977.50	754.02	468.76
PAT Margin (in %)	10.72	10.61	10.27	7.51	6.29

Out of our aggregate revenues for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018, revenues from (a) Domestic Institutional sales of Technicals was ₹ 2,040.20 million and ₹3,010.04 million, ₹3,314.59 million and ₹1,963.62 million representing 32.99%, 31.64%, 33.00% and 26.35%; (b) Technicals exports was ₹ 1,989.38 million, ₹3,470.90 million, ₹3,965.69 million and ₹3,007.77 million representing 32.17%, 36.48%, 39.48% and 40.37%; (c) Formulations Exports was ₹ 573.50 million, ₹1,220.62 million, ₹951.98 million and ₹667.38 million representing 9.27%, 12.83%, 9.48% and 8.96%. (d) Branded Formulations was ₹1409.95 million, ₹1,205.78 million, ₹1,458.51 million and ₹1,670.72 million representing 22.80%, 12.67%, 14.52% and 22.42%; and (e) Public Health was ₹170.41 million, ₹606.40 million, ₹353.67 million and ₹141.46 million representing 2.76% and 6.37%, 3.52% and 1.90%.

## Our Strengths

### 1. Presence in a wide range of products across the entire value chain of synthetic pyrethroids.

We manufacture Intermediates, Technicals and Formulations which form part of the entire value chain of synthetic pyrethroids and other active ingredients in the agrochemicals business. We are one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin etc. We started manufacturing of Cypermethric Acid Chloride (CMAC) which is a key pre-cursor required to produce

pyrethroids in the FY 1995-96 at our facility at Vapi, Gujarat. By the FY 2001-2002, we forward integrated our operations to manufacture Technicals like Metamethrin, Cypermethrin, Alphacypermethrin, Permethrin and Deltamethrin. In the FY 2004-05 we further expanded our product line to include Formulations to then move on to launch Formulations under our own brands in the FY 2005-06. This capability of manufacturing Intermediates, Technicals and Formulations and our presence in the entire value chain of synthetic pyrethroids provides us the flexibility to shift between products depending on the demand-supply and pricing dynamics of the domestic and international agrochemicals industry. The range of our business activities i.e. from the manufacturing of Intermediates to the sale of branded Formulations, both in the domestic and international markets, offers ample opportunities to enhance revenue and profitability of our Company. Our product pipeline will further expand once we receive necessary approvals from the CIB&RC for the manufacture and sale in India of fourteen (14) Technicals and Formulations, seven(7) Technicals and Formulations for the export markets and one hundred seventy two (172) Technicals and Formulations filed for registration by our International Distribution Partners before regulatory authorities in forty one (41) overseas jurisdictions, excluding Europe.

## **2. Product registrations in the domestic and international markets enabling global outreach.**

Our International Distribution Partners, with our product and technical support, have obtained registrations for three hundred and seventy one (371) Technicals and Formulations in forty one ( 41) countries across Middle East, CIS, Asia, South East Asia and Africa. Further, one hundred seventy two (172) of our Technicals and Formulations have been filed by our overseas customers which are pending registration before the regulatory authorities of forty one (41) countries in various regions across the world, excluding Europe. Our core strength lies in the R&D of Active Ingredients for creating new Formulations, preparing dossiers for national and international registrations of these new Formulations. Our in-house registration team is led by qualified personnel who facilitate the registration process in India with the CIB&RC and our dealers/customers in overseas jurisdictions, including some highly regulated markets like Europe enabling the manufacture and export of a range of Technicals and Formulations in the international markets.

## **3. Strong product portfolio and wide distribution network.**

We manufacture and supply Technicals to leading domestic and multinational agrochemical companies operating in and outside India which are used by them for manufacturing their own products. We supply Technicals like cypermethrin, alphacypermethrin, deltamethrin, permethrin and lambda cyhalothrin to other agrochemical companies in India. Our end customers for our Formulations are the farmers who use our products for crop protection and crop care. We have more than nine thousand four hundred (9,400) dealers/distributors supported by our twenty-one (21) stock depots spread across sixteen (16) states and one (1) union territory in the country in order to meet the demand of our products from farmers. We participate in various international and domestic agrochemical exhibitions & industry conferences to market our products. Our sales & marketing teams travel extensively to maintain and strengthen existing relationships with customers and to explore new relationships with potential customers. We educate farmers on the care and protection extended by our products over their crops by conducting farmer training camps, participating in village level programmes and district exhibitions to establish a direct relationship with farmer communities all over India.

## **4. Diversified and stable customer base**

Various domestic and multinational agrochemical companies operating in and outside India are our customers for the Technicals manufactured by us. These include companies like Sumitomo Chemical India Limited, Sulphur Mills Limited, Biostadt India Limited, Crystal Crop Protection Limited, NACL Limited (Formerly Nagajuna Agrichem Limited), Sharda Cropchem Limited, Meghmani Organics Limited, PI Industries Limited, Krishi Rasayan Group, Agro Life Science Corporation and Shanghai Agricare Chemical Co. Limited, China amongst others who use our products to manufacture their own Formulations and other products. We also procure certain Technicals and Formulations from other companies depending on demand and supply and pricing dynamics. This diverse and stable base of customers provide the necessary revenue stability to our Company as not more than 20.85% and 18.57% of our aggregate sales come from our top ten (10) customers for FY 2020 and the period ended September 30, 2020, respectively.

## **5. Experienced Promoters and Management Team.**

Our Promoters have more than thirty (30) years of individual experience in the agrochemicals sector and are adequately qualified to manage the operations of our Company from manufacturing, exports and marketing. Our Promoters are completely involved in the day to day affairs of our Company and future business strategies. They are also instrumental

in the development of new products and markets, both domestic and international. The second generation of our Promoters are also fully involved and taking active interest in the business activities of our Company and have become a part of our management and operations. With the right mix of youth and experience we believe that our Company is poised for growth and evolution in the near future.

## **Our Strategies**

### **1. Enhancing and streamlining production capacities and operations.**

We have three (3) manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat with one hundred seventy-four (174) reactors having an aggregate manufacturing capacity of 14,024 MTPA. These facilities manufacture Intermediates like cypermethric acid chloride, cypermethric acid and MPBD and Technicals like cypermethrin, alphacypermethrin, deltamethrin, permitherin and lambda cyhalothrin amongst others and a range of Insecticides, Herbicides and Fungicides Formulations. From four (4) facilities earlier, we have now integrated a facility with Unit I for operational purposes which will now exclusively manufacture Intermediates and Technicals and Unit II will continue to manufacture Intermediates and Technicals. Unit III at Sarigam mainly produces Formulations in liquid and powder forms, which are then packed in various sizes as per the required dosage for each crop on a per acre basis. We acquired this land parcel of around 55,000 sq. mtrs. in the year 2018 on lease basis from GIDC, out of which around 22,300 sq. mtrs. has been presently used the Formulations facility being Unit III. We have streamlined our production by adding some new reactors and establishing an automated facility for packaging the Formulations at Unit III. Our new R&D facility at Unit III Sarigam has become operational from October, 2020. The remaining land shall be utilized at a later stage for manufacturing Intermediates, Technicals and for other establishing administrative facilities. We now have Unit I which is a dedicated facility for manufacturing Technicals, Unit II for derivatives of CMAC and Unit III for liquid and powder Formulations and packaging of Formulations in various sizes and materials.

Our Unit III land parcel of around 55,000 sq. mtrs. is more than three (3) times the land parcel of around 17,500 sq. mtrs. at Vapi, Gujarat. The availability of land for expansion and streamlining of operations will further enhance our revenues and profitability in the near future. In addition to the Sarigam land, we have another parcel of land admeasuring around 34,600 square metres at Saykha, at GIDC – Dahej extension, Gujarat (“**Saykha**”) which can be used for further expansion, when required. Further, Our Company has applied with Ministry of Environment (Forests and Climate Change), India for the proposed expansion of manufacturing activities of our Company at Saykha for environmental clearance. .

The Pyrethroids market in India is projected to grow at a CAGR of 8.5% during 2020-2025, reaching a production volume of 25,398 Tons by 2025. Moreover, the production and consumption value are expected to reach a value of US\$ 462 Million and US\$ 205 Million by 2025, exhibiting a CAGR of 12.5% and 19.6% respectively. For further information, please see “*Industry Overview*” beginning from page 105. We believe that our infrastructure and facilities, present and future growth plans will be in line with the growth of the pesticides industry.

### **2. Development of new products at our R&D facility at Unit III (Sarigam Unit).**

In order to enter the highly regulated markets of USA and Europe our Company has further enhanced its R&D facilities and capabilities by establishing a 2,000 sq. ft. R&D facility at Unit III (Sarigam Unit) which has become operational from October, 2020. The new R&D facility has the latest technology and processes required to conduct research on Active Ingredients and Formulations, mainly of the molecules going off-patent in the near future with some of them going off-patent in 2020 itself. The new R&D facility will focus on 3-4 such new molecules which are undergoing R&D tests out of which two (2) products are fungicides which will be effective on rice and wheat crops, two (2) are herbicides and one (1) is an insecticide which will be effective on wheat, rice, cotton and sugarcane, for exclusive sale in the European and USA markets. Once these tests and processes are successfully established, these will be documented in a dossier to be then filed for the purpose of registration in USA, Europe and other overseas jurisdictions through our International Distribution Partners. Registration in USA and EU of a new product generally takes 2-4 years and involves a lengthy and tedious process of submissions, representations and reports with the respective regulatory authorities before approval is finally received from them. We have our in-house R&D team for product development and improvisation which is well supported by our product registration team.

### **3. Entering the highly regulated markets of USA and Europe.**

Various Technicals will be going off-patent in the near future and some of them are going off-patent in the year 2020 itself, which may lead to a good demand for the generic versions of these molecules across the world, especially in the

highly regulated markets of USA and Europe. To exploit these opportunities, we will have to enhance our ability and capabilities with respect to R&D and registrations of the generic versions of these molecules and related formulations in USA and Europe. We believe there is significant growth potential in these markets with higher margins for our existing and new line of products. We believe that our knowledge of the generic agrochemical markets, existing dossiers and registrations across the world will enable new registrations in these highly regulated markets. Our International Distribution Partner in Europe has already received registration for Deltamethrin Technical. Our other International Distribution Partner has incorporated a company, Heranba Europe S.L. wherein registration of Alpha Cypermethrin Technical has been recently received. Applications for registration of Lambda Cyhalothrin Technical, and Metribuzin Technical filed by our International Distribution Partners are in process before the relevant authority in EU. Our International Distribution Partner in the USA has also applied for registration of Lambda Cyhalothrin Technical manufactured by our Company as another source of supply to their existing registration for this product.

#### **4. Enhancing Formulations & Technicals business in the international markets.**

Sales in the international markets require registrations of our Formulations with the respective regulatory authorities in various overseas jurisdictions. Our International Distribution Partners are required to file the application along with various details of the Formulations with the respective regulatory authority. Our Company is named in the application as the manufacturer of the Formulation and we are required to provide the chemical composition details and documents to the local dealer/customer to support the process of registration. We intend to leverage our existing relationships in the international markets where we are already present for new products and develop new relationships in the markets where we are not yet present on the strength of the quality and range of our products. Wider range of Formulations and higher number of registrations is the mantra for increased international sales. Typically, sales of Formulations in the international markets is undertaken by way of tie-ups with International Distribution Partners who import our Formulations, in bulk or final packages, after registration with the local regulatory authority, and sell them mostly under their own brands in their markets. The name of our Company appears on the label of the package of the product as the “source” or “manufacturer” of these products meant for sale in a country. We are required to comply with the local packaging disclosure requirements for the direct export and sale of our Formulations. The manufacture and supply of Technicals is mostly based on demand and supply dynamics in the international markets. Our International Distribution Partners present in these markets regularly provide us the information on the demand and supply situation and place orders accordingly. Company officials are in regular contact with them and extensively travel to these countries and regions to understand the demand and supply patterns which are different for each region depending upon the rainfall and agriculture seasons across the world. With a total product profile of one hundred and three (103) Technicals & Formulations for export and total product profile of three hundred and seventy one (371) Technicals and Formulations registered in forty one (41) countries in the international markets by our International Distribution Partners, we are well placed for growth in the international markets. We expect the global Pyrethroids market to grow at a CAGR of 6.38% in terms of value, during 2020-2025, reaching a value of US\$ 4,068 Million by 2025. Pyrethroids serve as a cost-effective alternative to the conventionally used insecticides. For further information, please see “*Industry Overview*” beginning from page 105.

#### **5. Branded Formulations and Public Health products segment.**

As part of our further growth strategy we intend to focus on manufacturing and sales of Formulations under our won brands in India and the manufacturing and marketing of Public Health products. Some of our Branded Formulations have already established themselves and have a high recall value amongst farmers. Some of our known brands “Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarang”, “Alpha Shakti”, “Henoxa” “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon” among others.

On the Public Health side, our products include general insect control, termiticide, larvicide, indoor residual spray, rodenticide and cockroach gels which are Formulations of synthetic pyrethroids. Public Health products are supplied to municipal corporations and government bodies/agencies through the bidding process of tenders issued by them for public health purposes like controlling the spread of malaria, filaria, dengue and such other parasitic diseases. These products are also supplied to pest control companies which spray them at residential and commercial premises like warehouses and godowns. Our Company has been able to successfully bid for government tenders issued by central and state governments agencies and municipal corporations as we meet their eligibility criteria viz. quality of products, capability of supplying large volumes and track record. We normally supply these products under our own brands like “Temper” and “Rat Kill” or in bulk form as may be required by them.

## Our key business segments

Our business verticals include (a) *Domestic Institutional sales of Technicals*: manufacturing and selling of Technicals in bulk to domestic companies; (b) *Technicals exports*: Exports of Technicals in bulk to customers outside India; (c) *Branded Formulations*: Manufacturing and selling of Formulations under our own brand through distribution network presence in India; (d) *Formulations Exports*: Export of Formulations in bulk and customer specified packaging outside India; and (e) *Public Health*: Manufacturing and selling of general insect control chemicals by participating in the public health tenders issued by governmental authorities and selling to pest management companies.

- a) **Domestic Institutional Sales of Technicals**: Our Company manufactures and sells Technicals to companies, both domestic and multinational, based out of India. We manufacture and supply Technicals to leading domestic and multinational agrochemical companies operating in India which are used by them for manufacturing their own products. We supply Technicals like cypermethrin, alphacypermethrin, deltamethrin, permitherin and lambda cyhalothrin to other agrochemical companies in India. Some of the companies to whom we supply Technicals in India are Sumitomo Chemical India Limited, Biostadt India Limited, Sulphur Mills Limited, Crystal Crop Protection Limited, NACL Limited (*Formerly Nagajuna Agrichem Limited*), Sharda Cropchem Limited, Meghmani Organics Limited, PI Industries Limited, Agro Life Science Corporation, Krishi Rasayan Group amongst others. Our total Domestic Institutional Sales of Technicals for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹2,040.20 million and ₹3,010.04 million, ₹3,314.59 million and ₹1,963.62 million representing 32.99% and 31.64%, 33.00% and 26.35%, respectively.
- b) **Technicals Exports**: We export Technicals in bulk to customers outside India to various agrochemical companies across the world. We manufacture one hundred and three (103) Technicals & Formulations for export purposes only and have received necessary approvals from the CIB&RC in relation to the same. We export Technicals to certain multinational companies like Shanghai Agricare Chemical Co. Limited, China amongst others. We have filed applications before the CIB&RC for registration of seven (7) Technicals and Formulations for the export markets. Our total exports of Technicals for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹1,989.38 million ₹3,470.90 million, ₹3,965.69 million and ₹3,007.77 million representing 32.17% 36.48%, 39.48% and 40.37%, respectively.
- c) **Branded Formulations**: We manufacture and sell various Formulations of Insecticides, Fungicide, Herbicides and Public Health under our own brand through our distribution network present across India. We have more than nine thousand four hundred (9,400) dealers having access to twenty-one (21) depots of our Company across 16 states and 1 union territory in India supporting the distribution of our products. Some of the known Branded Formulations for Insecticides are “Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henoxa” “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” among others. Our total exports of Branded Formulations for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was 1,409.95 million, ₹1,205.78 million, ₹1,458.51 million and ₹1,670.72 million representing 22.80% and 12.67%, 14.52% and 22.42%, respectively.
- d) **Formulations Exports**: Our Company exports Formulations in bulk and in customer specified packaging outside India. Sales of Formulations in the international markets is generally undertaken by way of tie-ups with our International Distribution Partners who import our Formulations, in bulk or final packages, after a prolonged and detailed registration process in their respective country’s regulatory authority. Our Formulations are mostly sold by our International Distribution Partners under their local brands in these markets. The name of our Company appears on the label of the package of the product as the “source” or “manufacturer” of these products meant for sale in a particular country. We are required to comply with the local packaging disclosure requirements for the export and sale of these Formulations. Our total exports of Formulations for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹573.50 million and ₹1,220.62 million, ₹951.98 million and ₹667.38 million representing 9.27% and 12.83%, 9.48% and 8.96%, respectively.
- e) **Public Health**: We also manufacture and sell general insect control chemicals to governmental authorities like municipalities by participating in public health tenders issued by them and to pest management companies. We entered this business segment in the FY 2010-11. We normally supply these products under our own brands like Alpha Shakti-5WP, Temper EC, Deltaflow or in bulk form as maybe required by them. Our total exports of Public Health for the six



months period ended on September 30, 2020 and for the FY 2020, FY 2019 and FY 2018 was ₹170.41 million and ₹606.40 million, ₹353.67 million and ₹141.46 million representing 2.76% and 6.37%, 3.52% and 1.90%, respectively.

## **Our Journey**

In the year 1996 we started manufacturing the Intermediate CMAC. By FY 2002 we had forward integrated into the manufacturing of Technicals, primarily made from the raw material CMAC and other Intermediates like cypermethric acid, metaphenoxy benzaldehyde and metaphenoxy benzyl alcohol. We developed a product portfolio of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permitherin, lambda cyhalothrin etc. which are used for captive consumption to manufacture Formulations and are sold in bulk to domestic and international customers. Synthetic pyrethroids are Pesticides derived from naturally occurring pyrethrins and is synthetically made by industrial methods. These Technicals are highly concentrated solutions and cannot be used directly for agricultural purposes. These Technicals are usually formulated with inert Ingredients like emulsifier and petroleum-based solvents and then sold for use to farmers for crop protection and crop care by way of further dilution at the time of use. Formulations improve the properties of a chemical for handling, storage, application and may substantially influence effectiveness and safety. We forward integrated into the manufacturing of Formulations by the FY 2004-05 and into our own Branded Formulations in the FY 2005-06. Formulations are sold in three forms of variant solid, liquid and powders. Presently, we sell our Branded Formulations through our own distribution network managed by a skilled sales force. We have more than nine thousand four hundred (9,400) dealers and twenty-one (21) depots in sixteen (16) states and one (1) union territory across India that support us in the distribution of our Formulations to the farmers. In the FY 2020, we exported Technicals and Formulations to more than sixty (60) countries in the international markets. Technicals are sold in bulk packaging and Formulations are sold both in bulk packaging and customer specified packaging.

Intermediates manufactured are for our own captive consumption for manufacturing various Technicals and Formulations. We now manufacture Intermediates, Technicals and Formulations i.e. the entire value chain of the agrochemicals industry.

## **Our Major Products**

### **Technical Grade Pesticides/Technicals:**

#### **Insecticides:**

Insecticides are substances used to kill insects. They include ovicides and larvicides used against insect eggs and larvae, respectively. Insecticides are majorly used in agriculture. We manufacture the following insecticides:

*Cypermethrin, Deltamethrin, Alpha Cypermethrin, Acephate, Lambda Cyhalothrin, Permethrin, Profenophos, Temephos, Theta Cypermethrin, Thiamethoxam and Imidacloprid.*

#### **Fungicide:**

Fungicides are biocidal chemical compounds or biological organisms used to kill parasitic fungi or their spores. A fungistatic inhibits their growth. Fungi can cause serious damage to crops, resulting in critical losses of yield, quality and profit. We manufacture the following Fungicides:

*Tricyclazole and Hexaconazole*

#### **Herbicides:**

Herbicides also commonly known as weed killers, are substances used to control unwanted plants while leaving the crop relatively unharmed. We manufacture the following Herbicide:

*Glyphosate, Metribuzin & Clodinafop.*

#### **Intermediates:**

An intermediate is a molecule that is formed from two or more reactants and then reacts further to give products. Most chemical reactions require more than one step and an intermediate is the product of each step, except for the last one, after which the final products are produced. We manufacture the following Intermediates:

*Cypermethric Acid Chloride (CMAC), High CIS CMA, High CIS CMAC, High Trans CMA, High Trans CMAC, Bromobenzenes and Metaphenoxy Benzaldehyde (MPBD).*

#### **Formulations:**

A pesticide formulation is a mixture of chemicals which effectively control a pest. Formulating a pesticide involves processing it to improve its storage, handling, safety, application, or effectiveness. Formulations and branding of formulations is a forward integration to our Technicals business.

Our major Branded Formulations include:

**i. Insecticides:**

*Jayam, Progress Plus, Param, Cyraplus, Dyken, Mantra, Astron, Signor, Prompt, Cypra, Heraban, Sarag, Alpha Shakti and Henoxa.*

<b>Name of the Product</b>	<b>Indicative Use on Crops</b>
Jayam	Non systemic insecticide with contact and stomach action, and repellent properties.
Progress plus	Broad spectrum insecticide with contact and stomach action with quick knockdown effect.
Param	Broad spectrum insecticide with contact and stomach action with quick knockdown effect.
Cyraplus	Non systemic insecticide with contact and stomach action.
Dyken	Systemic insecticide with contact and stomach action
Mantra	Systemic insecticide with translaminar activity with contact and stomach action.
Astron	Broad spectrum fungicide with good preventive & curative properties which provides flexibility & broad window of application.
Signor	Non systemic insecticide with contact and stomach action, having a slight repellent effect.
Prompt	Broad spectrum systemic insecticide with contact and stomach action.
Cypra	Non systemic insecticide with contact and stomach action.
Heraban	Non systemic insecticide with contact and stomach and respiratory action
Sarag	Systemic insecticide and acaricide with contact and stomach action.
Alphashakti	Non systemic insecticide with contact and stomach action
Henoxa	Insecticide active by contact and ingestion. Affected insects cease feeding, with poor coordination, paralysis and ultimately death.

**ii. Herbicides:**

*Glory, Chakde, Heraquat, Zinta, Glory 71, Shera, Pendant, and Atria.*

<b>Name of the Product</b>	<b>Indicative Use on Crops</b>
Chakde	Post emergence, systemic grass herbicide. Phytotoxic symptoms appear within 1-2 weeks, effecting meristematic tissue.
Heraquat	Non-selective contact herbicide, absorbed by the foliage with some translocation in the xylem.
Zinta	Selective pre emergence broad spectrum herbicide with excellent action against annual grasses, sedges and broad leaves weeds.
Glory 71	Non- selective systemic herbicide, absorbed by the foliage, with rapid translocation throughout the plant.
Shera	Systemic herbicide, absorbed by the roots and foliage.
Pendant	Selective herbicide absorbed by roots and leaves.
Atria	Selective systemic herbicide, absorbed principally through the roots and foliage

**iii. Fungicides**

*Macamba, Sulphy, Mask, Silicon Plus, Propizole, Vintage, Exort, Tulip, Mandy and Silicon.*

<b>Name of the Product</b>	<b>Indicative Use on Crops</b>
Macamba	Broad spectrum, systemic and contact fungicide with protective and curative action.
Sulphy	Non systemic protective fungicide with contact and vapour action.
Mask	Systemic fungicide absorbed rapidly by the roots and foliage and translocated in the xylem and apoplast within the plant.
Silicon plus	Systemic fungicide with protective and curative action.

Name of the Product	Indicative Use on Crops
Propizole	Systemic foliar fungicide with protective and curative action, with translocation acropetally in the xylem.
Vintage	Broad spectrum, systemic and contact fungicide with protective and curative action.
Exort	Non systemic antibiotic with fungistatic action
Tulip	Systemic fungicide with protective and curative action.
Mandy	Broad spectrum, systemic and contact fungicide with protective and curative action.
Silicon	Systemic fungicide with protective and curative action.

#### iv. Public Health

These products include general insect control, termiticide, larvicide, indoor residual spray, rodenticide and cockroach gels which are formulations of certain generic active ingredients like synthetic pyrethroids. Our Branded Formulations in this space are:

*Temper and Rat Kill.*

Name of the Product	Indicative Use
Temper	Organophosphate Insecticide in control of Mosquito larvae
Rat kill	Anticoagulant Rodenticide

- v. **Plant Growth Regulator (PGR):** A small but growing segment of our business is PGR which is a natural or synthetic chemical that is sprayed or otherwise applied to a seed or plant to alter its characteristics. They are sometimes referred to as plant hormones. PGRs can be used on crops to achieve a desirable goal, ranging from increasing insect and disease resistance to increasing root strength. Some PGRs also are used to stunt growth. Not all plant growth regulators are designed to foster faster growth. Some are designed to slow down growth and keep young plants compact for easier transplantation for longer periods. We have two Branded Formulations of PGRs mentioned below:

Name of the Product	Indicative Use
Shado	Supplement for healthy plant growth
Heraphon	Plant Growth Regulator

#### Usage of our Key Technicals:

1. *Cypermethrin:* This is a wide spectrum insecticide to control crop damaging insects in all range of fruits, vegetables, cotton and other crops. It is also used to control flies and other insects in animal houses. It has application in public health against mosquitoes, cockroaches, houseflies, etc.
2. *Alphacypermethrin:* This is non systemic insecticide used for the control of a wide range of chewing and sucking insects in agricultural crops like cotton rice, potatoes, oilseeds, etc. used in public health for the control of harmful insects.
3. *Permethrin:* An insecticide effective against broad range of pests. Used as preservation against insects and pests.
4. *Deltamethrin:* This is a highly effective insecticide used in low dosages. It has both crop protective usages like the above and also effective in the Public Health segment. It is used as a preservative in grain storage and is effective against wood pests.
5. *Lambda Cyhalothrin:* A wide range pesticide used in agricultural crops.

#### Plant & Machinery

We have three (3) manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat having one hundred seventy-four (174) reactors with an aggregate manufacturing capacity of 14,024 MTPA. These facilities will manufacture Intermediates like cypermethric acid chloride, cypermethric acid and MPBD and Technicals like Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin and Lambda cyhalothrin amongst others and a range of Insecticides, Herbicides and Fungicides Formulations.

Various machinery and equipment have been installed at our Units I, II and III. Some of the equipment that has been installed is set out below:

Number of Equipment	Equipment	Capacity
79	Glass lined reactors	3,000 to 20,000 (In Ltrs.)
83	S.S 306 and 316 Reactors	3,000 to 17,000 (In Ltrs.)
12	MS Reactors, MS Tile Lined Reactors and HDPE Reactors	4,000 to 25,000 (In Ltrs.)
67	Storage Tanks	5,000 to 50,000 (In Ltrs.)
89	Day Tanks	500 to 70,000 (In Ltrs.)
109	Receivers	630 to 20,000 (In Ltrs.)
15	Receiver type filters	2,500 to 5,000 (In Ltrs.)
134	Condensers	10M <sup>3</sup> to 50M <sup>3</sup>
196	Pumps	2 m <sup>3</sup> /per hr to 260 m <sup>3</sup> /per hr
50	Ejectors (Steam, Water and Four Stage Steam jet)	1,670 m <sup>3</sup> /hr at 2 TR
7	Air Compressors	40 (6 kg/cm <sup>2</sup> ) to 260 (9 kg/cm <sup>2</sup> )
3	N <sup>2</sup> Plants	10 Nm <sup>3</sup> /hr to 30 Nm <sup>3</sup> /hr
3	Boilers	2 Ton/hr to 5 Ton/hr
11	Boiler Accessories	Various capacities
14	Utility Compressors	40 TR to 150 TR
23	Utility Cooling Towers	100 TR to 999 TR
7	RO Plant	6KL/hr
17	MEE Plant	200 kl/per day
23	ETP	5 KL per day
53	Heat Exchangers	2m <sup>2</sup> to 30m <sup>2</sup>
22	ETP Equipment	2,000 to 22,000
14	Electrical Equipment	250A to 1500 KVA
40	Other Equipment	Various capacities
19	Laboratory Equipment	Various capacities
28	Powder Packing Machines	5 gm to 5 kg
21	Weighing Balance (Powder)	1kg to 100 kg
58	Liquid Formulations (Packing Machines)	0.50 to 1 (In Ltrs.)
3	Weighing Balance (Liquid)	1 kg to 500 kg

## Technology

Our Company uses technology in most of its functions and operations for achieving efficiency in the production, management, and administrative processes. We have installed one hundred seventy-four (174) reactors (*glass lined, S.S. 306 & 316 and various MS Reactors, MS Tile Lined Reactors and HDPE Reactors*) which is the primary equipment for the production process of Intermediates, Technicals and Formulations. These reactors are carefully designed by third party manufacturers considering process intricacies and safety parameters, including pollution control requirements. Our R&D laboratory is fully equipped with modern equipment to ensure that our R&D team is well supported by technology to develop new products. Technology is further required in sampling and quality control tests before the final product is taken up for production on the floor. We also have testing facilities and application equipment to evaluate the product's performance.

### ERP System:

We have installed Microsoft Navision 2013 ERP platform since the year 2015 for accounting and other operational systems. This ERP system integrates the following operations:

- All manufacturing facilities Units, Corporate Office, Administration Office and depots are connected online
- On this platform all manufacturing facilities, Corporate Office, Administration Office and depots work as separate operational segments
- At the FY or whenever required all trial balances are merged and consolidated accounts are prepared

Even though the ERP Navision has system driven authorisation modules, at present except for the credit control measures, all other authorisations are done manually. We will be activating the system-based authorisations for other activities as well.

We have not entered into any technology agreement as the technology used by us in manufacturing our products is generic or standard industry technology and widely used by the agrochemicals industry in India and the international markets.

### **Collaborations**

We have not entered into any technical or other collaboration with any entity.

### **Process**

#### ***Manufacturing process***

We manufacture a wide range of products and each product has its own unique manufacturing process. For example, liquid formulations have a completely different process whereas powder and prills have their own unique way of processing. Manufacturing of agrochemicals requires high degree of knowledge about key chemical reactions that need to be executed on a commercial scale for mass production. Our manufacturing process for Pesticides mainly includes:

- Ammonolysis
- Esterification
- Hydrolysis
- Condensation
- Favorski Reaction
- Isomerisation
- Cyanation
- Friedel Crafts
- Methoxylation
- Cyclisation
- Halogenation

We started our manufacturing activity with production of an intermediate product CMAC. By FY 2001-02 we gradually started manufacturing Technicals like, cypermethrin, alphacypermethrin, deltamethrin, permithrin, lambda cyhalothrin etc. in which CMAC was the main raw material. Over the years we have scaled up the manufacturing of Intermediates, Technicals and Formulations which form part of the entire value chain of the agrochemicals industry.

#### ***Generic Active Ingredients***

The process of manufacturing can be classified broadly into three (3) stages viz., reaction, purification and final blending and packing.

***Reaction:*** This is the stage at which the Bromine Source or other elements are introduced into the molecule. This chemical reaction is known as halogenation. Bromine is a highly corrosive element and, accordingly, the process of halogenation takes place in a glass lined reactor. The size of reactors used in different manufacturing processes range from 5000 litres to 12,500 litres depending on the desired batch volume.

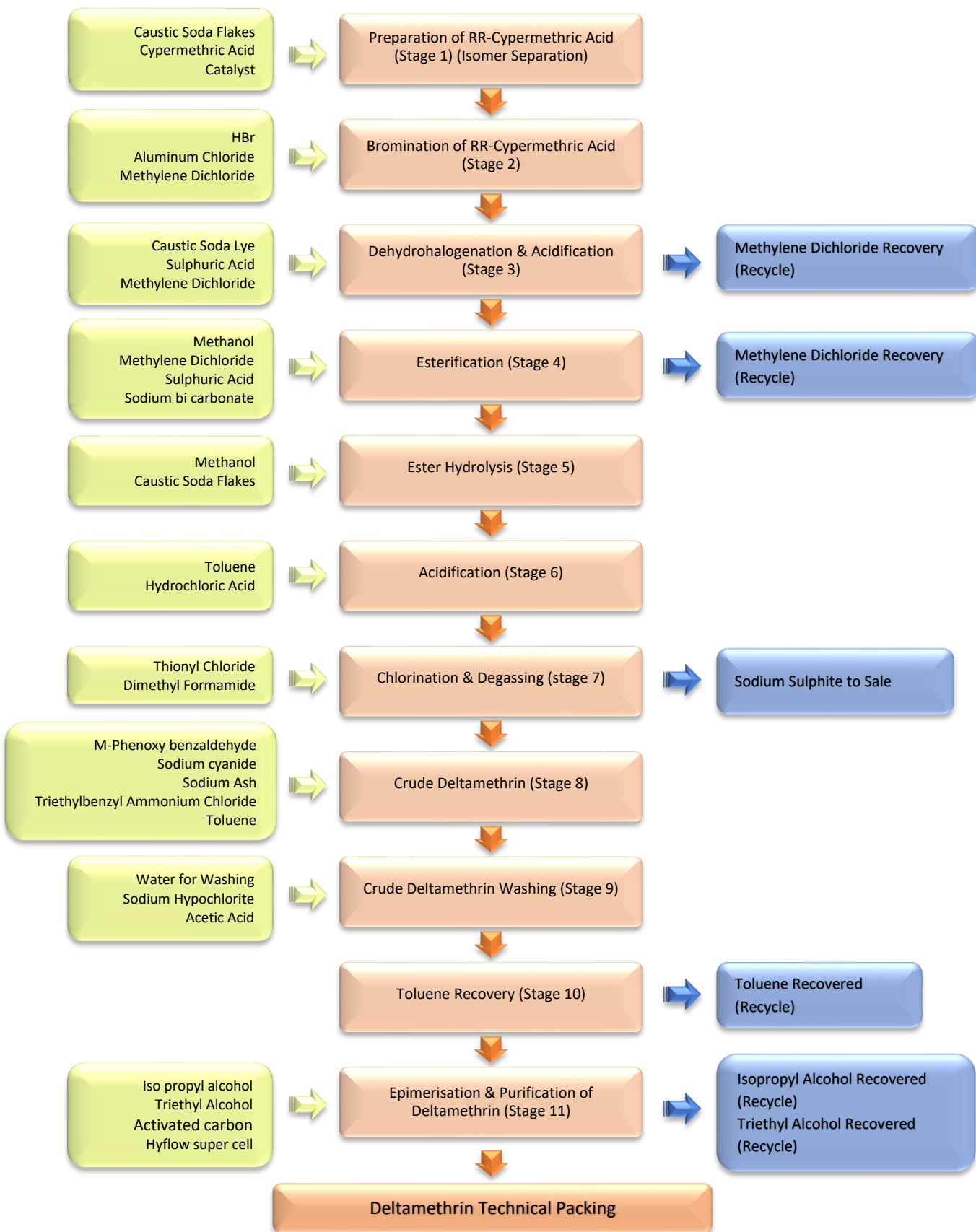
***Purification:*** The process of purification varies depending on the nature of the product. In case of liquid products, the purification process involves vacuum distillation, atmospheric distillation, water wash etc. whereas where the product is solid in nature, the process of purification involves crystallisation, filtration, centrifuge, drying etc.

***Final blending and packing:*** The purified material is blended in glass lined or stainless-steel reactor to make a uniform homogeneous batch and then packed into drums or IBCs suitable for storing final product.

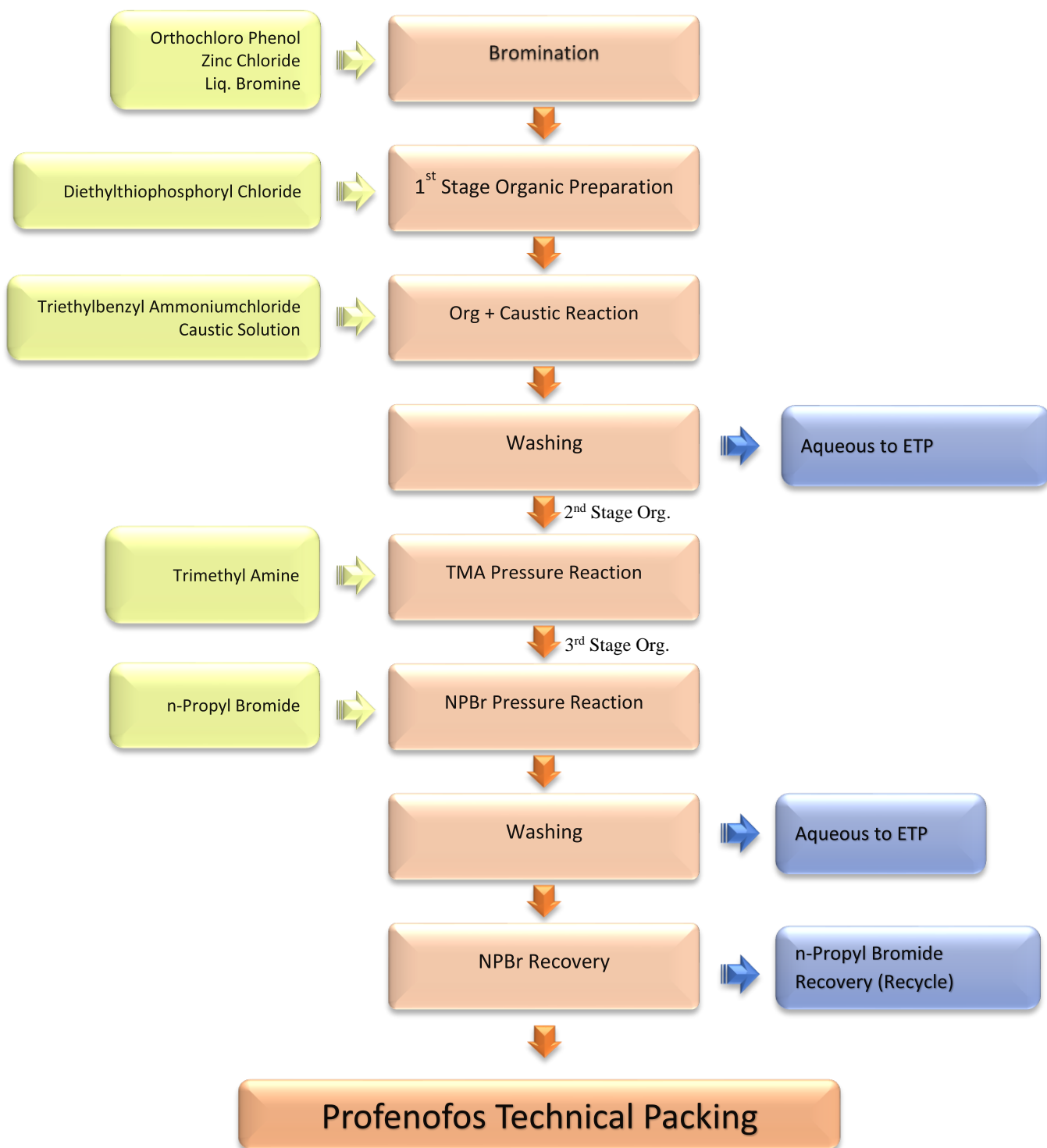
A majority of the products manufactured by us are liquid in nature. Accordingly, a generic manufacturing process flow for the manufacture of a liquid product involving in a 2-stage reaction followed by purification of a product is graphically represented below.

The process flow chart of the major products is set out below:

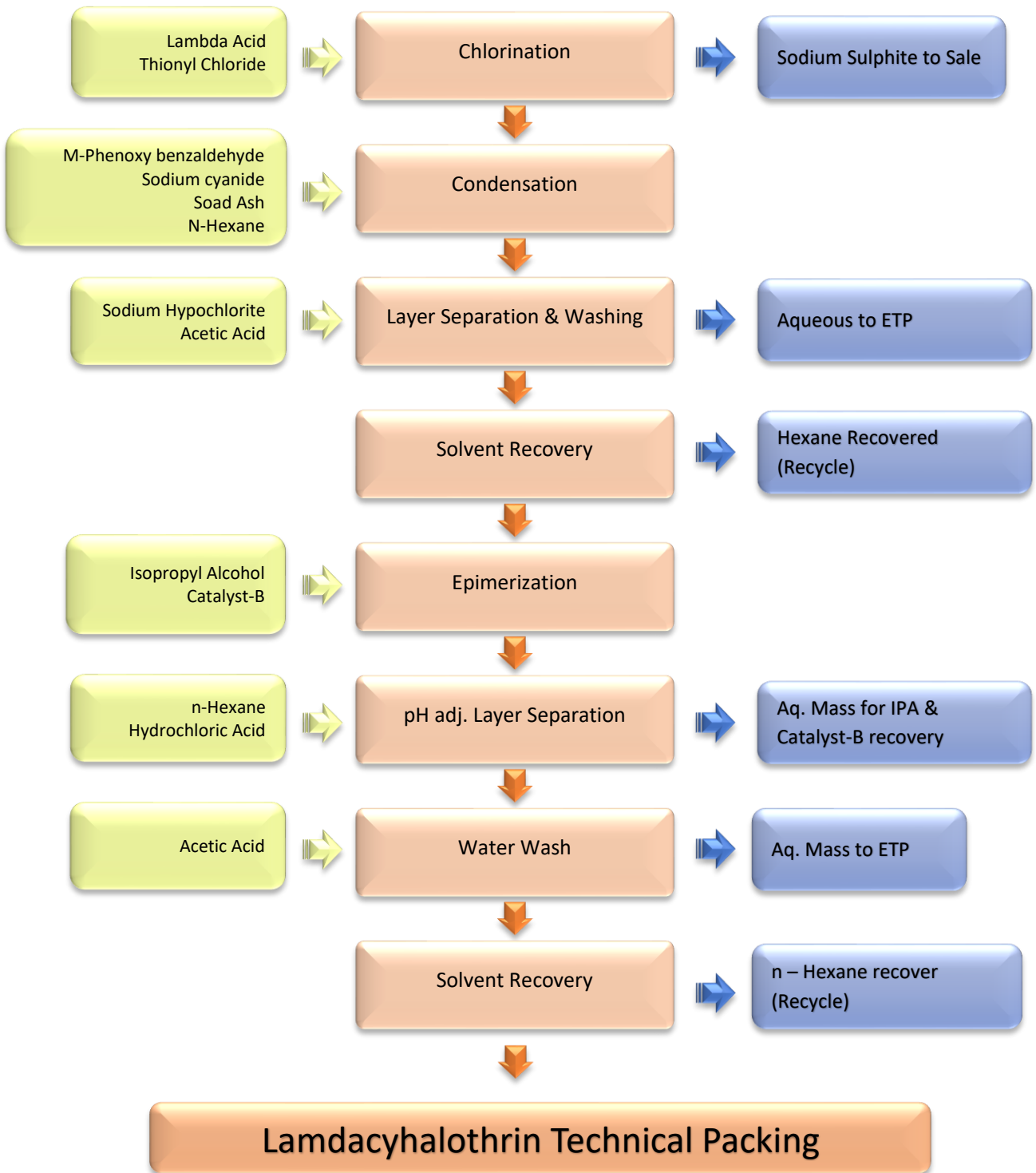
Deltamethrin Technical Process Flow



### Flow Chart for Profenofos Technical

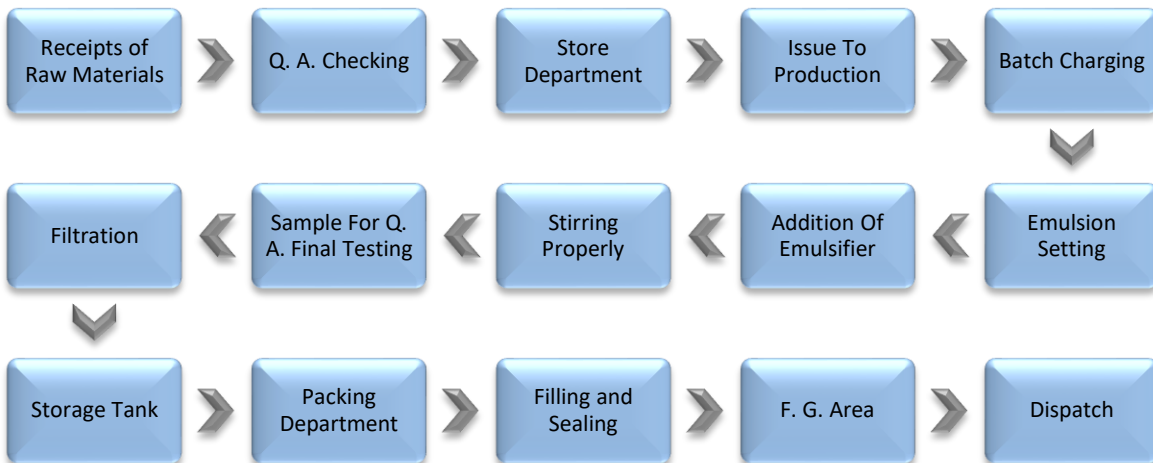


**Flow Chart for Lamdacyhalothrin Technical:**





**Process Flow for Liquid Formulations:**



**Process Flow for Powder Formulations:**



**Flow chart for Prills Formulations:**



## Raw Materials:

Our Company uses many chemicals as raw materials for manufacturing their products. The key raw materials are sourced from domestic companies, local suppliers and some of them are imported by our Company mainly from China. Our key domestic suppliers are SRF Limited, Crescent Organics Private Limited, Gujarat Flourochemicals Limited, Gujarat Alkalies and Chemicals Limited, Sanjay Chemicals (India) Private Limited, Haresh Petrochem Private Limited, M.B. Sales Corporation and Akin Chemicals Private Limited amongst others. Our costs of raw materials compared with our aggregate revenue for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 is mentioned below:

(₹ in million)

Particulars	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total Revenue	6,192.11	9,679.06	10,118.38	7,504.10
Cost of materials consumed	4,517.88	6,397.80	7,083.55	4,970.07
% of Total Revenue	72.96%	66.10%	70.01%	66.23%

The main raw materials imported and domestically procured by us are:

Raw Material (Import)	
CCMT - 2-CHLORO-5-CHLORO METHYL THIAZOLE 98%MIN	OCP -Ortho Chlorophenol
Methyl-4-Nitroimino perhydro 1,3,5-Oxadiazine 98.5%	4HMBT - 2-Hydrazine-4-Methyl-Benzothiazole
Triazione -4-Amino-6-(Tert-Butyl)-3-Mercapto-1,2,4-Triazin-5(4H)-one 97.0% min	Dippi-13-DIISOPROPYL-2-ISOTHIOCYAN-5-PHENOXYBENZEN
Bifenthrin Alcohol	Imidacloprid Tech 95%
Lambda-cyhalothrin	Formic Acid
RHPPA - (R)-(+)-2(4-Hydroxyphenoxy) propionic 99%min	TFP Acid - Lambda Cyhalothric Acid 99%
CDFP - 5-Chloro-2,3-difluoropyridine 96% min	DETCL - O, O-Diethylthiophosphoryl Chloride
Dimethyl Sulfide	Epoxiconazole Tech 97%
Paraquate Dichloride	Bromine
Sodium Salt of Tri Chloropyridinol	Sodium Salt of Trichloro Pyridinol (NATCP)87% min
DMPAT (DIMETHYL PHOSPHORO AMIDO THIOATE)	Benzaldehyde
Sodium Cyanide 98%	

Raw Material (Domestic)	
4-Methyl-2 -Hydrazino Benzothiazole (4hmbt)	Imidachloprid Technical
Acetamiprid Technical	Iso Butylene
Acetic Anhydride	Iso Propyl Alcohol
Acrylonitrile	Lactose
Alluminium Chloride	Liquid Bromine
Benzene	Liquor Ammonia
Butachlor Technical	Mancozeb
Carbendaziam	Meta Phenoxy Benzyl Alcohol (Mpbal)
Carbon Tetra Chloride	Meta Phenoxy Benzaldehyde (Mpbd)
Cartap Technical	Monocrotophos Technical
Caustic Soda Lye	N-Methyl Pyrrolidone
China Clay	Ortho Chloro Phenol
Chloral	Pendimethalin Technical
Chlorpyriphos Tech	Profenofos
Cyclohexanone	Phosphoric Acid
Di Iso Propylamine (Dipa)	Pmida
Di Methyl Sulphoxide	Polyvinyl Pyrrol Idone (Pvpk)
Diethyl Thiophosphoryl Chloride	Precipated Silica
Dimethyl Cyclopropas Carboxylic Acid (Tfp Acid)	Pretilaclor Tech
Dimethyl Sulphate	Propiconazole Tech

<b>Raw Material (Domestic)</b>	
Dmpat	Quinolphos Tech
Emulsifiers, Surfactants, Excepients For Ec's, Wp's, Sc's, Granules, Formulations	Sodium Cyanide
Endosulfan Tech	Solvent C9
Ethion Tech	Sulfosulfuron
Ethyl Acetate	Sulphur 80 Wdg
Formic Acid	Temephos Tech
Hexaconazole Tech	Thionyl Chloride
Hexane	Toluene
Hydrogen Peroxide	Tri Methyl Phosphite
Triazophos Tech	Trimethylamine
Triethylamine	Zinc Phosphide

The raw materials are required to undergo a quality check before they are accepted for use in our manufacturing facilities. The raw materials are stored under conducive conditions, depending upon the nature of the product. To reduce material handling, damage and easy accessibility raw materials are mainly stored and consumed by us in FIFO system.

Our raw materials are generally available from various domestic and international suppliers and are procured on a need basis, depending on the orders on hand and the estimations of the production and marketing team. We have not entered into any long-term contracts in relation to the sourcing of raw materials and supply is generally based on an estimate of 2-3 months of manufacturing schedules. We have adequate storage facilities at our Units to store of various chemicals, raw materials and finished products.

#### **Packaging Material:**

Depending on the product that needs to be packed, the destination of delivery and the mode of transport viz. road, rail, air or water, our products are usually packed in the following materials:

<b>Packaging Material</b>	
Alluminium Bottles	HDPE Bottles
Bi-Laminate & Tri Laminate Flexible Pouches	HM Hdpe Drums
Composite Barrels	Labels
Corrugated Boxes	Lacquered Barrels
Duplex Cartoons	Leaflets
Fibre Drums	Pet Bottles

Packaging of our products is an important function in our business cycle as most of our products fall under the purview of "hazardous chemicals" and need to be packed appropriately to avoid any pilferage and damage to the products. Since most of our products, especially the Technicals are in liquid form, various types of HDPE, HM HDPE drums, composite barrels and fibre drums are used for packaging. Formulations that are sold in the domestic markets through our dealers/distributors to the farmers are generally packed in aluminum bottles, pouches, boxes and pet bottles. Our Public Health products are generally supplied in bulk and are appropriately packed in bottles and drums. These packages generally include a leaflet or are set out of the package itself the method of using the product in both local and national languages.

#### **Utilities**

Our Company mainly requires the following utilities:

##### **Power**

We draw power from GEB for running our Units. Each of our Units has been allocated a power connection from the GEB which is adequately supplied as per our requirement.

##### *Unit I*

*DGVCL power connection - 3300 KVA*

##### *Unit II*

*DGVCL Power Connection: 1300 KVA*

### *Unit III, Sarigam*

*GEB Power Connection: 750 KVA*

DG Power – In addition to the power supplied by GEB, we have also installed diesel generator sets as a back-up source for power. We have installed DG sets with the following capacity at our Units:

### *Unit I & II – 1000 KVA*

Solar Power:

Our new facility at Unit III, Sarigam has a rooftop solar plant generating 185 KW/2,66,590 units-kWh per annum for captive consumption.

### **Water**

Water for all our facilities is provided by the GIDC authorities and is adequately supplied for our operations. At our Unit I – 10KL/per hour of water is first used in the Multi Effect Evaporator (MEE) Plant which is then recycled to be used in the ETP Plant. In Unit II 6kl/per hour of water first goes into the MEE Plant of Unit I and then diverted into the Reverse Osmosis (RO) Plant for recycling to be then provided to the Effluent Treatment Plant (ETP). This facility has not yet been established at Unit III, Sarigam.

### **R&D Facility**

We presently have R&D facilities at each of our manufacturing units which are equipped with the required laboratory equipment. Our R&D facilities at Unit I and II are recognized by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India (DSIR). Our new R&D facility at Unit III Sarigam has become operational from October, 2020.

Our R&D is well supported by an analytical team equipped with required instruments and experienced analysts to check the results of our tests and experiments and prepare new formulations. We have a team of ten (10) R&D personnel who are qualified and experienced to undertake various R&D initiatives of our Company.

In order to enter the highly regulated markets of USA and Europe our Company will have to further enhance its R&D facilities and capabilities. Our advanced R&D facility at Unit III, Sarigam has the latest technology and processes required to conduct research on Active Ingredients and Formulations, mainly of the molecules going off-patent in the near future with some of them going off-patent in 2020 itself. We have already initiated R&D efforts in this direction and 3-4 such new molecules are already undergoing R&D tests out of which two (2) products are fungicides which will be effective on rice and wheat crops, two (2) are herbicides and one (1) is an insecticide which will be effective on wheat, rice, cotton and sugarcane, for exclusive sale in the European markets. Once these tests and processes are successfully established, these will be documented in a dossier to be then filed for the purpose of registration in USA, EU and other overseas jurisdictions through our International Distribution Partners. Registration in USA and EU of a new product generally takes 2-4 years and involves a lengthy and tedious process of submissions, representations and reports with the respective regulatory authorities before approval is finally received from them.

### **Registration of Products**

Presently, for manufacture and sale in India we have eighteen (18) Technicals and one hundred and sixty nine (169) Formulations registered with the CIB&RC. Our product pipeline will further diversify once we receive necessary approvals from the CIB&RC for the manufacture and sale in India of fourteen (14) Technicals and Formulations and seven (7) Technicals and Formulations to manufacture for the export markets In India, depending on the product for registration, the time taken for registration by the CIB&RC varies from 6 months to 2 years.

Our International Distribution Partners have presently filed one hundred seventy two (172) registration applications for our Technicals and Formulations products which are pending before the regulatory authorities in forty one (41) countries. Our International Distribution Partner in Europe has already received registration for Deltamethrin Technical. Our other International Distribution Partner has incorporated a company, Heranba Europe S.L. wherein registration of Alpha Cypermethrin Technical has been recently received. Applications for registration of Lambda Cyhalothrin Technical, and Metribuzin Technical filed by our International Distribution Partners are in process before the relevant authority in

European Union (EU). Our International Distribution Partner in the USA has also applied for registration of Lambda Cyhalothrin Technical manufactured by our Company as another source of supply to their existing registration for this product. Depending on the kind product applied for registration, the time taken for registration by the regulatory authorities in highly developed markets of USA and EU varies from 2 years to 4 years and other overseas jurisdictions from 1 year to 3 years.

Region wise depiction of our product registrations by our International Distribution Partners across the world is set out in the map below:

#### Flow chart for Prills Formulations:



#### Environment

Our Company is committed to preserve the environment and minimise emissions and effluents. We have installed necessary equipment including ETPs at all our facilities for controlling the pollution levels in the water/sludge discharged, in accordance with the rules framed by the Gujarat Pollution Control Board (GPCB). All licences issued by GPCB are valid and subsisting, and our effluent treatment systems are periodically inspected by them to ensure compliance.

Many pollutants, both natural and synthetic, are gaseous in nature and require specific technology to effectively remove the pollutant from an exhaust or process gas stream. Gaseous industrial pollutants can include:

- Acid Gases (hydrochloric acid, sulfuric acid, hydrogen sulfide, and many others)
- Inorganic Gases (Sulfur Oxides, Nitrogen Oxides, Ammonia, etc.)
- Organic Vapours (Ethylene, Benzene, Ethanol, and many other volatile organic compounds [VOCs] or hazardous air pollutants [HAPs])

In order to enhance our compliance and further minimize emissions, our integrated facility Unit I will also involve the installation of the condensation process technology. Condensation is a process that has been majorly used throughout our industry to convert a gas or vapor to liquid. Any gas can be reduced to a liquid by sufficiently lowering the temperature (or increasing the pressure). Condensation can be used to remove a pollutant from a gas stream if the dew point of the pollutant is higher than the carrier gas (or non-pollutant gas). If this is true, the total gas stream can be reduced in temperature below the pollutant's dew point, which will then separate the pollutant from the remaining gas stream as a liquid.

The most common form of condensing is by lowering temperature. While increasing pressure can be equally effective, a pressure condensing technique is usually more expensive. Condensers are simple and relatively inexpensive devices that normally use water or air as the coolant. In other, more sophisticated condensers, a cryogenic method is used to reduce gas stream temperatures below zero degree. In modern applications for air pollution control, condensers are commonly used as pre-treatment devices. Condensers can be used in front of absorbers and oxidizers to reduce the total gas volume treated

or to selectively remove certain organic compounds from the gas stream for re-use in the process or some form of beneficial use recovery.

Condensers work when the warmer vapor stream contacts a cooling medium. The heat from the warm gases is transferred to the cooler medium. Then, as the warm gas stream begins to cool, the kinetic energy of the gas is reduced. Condensation occurs because the pollutant molecules are slowed and crowded so close together that the attractive forces between the molecules cause them to condense into a liquid.

### **Waste Management**

Our Company has an arrangement with certain third parties who have the experience and expertise in hazardous waste management. These third parties are registered with the GPCB and dispose of the hazardous waste as per GPCB requirements and norms.

### **Manpower**

Our Company's human resource policy revolves around our commitment to create an organization that nurtures talent. We provide our employees with an open environment for learning, growth and development and we continuously recognize meritorious performance as a policy. We have no employee unions in our Company.

The following is a department wise break-up of our employees as on November 15, 2020:

<b>No.</b>	<b>Department</b>	<b>No. of Employees</b>
1.	Sales and Marketing (Domestic & International)	160
2.	Finance, accounts and administration	33
3.	Factory workers and factory management team	340
4.	R&D and Quality Control Team	10
5.	Other support services like supply chain, sourcing etc.	65
6.	Registration, credit, legal and costing team	8
	<b>Total</b>	616

In addition to the above employees, we also employ contract labour for our manufacturing operations.

### **Safety Procedures**

Some of our products and raw materials are considered hazardous and/or poisonous. We have adopted safety procedures at our manufacturing facilities, particularly in relation to the import, storage, transportation and sale of such hazardous and/or poisonous substances. In addition, our staff is trained for safety at work and manuals for various activities. This includes knowledge about storage, handling and disposal of raw materials and products, which they handle. They are provided with personal protection equipment such as safety shoes, gloves, goggles and aprons.

We have prepared safety manuals and established measures to prevent and control hazards and risks, new strategies and solutions to be applied both for well-known hazards and risks such as those arising from hazardous chemicals, reaction as well as storage vessels, machineries, tools and manual handling. As a part of the safety procedures training programmes, safe operating procedures, emergency preparedness, risk identification and elimination are undertaken for our employees working at our Units. Our EHS (Environment, Health and Safety) Department undertakes the above activities as per the safety procedures and manuals prepared by our Company.

### **Quality Control**

We focus significantly on the quality of the raw materials that enter our manufacturing process and the quality of our output i.e. finished products at all our manufacturing facilities to ensure the desired quality is attained and maintained. Quality forms the crux of our consistent drive towards perfection. Our adherence to total quality management systems using modern infrastructure and methodologies has enabled our Company to develop products that ensure customer and user satisfaction. We on a continuous basis analyse the raw materials being processed as well as the finished goods. We also conduct analytical tests in our laboratories, in order to analyse certain characteristics of our products, which include classical

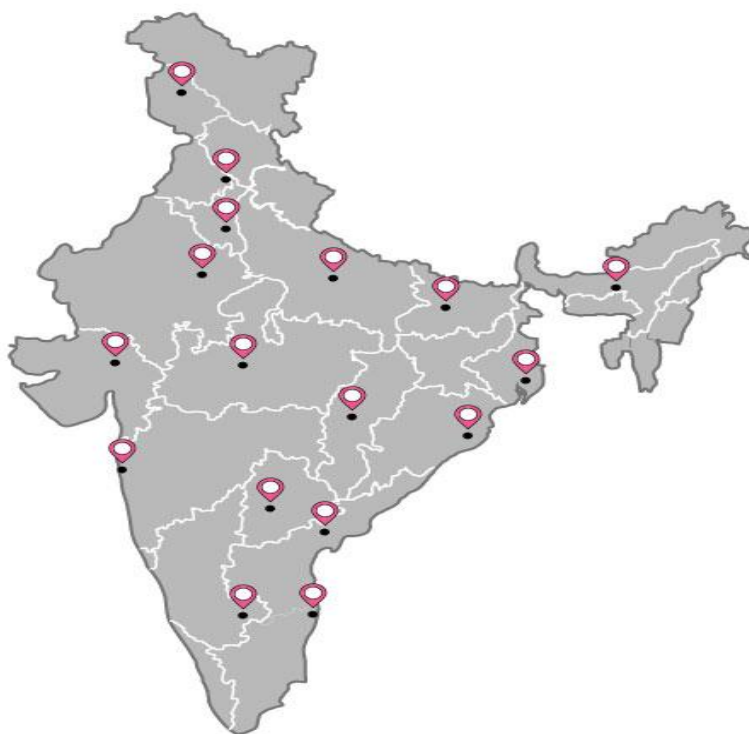
analysis on the melting and boiling point of certain products and their chemical analysis. Our quality assurance laboratories of Unit I and II have been accredited with ISO/IEC 17025:2005 certification by NABL.

### Competition

The Indian agrochemicals market is highly fragmented in nature with many formulators. The competition is fierce with large number of organized sector players and spurious pesticide manufacturers. In 2019, our Company dominated the India pyrethroids market, accounting for a share of 19.5% of the total Indian Pyrethroids production values. Our Company was followed by Tagros Chemicals India Limited (14.8%), Hemani Industries Limited (9.9%), Dhanuka Agritech Limited (8.7%), Insecticides (India) Limited (7.9%), Syngenta India Limited (6.2%), Excel Crop Care Limited (5.8%), UPL Limited (4.2%), Bayer CropScience Limited (3.9%), Rallis India Limited (3.6%), Sumitomo Chemical India Limited (3.4%) and others (12.1%).

### Sales & Distribution of our Products:

We have divided our marketing activities on the basis of states in which our products are distributed. Our products are distributed in sixteen (16) states and one (1) union territory across the country and are supported by twenty-one (21) depots across the country to ensure adequate supply of our products. At the ground level we have a sales officer who interacts with the sales head of the state for new products, educational material and guidance to market the products to the farmers of the state. Region wise depiction of our distribution network across the country is set out in the map below:



Our state-wise Sales from the sale of formulations for the six months period September 30, 2020 and Fiscal 2020 as under:

(₹ in million)

No.	Name of the State	Sales for the period ended September 30, 2020	Percentage of Total Sales (in %)	Sales for the Fiscal 2020	Percentage of Total Sales (%)
1.	Maharashtra	285.91	16.83	300.03	15.60
2.	Andhra Pradesh	149.73	8.81	255.28	13.27
3.	Uttar Pradesh	103.12	6.07	159.51	8.29
4.	Gujarat	119.73	7.05	159.03	8.27
5.	Rajasthan	160.45	9.44	145.26	7.55
6.	Telangana	90.36	5.32	131.05	6.81
8.	Madhya Pradesh	181.82	10.70	130.78	6.80
9.	West Bengal	102.35	6.02	127.37	6.62
10.	Punjab	96.17	5.66	94.02	4.89
11.	Odisha	73.60	4.33	87.93	4.57
12.	Karnataka	69.65	4.10	69.97	3.64
13.	Chhatisgarh	79.45	4.68	68.66	3.57
14.	Haryana	68.93	4.06	57.27	2.98
15	Tamilnadu	39.82	2.34	50.67	2.63
16.	Bihar	32.00	1.88	43.70	2.27
17.	Assam	46.10	2.71	43.07	2.24
	<b>TOTAL</b>	<b>1,923.6</b>	<b>100</b>	<b>1,699.22</b>	<b>100</b>

Our sales officers interact with farmers and dealers/distributors directly. They are instrumental with respect to the interactions with farmers and providing them with our recommendations. They also provide us with useful intelligence with respect to the farmer's requirements. An important element of our marketing is farmer support and education. We hold education programs for farmers to educate them on the advantages of using crop protection products and the safe and sustainable use of crop protection products. We believe these programs have helped the farmer increase their productivity, while also preserving the long-term sustainability of their land. We not only educate farmers on how to use our products, but we also pay special attention to inform them to avoid misuse of our products and to use in the right quantity and mix with other products.

Our distribution network enables us to launch our products quickly and effectively and to exploit our range of existing products. Our dedicated marketing activities are directed towards dealers/distributors and retailers, agricultural consultants and farmers. They consist of a broad range of promotional tools such as meetings with farmers and dealers/distributors, field demonstrations and direct marketing activities.

#### *Farmer training programs*

We recognize the importance of educating farmers with the latest information on crop management. We focus on issues such as correct and judicious use of plant protection chemicals. Our sales officers are trained in the features of our products and they educate farmers through a range of initiatives, including:

*Village meetings.* We arrange village meetings in various farming villages across India to educate the farmer about the pest and disease problems affecting their crops. We also provide on the spot recommendations and solutions to address any immediate concerns.

*Yield demonstrations.* Demonstrations are undertaken at target villages on the fields of selected farmers. The objective of these demonstrations is to show the efficacy of the products and the impact on yield. Farmers' meetings are conducted at the demonstration sites to discuss the results of the demonstrations throughout the village. Our teams are trained to undertake this activity in an effective manner and to record the results for sharing with other farmers and teams.

*Focus on discussions and deliberations.* We also engage in post and pre-season discussions with farmers to understand their challenges during the cropping season as well as their cropping plans and techniques.



We have more than nine thousand four hundred (9,400) dealers/distributors supported by our twenty-one (21) stock depots spread across 16 states and 1 union territory in the country in order to meet the demand of our products from farmers. We set-out below our state-wise dealer network:

No.	Name of the State/Union Territory	No. of Dealers
1.	Andhra Pradesh	1,632
2.	Maharashtra	1,255
3.	Telangana	851
4.	Madhya Pradesh	770
5.	Karnataka	635
6.	Rajasthan	659
7.	Uttar Pradesh	588
8.	Punjab	520
9.	West Bengal	513
10.	Gujarat	412
11.	Haryana	417
12.	Tamil Nadu	335
13.	Chhattisgarh	293
14.	Orissa	236
15.	Bihar	212
16.	Assam	77
17.	Himachal Pradesh	41
18.	Uttarakhand	24
19.	Tripura	5
20.	Kerala	6
21.	Jammu and Kashmir	3
22.	Jharkhand	1
23.	Andaman	2
24.	Manipur	2
25.	Arunachal Pradesh	1
<b>Total</b>		<b>9,490</b>

### ***Institutional***

We sell Technicals mainly as bulk products to our institutional customers. We currently have more than 40 institutional clients that we cater to on an ongoing basis.

### **International Sales**

In the FY 2020, we exported our products to more than sixty (60) countries across the world, including Saudi Arabia, Brazil, China, Iran, Russia, Portugal, Turkey, Ukraine, Tanzania, South Africa, Vietnam and Thailand. Our International Distribution Partners sell the products of our Company in these markets. Our revenues from exports for the six months period ended on September 30, 2020 and for the Fiscal 2020, 2019 and 2018 was ₹2562.87 million and ₹4,691.52 million, ₹4,917.67 million and ₹3,675.15 million representing 41.45% and 49.31%, 48.96% and 49.32% of our aggregate revenues, respectively. The brief details of our exports in the six months period ended on September 30, 2020 and for the Fiscal 2020 are mentioned below:

(₹ in Million)

Name of the Country	Exports for the period ended September 30, 2020	Percentage of Total Exports (in %)	Name of the Country	Exports for the Fiscal 2020	Percentage of Total Exports (in %)
China	910.75	35.54	China	1,281.44	28.35
Hongkong	143.64	5.60	Iran	716.14	15.84
Thailand	121.93	4.76	Thailand	281.02	6.22
Germany	120.87	4.72	Vietnam	245.92	5.44
Brazil	111.15	4.34	Egypt	183.17	4.05
Singapore	101.34	3.95	Nigeria	178.84	3.96

Name of the Country	Exports for the period ended September 30, 2020	Percentage of Total Exports (in %)	Name of the Country	Exports for the Fiscal 2020	Percentage of Total Exports (in %)
Egypt	80.77	3.15	Saudia Arabia	150.42	3.33
Lebanon	71.86	2.80	Ukraine	100.09	2.21
Malawi	70.10	2.74	South africa	91.64	2.03
Saudi Arabia	68.11	2.66	Brazil	91.52	2.02
Poland	66.22	2.58	Portugal	85.10	1.88
Jordan	44.98	1.75	Turkey	83.87	1.86
Iran	43.73	1.71	Tanzania	80.16	1.77
Tanzania	35.80	1.40	Pakistan	77.47	1.71
Afghanistan	35.58	1.39	Malaysia	76.14	1.68
South Africa	35.21	1.37	Russia	65.62	1.45
Vietnam	32.52	1.27	Kenya	57.50	1.27
Taiwan	28.32	1.10	Italy	54.97	1.22
United Arab Emirates	28.02	1.09	Singapore	47.27	1.05
Malaysia	26.94	1.05	Mexico	45.37	1.00
Ukraine	24.71	0.96	South Korea	38.38	0.85
Spain	20.52	0.80	Jordan	35.25	0.78
Liechtenstein	18.92	0.74	Zimbabwe	33.43	0.74
Kyrgyzstan	18.36	0.72	Uzbekistan	30.14	0.67
Russia	17.68	0.69	Ivory Coast	27.32	0.60
United Kingdome	17.28	0.67	Bangladesh	26.39	0.58
Turkey	16.92	0.66	Uruguay	24.80	0.55
Argentina	16.44	0.64	Other African Countries*	20.54	0.45
South Korea	16.30	0.64	Lithuania	18.19	0.40
Uzbekistan	15.89	0.62	Netherland	17.85	0.39
Nepal	15.01	0.59	Nepal	17.55	0.39
Indonesia	14.61	0.57	France	16.03	0.35
Nicaragua	12.33	0.48	Afghanisan	15.87	0.35
Ivoru Coast	11.79	0.46	Spain	15.11	0.33
Iraq	11.14	0.43	Taiwan	14.26	0.32
Chile	11.14	0.43	Oman	14.18	0.31
Serbia	10.12	0.39	Argentina	11.65	0.26
Uruguay	8.90	0.35	Iraq	11.26	0.25
Kenya	8.31	0.32	United Arab Emirates	10.19	0.23
Syria	7.42	0.29	Caucedo Dominican Republic	9.64	0.21
Wales	7.23	0.28	United Kingdom	9.11	0.20
Somalia	7.12	0.28	Mozambique	8.71	0.19
Jamaica	6.73	0.26	Germany	8.41	0.19
Oman	6.54	0.26	Ghana	8.37	0.19
Zimbabwe	6.23	0.24	Chile	8.11	0.18
Bangladesh	5.93	0.23	Somalia	8.00	0.18
Venezuela	5.69	0.22	Myanmar	6.82	0.15
Caucedo Dominican Republic	5.40	0.21	Uganda	6.59	0.15
Ecuador	4.51	0.18	Colombia	6.38	0.14
Australia	4.20	0.16	Australia	5.91	0.13
Qatar	4.01	0.16	Ecuador	5.69	0.13
Myanmar	3.32	0.13	Costa Rica	5.33	0.12

Name of the Country	Exports for the period ended September 30, 2020	Percentage of Total Exports (in %)	Name of the Country	Exports for the Fiscal 2020	Percentage of Total Exports (in %)
Madagascar	3.13	0.12	Peru	4.62	0.10
Belarus	2.95	0.12	Tunisia	4.39	0.10
Tunisia	2.76	0.11	Indonesia	3.93	0.09
Netherlands	2.71	0.11	Madagascar	3.53	0.08
Zambia	2.60	0.10	Nicaragua	3.31	0.07
France	1.98	0.08	Zambia	3.25	0.07
Mexico	1.86	0.07	Venezuela	2.32	0.05
Panama City	1.58	0.06	Belguim	2.27	0.05
Peru	1.50	0.06	Kuwait	1.91	0.04
Cyprus	1.31	0.05	New Zealand	0.83	0.02
Bulgaria	1.21	0.05	Philippines	0.55	0.01
Iceland	0.71	0.03	Slovenia	0.52	0.01
Colombia	0.04	0.00	Serbia	0.12	0.00
<b>Grand Total</b>	<b>2,562.87</b>	<b>100.00</b>		<b>4,520.66</b>	<b>100.00</b>

\*Countries other than the African countries mentioned above.

### Our Manufacturing Facilities/Units

We have three (3) manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat having one hundred seventy-four (174) reactors (*glass lined, S.S. 306 & 316 and various MS Reactors, MS Tile Lined Reactors and HDPE Reactors*) with an aggregate manufacturing capacity of 14,024 MTPA. These facilities will manufacture Intermediates like cypermethrin acid chloride, cypermethrin acid and MPBD and Technicals like cypermethrin, alphacypermethrin, deltamethrin, permethrin and lambda cyhalothrin amongst others and a range of Insecticides, Herbicides and Fungicides Formulations. From four (4) facilities, we have now integrated a facility with Unit I which will exclusively manufacture Intermediates and Technicals and Unit II will continue to manufacture Intermediates and Technicals. Facilities which has been mainly producing Formulations in liquid and powder forms, which are then packed in various sizes as per the required dosage for each crop on a per acre basis, has been dismantled and shifted to Unit III at Sarigam. As a part of our expansion plans, we have in the year 2018 acquired on lease from GIDC around 14.5 acres of land at Sarigam, near Vapi, Gujarat at a total cost of ₹ 219.40 million. Out of the 14.5 acres, around 5.5 acres is being used for the Unit III Formulations facility. We have also established a new R&D facility at Unit III Sarigam which has become operational from October, 2020. The remaining land shall be utilized at a later stage for manufacturing Intermediates, Technicals and for establishing other administrative facilities.

### Capacity and Capacity Utilization

#### UNIT I\*

##### (Intermediates and Technicals)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Installed Capacity (TPA)	4,944.00	4,944.00	4,944.00
Total Production (Tonnes)	4,524.10	4,449.60	4,202.40
Capacity Utilisation (%)	91.50%	90.00%	85.00%

#### UNIT II

##### (Intermediates and Technicals)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Installed Capacity (TPA)	4,080.00	4,080.00	4,080.00
Total Production (Tonnes)	3,610.80	3,549.60	3,388.00
Capacity Utilisation (%)	88.50%	87.00%	83.00%

#### UNIT III#

##### (Formulations)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Installed Capacity (TPA)	5,000.00	3,764.00	3,764.00
Total Production (Tonnes)	2,928.00	2,634.80	2,559.52

Capacity Utilisation (%)	58.56%	70.00%	68.00%
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**Notes:**

\*The capacity of Unit I has increased due to the merger of operations of a unit situated at Plot No. 1503, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat

#The capacity of Unit III (Sarigam Unit) has increased due to the merger of operations of a unit situated at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat

Our Company has received a written consent from B.V. Anjaria, Chartered Engineer & Consultant to include their name as required under Section 26(5) of the Companies Act, 2013 in this Prospectus and as an “Expert” as required under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect to the assessment of capacity utilisation of our manufacturing facilities and the certificate issued by him to our Company and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U. S. Securities Act.

**Export Possibilities & Export Obligation**

We export our Products to various markets of the world in Europe, Middle East, Asia, South East Asia and Africa to countries such as Argentina, Belgium, Egypt, Indonesia, Jordan, Malaysia, Nicaragua, Philippines, South Africa, Tunisia, Ukraine, Australia, Brazil, Hamburg, Iran, Kenya, Mexico, Nigeria, Turkey, Vietnam, China, France, Zimbabwe, Pakistan, Saudi Arabia, Taiwan, Uganda, Thailand, Bangladesh, Colombia, Germany, Peru and Singapore. We are constantly tapping new markets to enter into tie ups with reputed distributors to expand our presence.

Presently, there are no outstanding export obligations on our Company. Under the duty drawback scheme we receive the refund of custom and excise duties paid on inputs or raw materials and GST paid on the input services used in the manufacture of our exported products.

**Corporate Social Responsibility (CSR)**

Our Company and its employees are conscious of their role in society and keenly participate in social welfare measures. Our Company has constituted a Corporate Social Responsibility (CSR) Committee and formulated a CSR policy to govern such initiatives. The CSR activities undertaken by our Company include areas such as financial assistance to charitable trusts for cleft lip/cleft palate surgeries and distribution of appliances to the physically impaired.

We incurred ₹2.61 million, ₹13.81 million and ₹ 12.99 million in Fiscal 2018, 2019 and 2020, respectively, towards corporate social responsibility activities.

**Immovable Properties:**

Following are the details of the freehold properties of our Company:

No	Description of the Property	Purpose
1.	101 & 102, 1 <sup>st</sup> Floor, Kanchanganga, Factory Lane, T.P. Scheme No. III, Near M.K. High School Borivali (West), 400 092, Mumbai	Corporate Office
2.	Office No. 201, 202, 203, 205 and 206, A-Wing, Fortune Avirahi, Bhattwadi, Jambli Galli, Borivali (West), Mumbai 400092 collectively admeasuring 6262.67 sq. ft.	New corporate office premises (under construction)

Following are the details of the leasehold properties of our Company:

No.	Description of the Property	Name of Lessor/Landlord	Tenure	Purpose
1.	Plot No. 1504, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District-Valsad, 396 195, Gujarat, at Vapi Notified Industrial Area consisting of Revenue Survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad	GIDC	99 years commencing from March 24, 1994	Unit I

No.	Description of the Property	Name of Lessor/Landlord	Tenure	Purpose
	admeasuring around 3,638 square metres.			
2.	Plot No. 1505, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District-Valsad, 396 195, Gujarat, at Vapi Notified Industrial Area consisting of Revenue Survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad admeasuring around 3,342 square metres.	GIDC	99 years commencing from December 6, 1979	Unit I
3.	Plot No.1506/1, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad admeasuring around 2,760 square metres.	GIDC	99 years	Unit I
4.	Plot No. A2-2214, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 115/P & 116/P within Village limits of Chhiri, Taluka Pardi, District Valsad admeasuring around 1,873 square metres.	GIDC	99 years commencing from July 27, 1987	Unit II
5.	Plot No. A-2-2215, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 115/P & 116/P within Village limits of Chhiri, Taluka Pardi, District Valsad admeasuring around 1,809 square metres.	GIDC	99 years commencing from August 26, 1987	Unit II
6.	Plot No. 1503/1, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 117/P within Village limits of Chhiri, Taluka Pardi, District Valsad admeasuring around 2,494 square metres.	GIDC	99 years commencing from March 25, 1992	Unit I ( <i>facility now integrated with Unit I</i> )
7.	Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 118/ P, 124/P within Village limits of Chhiri, Taluka Pardi, District Valsad admeasuring around 1,631 square metres.	GIDC	99 years commencing from June 18, 2014.	Land and Industrial shed.

No.	Description of the Property	Name of Lessor/Landlord	Tenure	Purpose
8.	Office No. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai - 400 092, Maharashtra, India	Chintaman Bhaskar Mali	Leave and License – 60 months commencing from February 10, 2018 to February 9, 2023.	Administration Office
9.	Plot No. C-195 and C-196 in the Saykha Industrial Estate, consisting of revenue survey no. 343/P, 344/P, 346/P, 347/P and 350/P within the village limits of Saykha, Taluka- Vagra, Dist. Bharuch admeasuring around 34,654 square metres.	GIDC	99 years w.e.f. August 21, 2014.	Land
10.	Plot No. 2817/1 at Sarigam Industrial Estate admeasuring around 55,000 square metres.	GIDC	GIDC vide office order dated May 28, 2018 has leased the plot in the name of our Company.	Unit III, Sarigam

#### Intellectual Property:

Our Company presently has sixty-nine (69) registered trademarks under Class 5. Some of our registered trademarks are mentioned below:

“Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henoxa” “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” among others.

Our Company has filed thirty (30) new trademark applications out of which the trademark registry have objected twenty-one (21) applications which are pending for hearing. Some of our trademarks applications have been objected, opposed or refused in the past. For further details, please refer to section titled “*Government and Other Approvals*” beginning on page 307 of this Prospectus.

#### Insurance

Our operations are subject to accidents which are inherent to any manufacturing process such as risks of equipment failure, worker accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including accidents that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environment. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements. Our principal types of coverage include specific policies for manufacturing, storage of our products at various locations, transportation and such others. We have policies include multi buyer pressure policy, marine cargo open policies, standard fire and special perils policies, boiler and pressure plant insurance policy, fire floater policy, burglary floater insurance policy, public liability industrial risk policy and certain vehicle insurance policies. Our insurance policies have standard exclusions. We believe that our insurance policies and coverage is sufficient for our business and operational needs and is as per industry standards. However, our insurance policies may not be sufficient to cover the economic loss that we may have to suffer due to an unfortunate incident. Refer

“Risk Factors – Internal Risk Factors – Our insurance cover may not adequately protect us against all material hazards. We may face significant financial and operational losses if we are not able to recover our insurance claims in the event of any such untoward material hazard.” on page 57.

1. Details of insurance coverage for certain assets at manufacturing units of our Company are set out below:

*(in ₹ million)*

Name of manufacturing unit of our Company	Building (including electrical installation)	Plant and Machinery	Furniture and office equipment	Stock (work-in-progress)	TOTAL
Unit I*	73.78	479.80	11.58	25.00	590.16
Unit II	37.41	213.18	4.42	20.00	275.01
Sarigam Unit <sup>#</sup>	35.46	97.91	24.41	30.00	187.78
<b>TOTAL</b>	<b>146.65</b>	<b>790.89</b>	<b>40.41</b>	<b>75.00</b>	<b>1052.95</b>

\*The details of insurance coverage for certain assets at Unit I includes the details of insurance coverage for certain assets at unit situated at Plot No. 1503, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat which has been merged with Unit I for operational purposes.

#The details of insurance coverage for certain assets at Sarigam Unit includes the details of insurance coverage for certain assets at unit situated at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat which has been merged with Sarigam Unit for operational purposes.

2. The insurance coverage for stock (raw materials, semi-finished goods and finished goods) at the manufacturing units of our Company, Unit I, Unit II and Sarigam Unit is ₹ 961.27 million.
3. The insurance coverage for furniture and office equipment at Corporate Office of our Company is ₹ 5 million.
4. The insurance coverage for furniture and office equipment at Administrative Office of our Company is ₹ 2.94 million.
5. The insurance coverage for stock (finished goods) at our depots is ₹ 400 million.
6. The insurance coverage for certain boilers installed at our manufacturing units, Unit I and Unit II of our Company is as under:
  - a. For boiler registration no. GT 4969 at Unit I: ₹ 2 million
  - b. For boiler registration no. GT 3531 at Unit I: ₹ 1 million
  - c. For boiler registration no. GT 6987 at Unit II: ₹ 2 million

Further, we maintain insurance policies for our employees such as employee’s compensation liability policy, mediclaim insurance policy and group gratuity policy.

## KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA

The following description is a summary of the relevant regulations and policies that are applicable to our business, as prescribed by the Government of India and other regulatory bodies. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set below may not be exhaustive, are intended only to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, refer "Government and Other Approvals" on page 307 of this Prospectus.

Except as otherwise specified in this Prospectus, taxation statutes including the Income Tax Act, 1961 and other miscellaneous regulations and statutes may apply to us as they do to any other Indian company. With effect from July 1, 2017, Goods and Services Tax Laws (including Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, States Goods and Services Tax Act, 2017 and Union Territory Goods and Services Tax Act, 2017) are applicable to our Company. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.

Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.

### Industry specific Regulations

#### 1. The Insecticides Act, 1968 (the "Insecticides Act")

The Insecticides Act regulates the (i) registration; (ii) licensing; and (iii) quality-control of insecticides.

*Registration:* The definition of insecticides includes fungicides and weedicides. Any person who desires to import or manufacture any insecticide is required to apply to the registration committee under the Insecticides Act, for the registration of such an insecticide. The functions of the registration committee include registering insecticides after scrutinizing their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human beings and animals. The registration is granted by a central authority and is effective throughout India.

*Licensing:* Any person who desires to manufacture or sell, stock or exhibit for sale or distribute any insecticide, or to undertake commercial pest control operations with the use of any insecticide may make an application to the licensing officer for the grant of a license under the Insecticides Act. Our Company is required to obtain a separate license for each place in which we manufacture, sell or distribute our products. The license granted may be revoked, suspended or amended, *inter alia*, for misrepresentation of an essential fact and failure to comply with the conditions subject to which the license was granted. The validity of the license is for a period of two years and every such license is required to be renewed within three months from the date of its expiry on payment of late fees.

*Quality control:* If based on inspection and analyses by the concerned statutory authority, the use of an insecticide or a batch thereof is likely to lead to such risk to human beings or animals, the Central Government or the State Government of such insecticides may prohibit its sale, distribution or use, by notification, for a specified period.

*Penalties:* Contravention of the Insecticides Act is punishable with imprisonment or fine or both, with enhanced punishment for repeat offences. Similarly, a person may be imprisoned for a period of six months to three years depending upon the nature of the offence. Further, the prescribed officer under the Insecticide Act has the power to stop the distribution, sale or use of an insecticide for a specified period which he has reason to believe is being distributed, sold or used in contravention of the Insecticides Act. Additionally, if any person is convicted under the Insecticide Act, the stock of insecticide in respect of which the contravention has been made is liable to be confiscated.

We are also required to comply with the guidelines, regulations and rules issued by the Central Insecticides Board and Registration Committee ("CIB&RC") including the Insecticides Rules, 1971. The functions of the CIB include to advise the Central Government and State Governments on technical matters such as the risk to human beings or animals involved in the use of insecticides and the safety measures necessary to prevent such risk and the



manufacture, sale, storage, transport and distribution of insecticides with a view to ensure safety to human beings or animals and to carry out the other function assigned to it by or under the Insecticides Act.

2. **The Insecticides Rules, 1971 (the "*Insecticides Rules*")**

The Central Government, in exercise of the powers conferred by Section 36 of the Insecticides Act, and upon consultation with the CIB, promulgated the Insecticides Rules. The Insecticides Rules assign functions to the CIB in addition to those assigned under the Insecticides Act, including specifying the uses of the classification of insecticides on the basis of their toxicity as well as their being suitable for aerial application; advising on the tolerance limits for insecticides, residues and an establishment of minimum intervals between the application of insecticides and harvest in respect of various commodities; and specifying the shelf-life of insecticides. Further, the Insecticides Rules assign additional functions to the registration committee. These include specifying the precautions to be taken against poisoning through the use or handling of insecticides and carrying out such other incidental or consequential matters necessary for carrying out the functions assigned to it under the Insecticides Act or Insecticides Rules. In terms of the Insecticides Rules, the functions of the Central Insecticides Laboratory, established under the Insecticides Act, include analysing samples of insecticides and insecticide residues and determining the efficacy and toxicity of insecticides. The Insecticides Rules make detailed provisions for manufacture and/or sale of insecticides, *inter alia*, the registration of insecticides, grant of license to manufacture insecticides and specifications relating to packaging, transportation and labeling of insecticides, the appointment, powers, duties and functions of insecticide analysts and inspectors.

3. **Industrial (Development and Regulation) Act, 1951 (the "*Industrial Act*")**

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("*IEM*") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

4. **The Draft Pesticides Management Bill, 2017 (the "*Draft Pesticide Management Bill*")**

The draft Pesticides Management Bill seeks to regulate the import, manufacture, export, storage, sale, transport, distribution, quality and use of pesticides with a view to (i) control pests; (ii) ensure availability of quality pesticides; (iii) allow its use only after assessing its efficacy and safety; (iv) minimize the contamination of agricultural commodities by pesticide residues; and (v) create awareness among users regarding safe and judicious use of pesticides. The draft Pesticides Management Bill has been introduced to take necessary measures to continue, restrict or prohibit the use of pesticides with a view to prevent its risk on human beings, animals or environment. The Ministry of Agriculture and Farmers Welfare, Government of India, had recently sought comments on the Draft Pesticides Management Bill from various stakeholders.

5. **The Petroleum Act, 1934 (the "*Petroleum Act*")**

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

6. **The Explosives Act, 1884 ("*Explosives Act*")**

This is a comprehensive law which regulates by licensing for the manufacturing possession, sale, transportation, export and import of explosives. As per the definition of 'explosives' under the Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Act. The Central Government may, for any part of India, make rules consistent with this Act to regulate or prohibit, except under and in accordance with the conditions of a licence granted as provided by those rules, the manufacture, possession, use sale, transport, import and export of explosives, or any specified class of explosives. Extensive penalty provisions

have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Act.

7. **The Indian Boilers Act, 1923 ("Boilers Act")**

The Boilers Act pertains to regulation of possession of steam-boilers. Every person owning a boiler has to register it with specifications concerning its capacity, design etc. The Boilers Act further provides for the conditions precedent for setting up of boilers, inspection procedure and reporting requirements, and prescribes penalties for the illegal or improper usage of boilers.

8. **The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Order, 2000 (the "Solvent Order")**

The Solvent Order has been issued under the ECA and provides that no person shall either acquire, store or sell solvents, raffinates and slops or their equivalent, without a licence, issued by the State Government or the district magistrate or any other officer authorised by the Central Government or the State Government.

9. **Legal Metrology Act, 2009 (the "Legal Metrology Act") and Legal Metrology (Packaged Commodities) Rules, 2011 (the "Packaged Commodities Rule")**

The Legal Metrology Act, repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and formatter's incidental thereto. The Legal Metrology Act, inter alia, provides for: (a) approval of model of weight or measure; (b) verification of prescribed weight or measure by Government approved Test Centre; (c) exempting regulation of weight or measure or other goods meant for export; (d) nomination of a Director by a company who will be responsible for complying with the provisions of the enactment; (e) empowering the Central Government to make rules for enforcing the provisions of the enactment; and (f) penalty for offences and compounding of offences. The Packaged Commodities Rule were framed under section 52(2) (j) and (q) of the Legal Metrology Act which lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import and also regulate pre-packaged commodities in India, inter alia mandating certain labelling requirements prior to sale of such commodities. Legal Metrology (Packaged Commodities) (Amendment) Rules issued on June 23, 2017 have introduced important amendments to the Packaged Commodity Rules. The key provisions of the Packaged Commodity Amendment Rules are regarding the size of declarations on the label, declaration on e-commerce platforms, declaration of name and address of the manufacturer and fine for contravention.

10. **The Export (Quality Control and Inspection) Act, 1963 (the "Export Act")**

The Export Act empowers the Government of India to establish, a council called the Export Inspection Council, which would advise the Central Government regarding measures for the enforcement of quality control and inspection in relation to commodities intended for export and to formulate programmes in connection therewith, to make, with the concurrence of the Central Government, grants-in-aid to various agencies involved in foreign trade.

11. **Consumer Protection Act, 2019 (the "Consumer Protection Act")**

The Consumer Protection Act provides a mechanism for the consumer to file a complaint against a manufacturers, traders and service providers in cases of unfair trade practices, restrictive trade practices, deficiency in services, unlawful pricing and serving of food that may be hazardous to life. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. It places liability on a product manufacturer / product service provider / product seller to compensate for the harm caused due to a defective product or deficiency in services. The Consumer Protection Act also enables the Central Government to take measures for preventing unfair trade practices in e-commerce. Non-compliance of the orders of the redressal commissions attract criminal penalties or imprisonment or both.

12. **Bureau of Indian Standards Act, 2016 (the "BIS Act")**

The BIS Act has been brought into force with effect from October 12, 2017, repealing and replacing the Bureau of Indian Standards Act, 1986. The BIS Act establishes Bureau of Indian Standards (BIS) as the National Standards

Body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. The BIS Act also allows multiple type of simplified conformity assessment schemes including self-declaration of conformity against a standard which will give simplified options to manufacturers to adhere to the standards and get certificate of conformity. Further, the BIS Act also provides for repair or recall, including product liability of the products bearing a standard mark but not conforming to the relevant Indian Standard.

## **Environmental Laws**

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 and the rules and regulations thereunder and The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008. Pollution Control Boards ("*PCBs*"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state to control and prevent pollution. The *PCBs* are responsible for setting the standards for the maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders from the *PCBs*, and these orders are required to be renewed annually.

### **1. Environment Protection Act, 1986 (the "*Environment Act*")**

The EPA has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per this Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process.

### **2. Environment (Protection) Rules, 1986 (the "*Environment Rules*")**

In exercise of powers conferred under the Environment Act, the Central Government notified the Environment Rules. Pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 or Air (Prevention and Control of Pollution) Act, 1981 or shall submit to the concerned Pollution Control Board ("*PCB*") an environmental statement for that financial year in the prescribed form.

### **3. Air (Prevention and Control of Pollution) Act, 1981 (the "*Air Act*")**

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the State *PCB* prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four (4) months after the receipt of the application for consent the State *PCB* shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

### **4. Water (Prevention and Control of Pollution) Act, 1974 (the "*Water Act*")**

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("*State PCB*"). The Water Act also provides that the consent of the State *PCB* must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

### **5. Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the "*Hazardous Wastes Rules*")**

The Hazardous Waste Rules define the term "hazardous waste" and any person who has control over the affairs of a factory or premises or any person in possession of the hazardous or other waste is classified as an "occupier". In

terms of the Hazardous Waste Rules, occupiers have been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous wastes generated in their establishments and are required to obtain license/authorisation from the respective State PCB for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or similar activities in relation to hazardous waste. The Hazardous Waste Rules also prescribe the hierarchy in the sequence of priority of prevention, minimization, reuse, recycling, recovery and co-processing. Further, State PCBs are mandated to prepare an inventory of the waste generated, waste recycled, recovered and utilized including co-processed, re-exported and disposed, based on annual returns received from occupiers and operators, and submit it to the Central Pollution Control Board on an annual basis.

6. **Water (Prevention & Control of Pollution) Cess Act, 1977 ("Water Cess Act") and Water (Prevention & Control of Pollution) Cess Rules, 1978 ("Water Cess Rules")**

The Water Cess Act has been enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the central and State PCB for the prevention and control of water pollution constituted under the Water Act. The Water Cess Rules have been notified under Section 17 of the Water Cess Act and provide, *inter alia*, for the standards of the meters and places where they are to be affixed and the furnishing of returns by consumers.

7. **Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("Hazardous Chemical Rules")**

The Hazardous Chemical Rules, as amended, were framed under the Environment Protection Act, 1986. These Hazardous Chemical Rules apply to workplaces in which certain hazardous chemicals are manufactured or stored. An occupier who has control of an industrial activity is required to provide evidence to show that it has, identified the major accident hazards; and taken adequate steps to prevent such major accidents and to limit their consequences to persons and the environment. Further, the occupier is required to provide to persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Under the Hazardous Chemical Rules, the occupier is required to submit safety report as specified in Schedule 8 of the Hazardous Chemical Rules. Among other things, the occupier is required to prepare and keep updated on site emergency plan as per Schedule 11 of the Hazardous Chemical Rules, detailing how a major accident will be dealt in the industry on the site.

8. **The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996 (the "Chemical Accidents Rules")**

The Chemical Accidents Rules, formulated pursuant to the provisions of the EPA, seek to manage the occurrence of chemical accidents, by *inter alia*, setting up a central crisis group and a central crisis alert system. The functions of the central crisis group *inter alia* include, (i) conducting post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans. The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("HCR Rules") The HCR Rules are formulated under the Environment (Protection) Act, 1986. The HCR Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

9. **Public Liability Insurance Act, 1991 ("Public Liability Act")**

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under

the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

## **Intellectual Property Laws**

### **1. Trade Marks Act, 1999**

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods and/or services so as to indicate a connection between the goods or services being provided and the proprietor or user of the mark. A 'Mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colours and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

## **Industrial and Labour Laws**

### **Factories Act, 1948 ("*Factories Act*")**

Factories Act defines a 'factory' to cover any premises which employs ten or more workers on any day of the preceding twelve months and in which manufacturing process is carried on with the aid of power or any premises where at least twenty workers are employed in a manufacturing process.

Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to our Company due to the nature of our business activities:

1. Contract Labour (Regulation and Abolition) Act, 1970
2. Employees' Compensation Act, 1923
3. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
4. Employees' State Insurance Act, 1948
5. Industrial Disputes Act, 1947
6. Industrial Employment (Standing orders) Act, 1946
7. Child Labour and Adolescent (Prohibition and Regulation) Act, 1986
8. The Code on Wages, 2019
9. Maternity Benefit Act, 1961
10. Apprentices Act, 1961
11. Payment of Gratuity Act, 1972

Shops and establishments legislations are state legislations that seek to govern and regulate the working conditions of workers and employees employed in commercial establishments or shops or other establishments, as the case may be, within that state. Every such establishment is required to register itself under the relevant state's shops and establishments legislation in accordance with the procedure laid down therein.

## **Regulations Related to Foreign Trade**

The foreign policy of India is governed and regulated by the Foreign Trade (Development and Regulation) Act, 1992 (the "Foreign Trade Act"). The Foreign Trade Act has empowered the Central Government to make provisions for the development as well as regulation of foreign trade by the way of facilitating imports into as well as augmenting exports from the country and in all the other matters related to foreign trade. It authorizes the government to formulate as well as

announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The Foreign Trade Act provides for certain appointments especially that of the Director-General to advise the Central Government in formulating import and export policy and to implement the same. Further, the act commands every importer as well as exporter to obtain a code number called the Importer Exporter Code Number (IEC) from the Director-General or the authorized officer. The act provides the balancing of all the budgetary targets in terms of imports and exports. The principal objectives here include the facilitation of sustain growth as to the exports of the country, the distribution of quality goods and services to the domestic consumer at internationally competitive prices, stimulation of sustained economic growth by providing access to essential raw materials as well as enhancement of technological strength, industry as well as services and improvement of their competitiveness to meet all kinds of requirement of the global markets.

### **Other Laws and Regulations**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, 2013 and the rules framed thereunder and other applicable statutes promulgated by the relevant Central and State Governments including the central and state tax laws.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief History of our Company

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli with the name '*Heranba Industrial Chemicals Private Limited*'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to '*Heranba Industrial Chemicals Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Subsequently, to explore the opportunities in agrochemicals, the name of our Company was changed to '*Heranba Industries Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Our corporate identification number is U24231GJ1992PLC017315.

### Corporate Profile of our Company

We are a crop protection chemical manufacturer, exporter and marketing company based out of Vapi, Gujarat. We manufacture Intermediates, Technicals and Formulations. We are one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permitherin, lambda cyhalothrin etc. Our Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. Our business verticals include (a) Domestic institutional sales of Technicals: manufacturing and selling of Technicals in bulk to domestic companies; (b) Technicals exports: exports of Technicals in bulk to customers outside India; (c) Branded Formulations: Manufacturing and selling of Formulations under our own brands through our own distribution network in India; (d) Formulations Exports: export of Formulations in bulk and customer specified packaging outside India; and (e) Public Health: manufacturing and selling of general insect control chemicals by participating in public health tenders issued by governmental authorities and selling to pest management companies.

For further details about business of our Company, please refer to section titled "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Government and Other Approvals*" on pages 131, 268 and 307, respectively.

For details about management of our Company and its managerial competence, please refer to section titled "*Our Management*" on page 172.

### Changes in our Registered Office:

As on the date of this Prospectus, our Registered Office is located at Plot No. 1504/1505/1506/1 GIDC, Phase-III, Vapi, Dist- Valsad – 396 195, Gujarat, India.

The changes in the address of the registered office of our Company since incorporation are given below:

Date of Change of Registered Office	Change in address	Reason
March 1, 1994	The Registered Office of the Company was shifted from Flat No. 15, Nirmal Apartment, Anand Nagar, Chharwara Road, Vapi 396 191, Gujarat to GIDC Vapi Industrial Estate, Plot no. 1505, GIDC Phase III, Vapi, Dist Valsad – 396 195, Gujarat, India	Administrative convenience
January 5, 2016	The Registered Office of the Company was shifted from GIDC Vapi Industrial Estate, Plot no. 1505, GIDC Phase III, Vapi, Dist-Valsad 396 195 Gujarat, India to Plot no. 1504/1505/1506/1, GIDC Phase III, Vapi, Dist Valsad – 396 195, Gujarat, India	Administrative convenience

### Main Objects of our Company:

The main object of our Company, as contained in our Memorandum of Association, are as set forth below:

- “1. To carry on business as manufacturers, formulators, processors, producers makers, buyers, sellers, resellers, importers, exporters, distributors, suppliers, fermentators, distillers, refiners, stockists, agents, merchants of and dealers in chemicals, chemical compounds (organic and inorganic) in all forms (solid, liquid and gaseous) and of all kinds, heavy chemicals, acids, alkalies, tannin extracts solvents, dyestuffs, dyes, intermediates, colours, chemical auxiliaries, bio-chemicals and its related preparations, articles and products.”

The main object clause and the objects incidental or ancillary to the main objects contained in the Memorandum and Articles of Association enable our Company to undertake its existing activities as well as to carry on the activities for which funds are being raised in the Offer.

#### Amendments to the Memorandum of Association

The following table details the changes in our Memorandum of Association:

Particulars of Change	Date	EGM/AGM
Clause V of the MoA was amended to reflect the increase in the Authorised Capital from ₹5,00,000 consisting of 5,000 Equity shares of ₹100.00 each to ₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each.	October 21, 1992	EGM
Clause V of the MoA was amended to reflect the increase in the Authorised Capital from ₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each to ₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each.	January 6, 1995	EGM
Clause V of the MoA was amended to reflect the increase in the Authorised Capital from ₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each to ₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each.	March 21, 1995	EGM
Clause I of the MOA was amended to reflect the new name of our Company ‘Heranba Industrial Chemicals Limited’, on our conversion from private limited company into a public limited company.	June 15, 1996	EGM
Clause V of the MoA was amended to reflect the sub-division of face value Equity shares from ₹100.00 each to of ₹10.00 each and consequently, the Authorised Capital of our Company was amended from ₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each to ₹3,00,00,000 consisting of 30,00,000 Equity shares of ₹10.00 each. .	June 15, 1996	EGM
Clause I of the MOA was amended to reflect the new name of our Company, ‘Heranba Industries Limited’ upon change of name of our Company.	June 15, 1996	EGM
Clause V of the MoA was amended to reflect the re-organisation of the capital structure from ₹3,00,00,000 consisting of 30,00,000 Equity shares of ₹10.00 each to ₹3,00,00,000 consisting of 25,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each	September 20, 1997	AGM
Clause V of the MoA was amended to reflect increase in the Authorised Capital from ₹3,00,00,000 consisting of 25,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	January 23, 2003	EGM
Clause V of the MoA was amended to reflect increase in the Authorised Capital from ₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹5,00,00,000 consisting of 45,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	March 2, 2009	EGM
Clause V of the MoA was amended to reflect increase in Authorised Capital from ₹5,00,00,000 consisting of 45,00,000 Equity Shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	April 24, 2014	EGM
New set of Memorandum of Association was adopted by our Company.	June 9, 2015	EGM
Clause V of the MoA was amended to reflect the re-organisation of the capital structure from ₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM



Particulars of Change	Date	EGM/AGM
Clause V of the MoA was amended to reflect increase in the Authorised Capital from ₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each to ₹45,00,00,000 consisting of 4,50,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM

### Major Events and Milestones

The table below sets forth some of the key events in the history of our Company:

Financial Year	Event
1991-92	Incorporation of our Company.
1996-97	Change of name of our Company from Heranba Industrial Chemicals Private Limited to Heranba Industrial Chemicals Limited consequent to conversion of our Company from Private Limited to Public Limited.
1996-97	Change of name of our Company from Heranba Industrial Chemicals Limited to Heranba Industries Limited.
1996-97	Commencement of production of Cypermethrin Technical
2003-04	Commencement of production of Alphacypermethrin Technical
2005-06	Setting up of Unit II and commencement of manufacturing Formulations
2006-07	Setting up and commencement of production at old Unit III
2006-07	Commencement of production of Permethrin Technical
2013-14	Receipt of ISO 9001:2015 certification in respect of production & dispatch of agro Formulations and packing & dispatch of agro based herbicides
2014-15	Achieved Turnover of ₹500.00 Crores
2017-18	Setting up and commencement of manufacturing at old Unit IV
2019-20	Setting up and commencement of manufacturing at Sarigam Unit
2019-20	Setting up a subsidiary of our Company, Chang Zhou Heranba Crop Science and Technology CO., LTD in China
2020-21	Consolidation of manufacturing operations of old Unit III with Unit I and of old Unit IV with Sarigam Unit

### Awards and Recognitions:

Financial Year	Event
1999-2000	Received Rashtriya Udyog Ratan Award from India International Council for Industries & Trade, New Delhi.
2005-2006	Received an Award from Chemexcil for the outstanding export performance in basic inorganic & organic chemicals.
2017-2018	Received an Award for overseas market expansion from China International Agrochemical and Crop Protection Exhibition Organising Committee.

### Revaluation of Assets in the last ten years

Our Company has not revalued its assets in last ten years immediately preceding the date of this Prospectus.

### Injunctions or restraining order against our Company

There are no outstanding injunctions or restraining orders against our Company as on the date of this Prospectus.

In the year 2018-19, GPCB has prohibited our Company from its manufacturing activity and directed closure of our operations at Unit I vide their direction dated November 14, 2018 under section 33(A) of the Water Act which was subsequently revoked by GPCB by way of its revocation order dated December 7, 2018.

Further, in the year 2019-20, GPBC directed closure of our Unit II under section 5 of the Environment (Protection) Act, 1986 for violations of Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 vide their direction dated July 11, 2019 which was subsequently revoked by GPCB by way of its revocation order dated August 16, 2019. For further details of in relation to the closure of Unit I and Unit II in the year 2018-19, please refer to section titled "Risk Factors" beginning on page 28.

### **Changes in the Activities of our Company during the last three years**

There have been no changes in the activities of our Company during the last three years which may have had a material effect on the profit and loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

### **Defaults or rescheduling of borrowings from financial institutions/ banks and conversion of loans into equity**

- (i) Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions;
- (ii) The tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled; and
- (iii) No loan availed by our Company has been converted into Equity Shares. For details of our financing arrangements, refer “*Financial Indebtedness*” on page 295.

### **Details regarding capacity/ facility creation or location of our manufacturing facilities**

For details of capacity/facility creation, location of our manufacturing facilities, refer “*Major Events and Milestones*” as mentioned above and “*Our Business*” on page 131.

### **Lock outs and strikes**

Our Company has not experienced any strikes, lock-outs or instances of labour unrest at any of the manufacturing units of our Company.

### **Time and cost overruns**

There have been no significant time and cost overruns in the development or construction of any of our projects or establishments.

### **Details regarding acquisition of business/undertakings, mergers, amalgamations or divestments of business/undertakings**

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or divestments of business/undertakings in last 10 years immediately preceding the date of this Prospectus.

### **Holding Company of our Company**

As of date of this Prospectus, our Company does not have a holding company.

### **Subsidiary of our Company**

As of date of this Prospectus, our Company has one subsidiary, as set forth below:

*Name of Subsidiary*

#### **Chang Zhou Heranba Crop Science and Technology CO., LTD**

*Corporate Information*

Chang Zhou Heranba Crop Science And Technology CO., LTD., a limited liability company (solely foreign-owned corporation) bearing Unified Social Credit Code 91320400MA1YQMUL47 (1/1), domiciled at No.2, Building 53, Hengsheng Science Park, Tianning District, Changzhou City, China, registered under Company Law of the People’s Republic of China on July 18, 2019 with total investment of USD 160,000.

*Nature of Business*

Main business activities of Heranba Subsidiary includes agricultural information consultation and agricultural technology service; sales of pesticide (within the scope verified in Pesticide Business License); planting and sales of flowers and nursery stocks (except germchit); leasing and sales of packaging machines, farm machines and farm tools; sales of chemical raw materials and products (Hazardous Chemical Business License is required if hazardous chemicals are involved, and food additives; import and export of proprietary and agent goods and technologies, except for goods and technologies that are restricted or prohibited from import and export by the state. (The items, which shall be approved according to the laws, shall be conducted only if relevant approval from relevant department is obtained.)

*Shareholding of our Company*

<b>Name of Shareholder</b>	<b>Name of the Legal Representative</b>	<b>Capital in Equity Shares</b>	<b>Subscribed capital contribution</b>
Heranba Industries Limited	Xu Feixiang	Nil	Nil

*Amount of accumulated profits or losses of the (subsidiary) not accounted for by our Company.*

The subsidiary has not yet commenced business.

**Collaboration Agreements**

As on date of this Prospectus, our Company is not a party to any collaboration agreements.

**Shareholders’ Agreements**

As on date of this Prospectus, our Company has not entered into any shareholders’ agreements.

**Material Agreements**

Our Company has not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of this Prospectus.

**Strategic and Financial Partners**

As on date of this Prospectus, our Company does not have any strategic or financial partners.

**Number of Shareholders**

Our Company has 14 (Fourteen) shareholders on date of this Prospectus.

**Guarantees, if any, given to third parties by promoters offering their equity shares in the offer for sale**

Our Promoters, Mr. Sadashiv K. Shetty and Mr. Raghuram K. Shetty have given personal guarantees in relation to loans availed by our Company. For details, refer “*Our Promoters and Promoter Group*” on page 192.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than 3 (three) directors and not more than 15 (fifteen) directors, subject to the applicable provisions of the Companies Act, 2013. We have 10 (Ten) Directors on our Board as on the date of this Prospectus.

Set forth below are details regarding member of our Board as on the date of this Prospectus:

Name, DIN, Address, Designation, Term, Occupation, Date of birth and Nationality	Age (years)	Directorships in other companies
<p><b>Name: Sadashiv K. Shetty</b></p> <p><b>DIN:</b> 00038681</p> <p><b>Address:</b> 18/A, Tower "D", Viceroy Park, Opp. Thakur Cinema Thakur Village, Kandivali (East) Mumbai 400 101, Maharashtra, India.</p> <p><b>Designation:</b> Chairman and Executive Director</p> <p><b>Term:</b> Appointed as Chairman and Executive Director with effect from November 1, 2018 for five years and liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of birth:</b> June 13, 1954</p> <p><b>Nationality:</b> Indian</p>	66	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Heranba Crop Care Limited</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Insunt Trading Private Limited</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name: Raghuram K. Shetty</b></p> <p><b>DIN:</b> 00038703</p> <p><b>Address:</b> 1601/B, Shantivan, Devidas Lane, Near Club Aquria, Mandapeshwar, Borivali (West) Mumbai 400 103, Maharashtra, India.</p> <p><b>Designation:</b> Managing Director</p> <p><b>Term:</b> Appointed as Managing Director with effect from November 1, 2018 for five years and liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> March 25, 1959</p> <p><b>Nationality:</b> Indian</p>	61	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Heranba Crop Care Limited</li> <li>▪ Sams Industries Limited</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ North South Infra Private Limited (under the process of striking off)</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Crop Care Federation of India</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name: Sujata S. Shetty</b></p> <p><b>DIN:</b> 00632563</p> <p><b>Address:</b> 18/A, Tower "D", Viceroy Park, Opp. Thakur Cinema Thakur Village, Kandivali (East) Mumbai 400 101, Maharashtra, India</p>	60	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Heranba Crop Care Limited</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>

Name, DIN, Address, Designation, Term, Occupation, Date of birth and Nationality	Age (years)	Directorships in other companies
<p><b>Designation:</b> Whole-time Director</p> <p><b>Term:</b> Appointed as Whole-time Director with effect from April 1, 2019 for five years and liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> May 08, 1960</p> <p><b>Nationality:</b> Indian</p>		<p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Vanita R. Shetty</p> <p><b>DIN:</b> 02493401</p> <p><b>Address:</b> 1601/B, Shantivan, Devidas Lane, Near Club Aquria, Mandapeshwar, Borivali (West) Mumbai 400 103, Maharashtra, India.</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Term:</b> Appointed as Whole-time Director with effect from April 1, 2019 for five years and liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> November 14, 1966</p> <p><b>Nationality:</b> Indian</p>	54	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Heranba Crop Care Limited</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Raunak R. Shetty</p> <p><b>DIN:</b> 08006529</p> <p><b>Address:</b> 1601/B, Shantivan, Devidas Lane, Near Club Aquria, Mandapeshwar Borivali (West) Mumbai 400 103, Maharashtra, India.</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Term:</b> Appointed as Whole-time Director with effect from April 1, 2019 for five years and liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> September 02, 1992</p> <p><b>Nationality:</b> Indian</p>	28	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Sams Industries Limited</li> <li>▪ Heranba Agro Science Limited</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Kaushik H. Gandhi</p> <p><b>DIN:</b> 01265059</p>	45	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>

Name, DIN, Address, Designation, Term, Occupation, Date of birth and Nationality	Age (years)	Directorships in other companies
<p><b>Address:</b> 103/A, Shantinath Apartment S.V. Road, Near Simpoli Signal, Borivali West, Mumbai – 400 092, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Term:</b> Five years with effect from July 09, 2018</p> <p><b>Occupation:</b> Professional</p> <p><b>Date of Birth:</b> September 29, 1975</p> <p><b>Nationality:</b> Indian</p>		<p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Capvital Advisors Private Limited</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Mulky V. Shetty</p> <p><b>DIN:</b> 08168960</p> <p><b>Address:</b> B/703, Shree Sai Sneha Complex, Ramdev Park Road, Near Shiv Temple, Mira Road, Thane – 401 107, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Term:</b> Five years with effect from July 09, 2018</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> December 20, 1952</p> <p><b>Nationality:</b> Indian</p>	67	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Anil Kumar M. Marlecha</p> <p><b>DIN:</b> 08193193</p> <p><b>Address:</b> 201 Aarlin CHS, Station Road, Near Rajesh Hotel, Bhayander West, Thane - 401101 Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Term:</b> Five years with effect from August 31, 2018</p> <p><b>Occupation:</b> Advocate</p> <p><b>Date of Birth:</b> January 06, 1985</p> <p><b>Nationality:</b> Indian</p>	35	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Ganesh N. Vanmali</p> <p><b>DIN:</b> 07833853</p>	64	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Private Limited Companies:</u></p>

Name, DIN, Address, Designation, Term, Occupation, Date of birth and Nationality	Age (years)	Directorships in other companies
<p><b>Address:</b> Flat No. 17, The Versova Sandeep CHS, Juhu-Versova Link Road, Andheri West, Mumbai - 400 053, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Term:</b> Five years with effect from August 31, 2018</p> <p><b>Occupation:</b> Retired Banker</p> <p><b>Date of birth:</b> June 01, 1956</p> <p><b>Nationality:</b> Indian</p>		<ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>
<p><b>Name:</b> Nimesh S. Singh</p> <p><b>DIN:</b> 00062998</p> <p><b>Address:</b> C/507, Upvan Tower CHS Ltd., Upper Govind Nagar, Malad (East), Mumbai – 400 097, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Term:</b> Five years with effect from August 31, 2018</p> <p><b>Occupation:</b> Professional</p> <p><b>Date of Birth:</b> September 18, 1977</p> <p><b>Nationality:</b> Indian</p>	43	<p><u>Public Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Private Limited Companies:</u></p> <ul style="list-style-type: none"> <li>▪ 3S Universal Services Private Limited</li> <li>▪ Capvital Advisors Private Limited</li> </ul> <p><u>Non-profit making Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul> <p><u>Foreign Companies:</u></p> <ul style="list-style-type: none"> <li>▪ Nil</li> </ul>

### Brief Profile of our Directors

**Sadashiv K. Shetty**, aged 66 years, is the Promoter, Chairman and Executive Director of our Company. He is a resident Indian national. He holds a bachelor's (physics and chemistry) and master's (chemistry) degree in science from University of Mysore. He has experience of more than three (3) decades in agrochemicals industry. He has been on our Board since September 29, 1994. He has been and is responsible for the overall supervision, direction and management of our Company. He is fully involved in day to day affairs of our Company and future business strategies. He has been instrumental in new products development and addition of capacities. He has been previously associated with Sudarshan Chemical Limited, Gharda Chemical Limited, Hoechst Pharmaceuticals and Nirlon Limited.

**Raghuram K. Shetty**, aged 61 years, is the Promoter and Managing Director of our Company. He is a resident Indian national. He holds a bachelor's degree in economics from University of Mysore. He has pursued government commercial diploma from the Department of Education, Bureau of Government Examinations, Maharashtra. He has also done diploma in export and import management from the India International Trade Centre, Mumbai. He has experience of more than three (3) decades in agrochemicals industry. He has been on our Board since September 29, 1994 and has been instrumental in developing export business of our Company.

**Sujata S. Shetty**, aged 60 years, is the Whole-time Director of our Company. She holds a bachelor's degree in commerce from Bombay University. She has experience of more than eighteen (18) years in agrochemicals industry. She has been on our Board of Directors since December 27, 2001. She looks after administrative functions of our Company.

**Vanita R. Shetty**, aged 54 years, is the Whole-time Director of our Company. She holds a bachelor's degree in science (botany, geology and chemistry) from University of Poona. She has experience of more than eighteen (18) years in agrochemicals industry. She has been on our Board of Directors since December 27, 2001. She looks after human resource related activities in our Company.

**CA Raunak R. Shetty**, aged 28 years, is the Whole-time Director of our Company. He holds a bachelor's degree in commerce from University of Mumbai and is an associate member of the Institute of Chartered Accountants of India. He has an experience of more than two (2) years in the field of accounts and finance. He has been on our Board of Directors since December 4, 2017. He looks after product development and finance function of our Company.

**CA Kaushik H. Gandhi**, aged 45 years, is an Independent Director of our Company. He holds a bachelor's degree in commerce from University of Bombay and is a fellow member of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant by profession since 2008. He has more than twelve (12) years of experience in audit, project finance, taxation, secretarial and accounting.

**Mulky V. Shetty**, aged 67 years, is an Independent Director of our Company. He holds a bachelor's degree in science (physics and chemistry) from University of Mysore. He has over two (2) decades of experience in chemical industry in different fields such as product development, setting up plant and manufacturing operations. Currently, he acts as a consultant in the chemical industry.

**Adv. Anil Kumar M. Marlecha**, aged 35 years, is an Independent Director of our Company. He holds a bachelor's degree in commerce and law from University of Mumbai. He has obtained certificate of practice from Bar Council of India and presently is in legal practice. He has over five (5) years of experience in legal practice.

**Ganesh N. Vanmali**, aged 64 years, is an Independent Director of our Company. He holds a bachelor's degree in commerce and general laws from University of Bombay. He completed his CAIIB course from Indian Institute of Banking and Finance. He has over four (4) decades of experience in banking industry. Previously, he was associated with Bank of Maharashtra and took retirement in May 2016. Currently, he acts as a consultant in the banking industry.

**Nimesh S. Singh**, aged 43 years, is an Independent Director of our Company. He holds a bachelor's degree in commerce from University of Mumbai. He has over ten (10) years of experience in accounting, taxation and financial advisory.

#### **Further Confirmations:**

- None of the Directors have been and/or are being declared as fugitive economic offenders as on date of this Prospectus.
- None of the Directors are on the RBI List of wilful defaulters as on date of this Prospectus except as disclosed in the section titled "*Other Regulatory and Statutory Disclosures*" on page 311.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company.
- No proceedings/ investigations have been initiated by SEBI against any company, the board of directors of which also comprises any of the Directors of our Company which is pending as on date of this Prospectus.
- None of our Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.
- None of our Directors have any interest in any property of our Company acquired or proposed to be acquired by our Company in preceding three years from the date of this Prospectus except for our directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty who have interests in one of our Group Company, Heranba Agro Science Limited as shareholders, from which our Company acquired a land located



at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi (“**GIDC Land**”) admeasuring 1,631 sq. mtrs. in Vapi, Gujarat, for consideration of ₹6 million by way of a deed of assignment of lease dated October 17, 2020 and industrial building standing on the GIDC land for consideration of ₹4 million by way of deed of conveyance dated October 17, 2020. For further details, please see “*We recently acquired by way of assignment of lease of GIDC a land and conveyance of the industrial shed from one of our Group Companies*” in the section titled “*Risk Factors*” on page 47.

- No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

### Relationship between our Directors

None of our directors are related to each other, except for the ones mentioned below:

No.	Name of the Director	Related To	Nature of Relationship
1.	Sadashiv K. Shetty	Raghuram K. Shetty	Brother
2.	Sadashiv K. Shetty	Sujata S. Shetty	Spouse
3.	Sadashiv K. Shetty	Vanita R. Shetty	Brother-in-law
4.	Raghuram K. Shetty	Vanita R. Shetty	Spouse
5.	Raghuram K. Shetty	Sujata S. Shetty	Brother-in-law
6.	Sujata S. Shetty	Vanita R. Shetty	Sister-in-law
7.	Raunak R. Shetty	Raghuram K. Shetty & Vanita R. Shetty	Son

### Compensation / Remuneration / Commission paid to our Executive Directors

Set forth below is the gross remuneration paid by our Company to our Executive Directors in Financial Year 2019-20:

No.	Name of Director	Compensation / Remuneration / Commission paid (₹ in million)
1.	Sadashiv K. Shetty	17.85
2.	Raghuram K. Shetty	75.26
3.	Sujata S. Shetty	1.32
4.	Vanita R. Shetty	1.32
5.	Raunak R. Shetty	1.28

### Terms of employment of our Chairman and Executive Director, Managing Director and Whole-time Directors:

**Sadashiv K. Shetty** was appointed as a Chairman & Executive Director of our Company *vide* board resolution dated October 11, 2018 and *vide* shareholders resolution dated October 26, 2018. Further our Company has entered into agreement dated July 24, 2020 with our Chairman & Executive Director, Mr. Sadashiv K. Shetty to determine the terms and conditions of his appointment. The details of his remuneration as per the agreement are stated in the table below:

<b>Salary</b>	₹14.22 million per annum
<b>Perquisites and allowances</b>	<ul style="list-style-type: none"> <li>• The aforesaid monthly remuneration, shall include basic house rent allowance, convenience allowance, education allowance, miscellaneous and other allowance as well as perquisite as per the policy of our Company</li> <li>• In addition to the above Remuneration, Mr. Sadashiv K. Shetty shall be entitled to the bonus as per the Policy of our Company.</li> <li>• Our Company’s contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of our Company, shall be in addition to the aforesaid remuneration.</li> <li>• Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable to Mr. Sadashiv K. Shetty may be determined by the Board and / or the Nomination and Remuneration Committee of the Board, shall be in addition to the aforesaid remuneration.</li> <li>• Employees stock options if granted to Mr. Sadashiv K. Shetty any time, shall be in addition to the aforesaid remuneration.</li> </ul>

<b>Reimbursement of expenses</b>	<ul style="list-style-type: none"> <li>Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on our Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by our Company at actuals and will be in addition to the aforesaid Remuneration.</li> </ul>
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**Terms of employment of our Whole-time Directors:**

**Raghuram K. Shetty** has been appointed as a Managing Director of our Company *vide* board resolution dated October 11, 2018 and *vide* shareholders resolution dated October 26, 2018. Further, our Company has entered into agreement dated July 24, 2020 with Managing Director, Mr. Raghuram K. Shetty to determine the terms and conditions of his appointment. The details of his remuneration as per the agreement are stated in the table below:

<b>Salary</b>	₹12.60 million per annum
<b>Commission</b>	3% of the net profit of the Company
<b>Perquisites and allowances</b>	<ul style="list-style-type: none"> <li>The aforesaid monthly remuneration, shall include basic house rent allowance, convenience allowance, education allowance, miscellaneous and other allowance as well as perquisite as per the policy of our Company</li> <li>In addition to the above Remuneration, Mr. Raghuram K. Shetty shall be entitled to the bonus as per the Policy of our Company.</li> <li>Our Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of our Company, shall be in addition to the aforesaid remuneration.</li> <li>Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable to Mr. Raghuram K. Shetty may be determined by the Board and / or the Nomination and Remuneration Committee of the Board, shall be in addition to the aforesaid remuneration.</li> <li>Employees stock options if granted to Mr. Raghuram K. Shetty any time, shall be in addition to the aforesaid remuneration.</li> </ul>
<b>Reimbursement of expenses</b>	Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on our Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by our Company at actuals and will be in addition to the aforesaid remuneration.

**Sujata S. Shetty** has been appointed as a Whole-time Director of our Company *vide* board resolution dated January 2, 2020 and *vide* shareholders resolution dated January 31, 2020. Further, our Company has also entered into agreement dated July 24, 2020 with our Whole-time Director, Ms. Sujata S. Shetty to determine the terms and conditions of her appointment. The details of her remuneration as per the agreement are stated in the table below:

<b>Salary</b>	₹1.32 million per annum
<b>Perquisites and allowances</b>	<ul style="list-style-type: none"> <li>The aforesaid monthly remuneration, shall include basic house rent allowance, convenience allowance, education allowance, miscellaneous and other allowance as well as perquisite as per the policy of our Company</li> <li>In addition to the above Remuneration, Ms. Sujata S. Shetty shall be entitled to the bonus as per the Policy of our Company.</li> <li>Our Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of our Company, shall be in addition to the aforesaid remuneration.</li> <li>Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable to Ms. Sujata S. Shetty may be determined by the Board and / or the Nomination and Remuneration Committee of the Board, shall be in addition to the aforesaid remuneration.</li> <li>Employees stock options if granted to Ms. Sujata S. Shetty any time, shall be in addition to the aforesaid remuneration.</li> </ul>
<b>Reimbursement of expenses</b>	<ul style="list-style-type: none"> <li>Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on our Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by our Company at actuals and will be in addition to the aforesaid Remuneration.</li> </ul>

**Vanita R. Shetty** has been appointed as a Whole-time Director of our Company *vide* board resolution dated January 2, 2020 and *vide* shareholders resolution dated January 31, 2020. Further, our Company has also entered into agreement dated July 24, 2020 with our Whole-time Director, Ms. Vanita R. Shetty to determine the terms and conditions of her appointment. The details of her remuneration as per the agreement are stated in the table below:

<b>Salary</b>	₹1.20 million per annum
<b>Perquisites and allowances</b>	<ul style="list-style-type: none"> <li>• The aforesaid monthly remuneration, shall include basic house rent allowance, convenience allowance, education allowance, miscellaneous and other allowance as well as perquisite as per the policy of our Company</li> <li>• In addition to the above Remuneration, Ms. Vanita R. Shetty shall be entitled to the bonus as per the Policy of our Company.</li> <li>• Our Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of our Company, shall be in addition to the aforesaid remuneration.</li> <li>• Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable to Ms. Vanita R. Shetty may be determined by the Board and / or the Nomination and Remuneration Committee of the Board, shall be in addition to the aforesaid remuneration.</li> <li>• Employees stock options if granted to Ms. Vanita R. Shetty any time, shall be in addition to the aforesaid remuneration.</li> </ul>
<b>Reimbursement of expenses</b>	<ul style="list-style-type: none"> <li>• Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on our Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by our Company at actuals and will be in addition to the aforesaid Remuneration.</li> </ul>

**Raunak R. Shetty** has been appointed as a Whole-time Director of our Company *vide* board resolution dated January 2, 2020 and *vide* shareholders resolution dated January 31, 2020. Further, our Company has also entered into agreement dated July 24, 2020 with our Whole-time Director, Mr. Raunak R. Shetty to determine the terms and conditions of his appointment. The details of his remuneration as per the agreement are stated in the table below:

<b>Salary</b>	₹1.20 million per annum
<b>Perquisites and allowances</b>	<ul style="list-style-type: none"> <li>• The aforesaid monthly remuneration, shall include basic house rent allowance, convenience allowance, education allowance, miscellaneous and other allowance as well as perquisite as per the policy of our Company</li> <li>• In addition to the above Remuneration, Mr. Raunak R. Shetty shall be entitled to the bonus as per the Policy of our Company.</li> <li>• Our Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of our Company, shall be in addition to the aforesaid remuneration.</li> <li>• Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable to Mr. Raunak R. Shetty may be determined by the Board and / or the Nomination and Remuneration Committee of the Board, shall be in addition to the aforesaid remuneration.</li> <li>• Employees stock options if granted to Mr. Raunak R. Shetty any time, shall be in addition to the aforesaid remuneration.</li> </ul>
<b>Reimbursement of expenses</b>	<ul style="list-style-type: none"> <li>• Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on our Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by our Company at actuals and will be in addition to the aforesaid remuneration.</li> </ul>

#### Remuneration details of our Non-Executive Directors

Pursuant to a resolution of our Board of Directors dated December 11, 2019, our Non-Executive and Independent Directors are entitled to receive sitting fees of ₹ 10,000 per meeting for attending meetings of our Board of Directors and ₹ 5,000 per meeting for attending meetings of the committees of our Board of Directors. The details of sitting fees paid to our Independent Directors during fiscal 2020 are set forth below:

No.	Name of Director	Sitting fees paid (₹ in million)
1.	Kaushik H. Gandhi	0.11
2.	Mulky V. Shetty	0.08
3.	Anilkumar M. Marlecha	0.04
4.	Ganesh N. Vanmali	0.05
5.	Nimesh S. Singh	0.06

### Arrangements with major Shareholders, Customers, Suppliers or Others

There are no arrangements or understanding between major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management as on the date of this Prospectus.

### Service Contracts

Our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

### Borrowing Powers of our Board

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum or sums of money for the purposes of our Company.

The shareholders have, pursuant to a resolution passed at the Extra Ordinary General Meeting held on July 9, 2018, in accordance with the Companies Act, 2013 authorized our Board to borrow monies from time to time, the borrowings of our Company shall not exceed ₹10,000 million for the time being, including the money already borrowed by our Company.

### Corporate Governance

The provisions of the SEBI LODR Regulations with respect to corporate governance will also be applicable to our Company immediately upon the listing of our Equity Shares. Our Company is in compliance with the requirements of the applicable regulations, including the SEBI LODR Regulations, the SEBI ICDR Regulations and the Companies Act, 2013 in respect of corporate governance including constitution of the Board and committees thereof.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealing with our shareholders, emphasis on communication and transparent reporting. Our Board has been constituted in compliance with the Companies Act and SEBI LODR Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific function in compliance with the requirements of the Companies Act and the SEBI LODR Regulations, to the extent applicable. Our Board of Directors consists of ten Directors (including two women Directors) of which five are Independent Directors which is in compliance with the requirements of Regulation 17 of SEBI LODR Regulations.

### Committees of our Board

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

#### 1. Audit Committee

Our Audit Committee was re-constituted pursuant to a resolution of our Board of Directors in their meeting held on August 31, 2018. The current constitution of the Audit Committee is as follows:

Name of Director	Status in Committee	Nature of Directorship
Kaushik H. Gandhi	Chairperson	Independent Director
Mulky V. Shetty	Member	Independent Director
Ganesh N. Vanmali	Member	Independent Director

The Company Secretary of our Company shall act as the Secretary of the Audit Committee.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI LODR Regulations. The terms of reference of the Audit Committee are as follows:

*A. Powers of Audit Committee*

The Audit Committee shall have powers, including the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

*B. Role of Audit Committee*

The role of the Audit Committee shall include the following:

- a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- d) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- e) Reviewing the financial statements with respect to its unlisted Subsidiary(ies), in particular investments made by such Subsidiary(ies);
- f) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - o Changes, if any, in accounting policies and practices and reasons for the same;
  - o accounting entries involving estimates based on the exercise of judgment by management;
  - o Significant adjustments made in the financial statements arising out of audit findings;
  - o Compliance with listing and other legal requirements relating to financial statements;
  - o Disclosure of any related party transactions; and
  - o Modified opinion(s) in the draft audit report.
- g) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- h) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- i) Approval or any subsequent modification of transactions of our Company with related parties;
- j) Scrutiny of inter-corporate loans and investments;
- k) Valuation of undertakings or assets of our Company, wherever it is necessary;
- l) Evaluation of internal financial controls and risk management systems;
- m) Monitoring the end use of funds raised through public offers and related matters;
- n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- p) Discussion with internal auditors of any significant findings and follow up thereon;
- q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- r) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- t) To establish and review the functioning of the whistle blower mechanism;
- u) Establishing and over-viewing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- v) Approval of appointment of the chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- w) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI LODR Regulations or by any other regulatory authority; and
- x) Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI LODR Regulations; (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI LODR Regulations.

## 2. *Stakeholders' Relationship Committee*

The Stakeholders' Relationship Committee was constituted pursuant to resolution of our Board of Directors at their meeting held on August 31, 2018. The current constitution of the Stakeholders' Relationship Committee is as follows:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Anil Kumar M. Marlecha	Chairperson	Independent Director
Raghuram K. Shetty	Member	Managing Director
Ganesh N. Vanmali	Member	Independent Director

The Company Secretary of our Company shall act as the Secretary of the Stakeholders' Relationship Committee.

Set forth below are the terms of reference of our Stakeholders' Relationship Committee:

- (a) consider and resolve the grievance of security holders of the Company; and
- (b) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

## 3. *Nomination and Remuneration Committee*

The below mentioned Nomination and Remuneration Committee was re-constituted pursuant to a resolution of our Board of Directors in their meeting held on August 31, 2018. The current constitution of the Nomination and Remuneration Committee is as follows:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Kaushik H. Gandhi	Chairperson	Independent Director
Mulky V. Shetty	Member	Independent Director
Anil Kumar M. Marlecha	Member	Independent Director

The Company Secretary of the Company shall act as the Secretary of the Nomination and Remuneration Committee.

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI LODR Regulations. Set forth below are the terms of reference of our Nomination and Remuneration Committee:

- a) identify persons who are qualified to become directors and who may be appointed in senior management in

accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

- b) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- c) while formulating the policy under (b) above, ensure that
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- d) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

#### 4. *Corporate Social Responsibility Committee*

The below mentioned Corporate Social Responsibility Committee was re-constituted, as per Section 135 of Companies Act, 2013 pursuant to a resolution of our Board of Directors in their meeting held on August 31, 2018. The current constitution of the Corporate Social Responsibility Committee is as follows:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mulky V. Shetty	Chairperson	Independent Director
Kaushik H. Gandhi	Member	Independent Director
Sadashiv K. Shetty	Member	Chairman and Executive Director

The Company Secretary of the Company shall act as the Secretary of the Corporate Social Responsibility Committee.

Set forth below are the terms of reference of the Corporate Social Responsibility Committee:

- a) formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken either by the Company or through implementing agency as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time; and
- d) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

#### **Other Committees of our Board**

##### 1. *IPO Committee*

Our IPO Committee was re-constituted pursuant to a resolution of our Board of Directors their meeting held on September 9, 2020. The current constitution of the IPO Committee is as follows:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Sadashiv K. Shetty	Chairperson	Chairman and Executive Director
Raghuram K. Shetty	Member	Managing Director
Kaushik H. Gandhi	Member	Independent Director
Nimesh S. Singh	Member	Independent Director

The Company Secretary of our Company shall act as the Secretary of IPO Committee.

Set forth below are the terms of reference of IPO Committee:

- a) to take decisions with regard to proposed Initial Public Offer (“IPO”) of the Company, as it may, in its absolute discretion deem fit and proper in the interest of the Company;
- b) to appoint and instruct Book Running Lead Managers (“BRLMs”), syndicate members, registrar, placement agents, bankers to the offering, underwriters, guarantors, escrow agents, depositories, custodians, monitoring agencies, advertising agencies, sponsor bank, refund banker, and other agencies and intermediaries as may be required for the purpose of IPO, including any successors or replacement thereof;
- c) to take any steps for the purposes of any issue, transfer, offer and allotment of Equity Shares, and other matters in connection with or incidental to the IPO, including determining the anchor investor portion and allocate such number of Equity Shares to Anchor Investors in consultation the BRLMs and such other parties, as relevant and in accordance with the SEBI ICDR Regulations;
- d) authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares
- e) to authorizing a person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- f) to seek, any approval, consent or waiver from the Company’s lenders and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with any issue, transfer, offer and allotment of Equity Shares and approving and issuing advertisements in relation to the IPO;
- g) to decide in consultation with the BRLMs the pricing and terms of the Equity Shares, and all other related matters, including the determination of the minimum subscription for the IPO, in accordance with SEBI ICDR Regulations;
- h) to take on record and approve the Offer for Sale proposal from the Selling Shareholders;
- i) to approve the Draft Red Herring Prospectus (“DRHP”), the Red Herring Prospectus (“RHP”) and the Prospectus (“Prospectus”) (including amending, varying or modifying the same, as may be considered desirable or expedient) and the preliminary and final international wrap in relation to the Offer (and corrigenda and addenda thereto) as finalized in consultation with the BRLMs, in accordance with Applicable Laws;
- j) to withdraw the DRHP or the RHP or not proceeding with the Offer at any stage in accordance with applicable SEBI ICDR Regulations and in consultation with the BRLMs;
- k) to seek the listing of the Equity Shares on the NSE and BSE (collectively, the “**Stock Exchanges**”) submitting the listing application to such Stock Exchanges and taking all actions that may be necessary in connection with obtaining such listing;
- l) to make applications to, seeking clarifications and obtaining approvals and relaxations from any other statutory or regulatory or governmental authorities in connection with the Offer and, wherever necessary, incorporate relevant modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the Prospectus pursuant to such clarifications, approvals or relaxations;
- m) to take all such actions as may be required to dematerialise the Equity Shares, including entry into agreements with the depositories;
- n) to authorise and approve the fees, commissions, remuneration and expenses in connection with the Offer;
- o) to take decision on all matters in connection with the Pre-IPO Placement, if any;
- p) to finalize and make an arrangement for the submission of the DRHP/RHP with SEBI and the Stock Exchange(s) and the Prospectus with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli at Ahmedabad including any corrigendum, addendum, amendments supplements thereto;
- q) to open necessary accounts with bankers to the offer, escrow collection banks and such other accounts as required for the purpose of IPO under application laws and regulations;
- r) to decide alongwith the Selling Shareholders in consultation with the BRLMs the size, timing, pricing and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period and issue price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- s) to decide alongwith the Selling Shareholders in consultation with the BRLMs on the size of Employee Reservation portion, discount to employees and all the terms and conditions and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- t) settling any question, doubt or difficulty that may arise with regard to or in relation to the Offer;
- u) to finalise the basis of allotment of the Equity Shares;



- v) to approve and take on record the transfer of Equity Shares in the Offer; and
- w) to do any other act and/or deed, to negotiate and execute any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Offer.

### Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. As on date of this Prospectus, our Directors hold the following number of Equity Shares of our Company:

Name of Director	Number of Equity Shares Held (Pre-Issue)	% of pre-Issue paid-up equity share capital
Sadashiv K. Shetty	1,30,51,796	33.42%
Raghuram K. Shetty	1,41,21,984	36.16%
Sujata S. Shetty	32,30,400	8.27%
Vanita R. Shetty	20,18,000	5.17%
Raunak R Shetty	6,36,250	1.63%

### Interest of our Directors

Our Chairman and Executive Director, Managing Director and Whole-time Directors may be interested to the extent of remuneration paid to them, respectively for services rendered as a Director of our Company and reimbursement of expenses payable to them. For details refer “*Terms and conditions of employment of our Managing Director and Whole-time Director and Executive Directors*” above. Further, all our Independent Directors may be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a committee thereof.

Further, except as disclosed under “*Shareholding of Directors in our Company*” above, none of our Directors hold any Equity Shares or any other form of securities in our Company. Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue. Further, our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

None of our Directors have any interest in any property acquired by our Company within two years of the date of this Prospectus or proposed to be acquired by it or in any transaction in acquisition of land, construction of building and supply of machinery etc except for our directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty who have interests in one of our Group Company, Heranba Agro Science Limited as shareholders, from which our Company acquired GIDC land admeasuring 1,631 sq. mtrs. in Vapi, Gujarat for consideration of ₹6 million by way of assignment of lease and conveyance of the industrial shed standing on the said land for a consideration of ₹4 million in October 2020. For further details, please see “We recently acquired by way of assignment of lease of GIDC a land and conveyance of the industrial shed from one of our Group Companies” in the section titled “Risk Factors” on page 47.

Further, our Directors may be directors on the board, or are members, or are partners and may be deemed to be interested to the extent of the payments made by our Company, if any, to such entities in which they are interested. For further details, refer “*Financial Statements*” on page 206.

As on the date of this Prospectus, our Chairman and Executive Director, Sadashiv K. Shetty, our Managing Director, Raghuram K. Shetty and our Whole-time Directors, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty may be interested to the extent personal guarantees given by them as security in relation to certain loans availed by our Company. For further details, refer “*Financial Statements*”, “*Financial Indebtedness*” and “*Our Promoter and Promoter Group*” on pages 206, 295 and 192 respectively.

Other than as stated above and except as stated in the chapters “*Financial Statements*” and in “*Our Promoters and Promoter Group*” on pages 206 and 192, our Directors do not have any other interest in the business of our Company.

### Appointment of relatives of Directors to any office or place of profit

Except as disclosed below and elsewhere in this Prospectus, none of the relatives of our Directors currently hold any office or place of profit in our Company:

Name	Nature of relationship	Office or Place of Profit	Compensation / Remuneration during FY 2020 (₹ in million)
Shriraj S Shetty	Son of Mr. Sadashiv K. Shetty & Sujata S. Shetty	Technical Manager	1.28
Shreya Shetty	Daughter of Mr. Sadashiv K. Shetty & Sujata S. Shetty	Consultancy Charges	1.80

#### Bonus or Profit-Sharing Plan for our Directors

None of our Directors are a party to any bonus or profit-sharing plan.

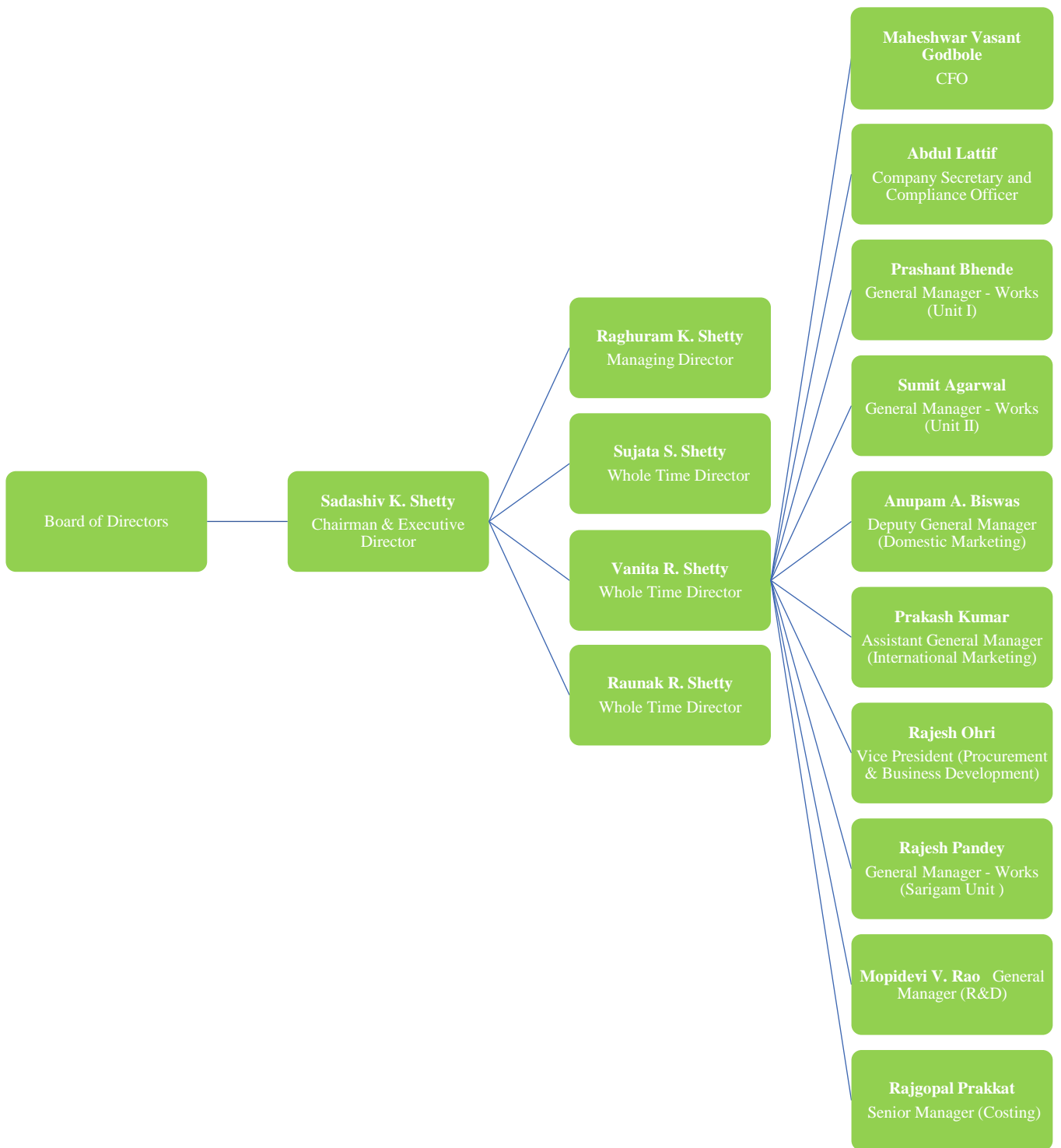
#### Changes in our directors during the last three years

Except as disclosed below, there have been no changes in our directors during the last three (3) years:

Name of Director	Date of appointment / change in designation	Date of cessation	Reason
Raunak R. Shetty	April 1, 2019	--	Change in designation from Director to Whole-time Director
Vanita R. Shetty	April 1, 2019	--	Change in designation from Director to Whole-time Director
Sujata S. Shetty	April 1, 2019	--	Change in designation from Director to Whole-time Director
Raghuram K. Shetty	November 1, 2018	--	Change in designation from Whole-time Director to Managing Director
Sadashiv K. Shetty	November 1, 2018	--	Change in designation from Chairman & Managing Director to Chairman & Executive Director
Nimesh S Singh	August 31, 2018	--	Appointed as an Independent Director
Ganesh N. Vanmali	August 31, 2018	--	Appointed as an Independent Director
Anil Kumar M. Marlecha	August 31, 2018	--	Appointed as an Independent Director
Mulky V. Shetty	July 9, 2018	--	Appointed as an Independent Director
Kaushik H. Gandhi	July 9, 2018	--	Appointed as an Independent Director
Vanita R. Shetty	June 1, 2018	--	Appointed as a Director
Sujata S. Shetty	June 1, 2018	--	Appointed as a Director
Raghuram K. Shetty	June 1, 2018	--	Appointed as a Whole-time Director
Sadashiv K. Shetty	June 1, 2018	--	Appointed as Chairman & Managing Director
Raunak R. Shetty	December 4, 2017	--	Appointment as an Director
Roshan R. Shetty	December 4, 2017	September 24, 2018	Resigned as a Director
Meghraj D. Shetty	December 4, 2017	September 24, 2018	Resigned as a Director
Raghuram K. Shetty	September 29, 1994	December 4, 2017*	Resigned as a Director due to disqualification under Section 164 of the Companies Act, 2013
Sadashiv K. Shetty	September 29, 1994	December 4, 2017*	Resigned as a Director due to disqualification under Section 164 of the Companies Act, 2013
Vanita R. Shetty	December 27, 2001	December 4, 2017*	Resigned as a Director due to disqualification under Section 164 of the Companies Act, 2013
Sujata S. Shetty	December 27, 2001	December 4, 2017*	Resigned as a Director due to disqualification under Section 164 of the Companies Act, 2013

\*The disqualification of Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty was removed after filing of all pending Annual Returns and Financial Statements as required under the Companies Act, 2013 for all the companies in which they were acting as directors were filed with the Registrar of Companies, Mumbai. For further details, please see “Our Directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were disqualified to act as director under Section 164(2) of the Companies Act, 2013 in the past” in the section titled “Risk Factors” on page 41.

## ORGANIZATION STRUCTURE



## OUR KEY MANAGERIAL PERSONNEL

Set forth below are the details of our key managerial personnel in addition to our Chairman & Executive Director, Managing Director, Whole-time Directors as on the date of this Prospectus. For details of our Chairman & Executive Director, Managing Director and Whole-time Directors, refer “*Our Management*” on page 172.

**CA Maheshwar V. Godbole**, aged 59 years, is the Chief Financial Officer of our Company and has been associated with our Company since November 16, 2009. He was appointed as Chief Financial Officer (CFO) of our Company with effect from September 24, 2018. He holds a bachelor’s degree in commerce from University of Bombay and is an associate member of the Institute of Chartered Accountants of India. He has several years of industry experience in the field of accounts, corporate finance and management information systems. Currently, he is responsible for the overall finance and accounting, risk management and audit compliance in our Company. In the Fiscal 2020, he received a gross compensation of ₹ 3.02 million.

**CS Abdul Latif**, aged 47 years, is the Company Secretary and Compliance Officer of our Company. He has been appointed as Company Secretary and Compliance Officer of our Company with effect from December 21, 2018. He holds a bachelor’s degree in law from Sambalpur University. He is an associate member of the Institute of Company Secretaries of India. He has several years of experience in the field of secretarial matters, company law related matters and corporate compliances. He is currently responsible for the secretarial compliances in our Company. Prior to joining our Company, he has worked with Unimark Remedies Limited, Provogue (India) Limited and Aadhaar Retailing Limited. In the Fiscal 2020, he received a gross compensation of ₹ 2.04 million.

**Mopidevi V. Rao**, aged 56 years, is the General Manager (R&D) and head of R&D division of our Company and has been associated with our Company since March 20, 2018. He holds a bachelor’s and master’s degree (organic chemistry) degree in science from Andhra University. He has done Ph.D. in chemistry from GITAM University. He has experience of more than two (2) decades in field of agro formulations of insecticides, fungicides and herbicides. He looks after development of new products & has control over the R&D activities in our Company. Prior to joining our Company, he was associated with Insecticides (India) Limited, Nagarjuna Agrichem Limited and Solaris Chemtech Limited. In the Fiscal 2020, he received a total remuneration of ₹ 3.01 million.

**Rajesh Ohri**, aged 55 years, is the Vice President (Procurement & Business Development) of our Company and has been associated with our Company since June 8, 2015. He holds a bachelor’s degree in engineering (production) from Shivaji University, Kolhapur. He has several years of experience in field of supply chain management and procurement of raw materials. He looks after procurement department along with business development function of our Company. In the Fiscal 2020, he received a total remuneration of ₹ 2.80 million.

**Rajgopal Parakkat**, aged 52 years, is the Senior Manager (Costing) of our Company and has been associated with our Company since September 8, 2018. He holds a bachelor’s and master’s degree in commerce from Calicut University. He is a member of Institute of Cost and Works Accountants of India. He also holds a diploma in export-import management from Indian Merchant Chambers. He has several years of experience in the field of costing, finance and accounting. Prior to joining our Company, he was associated with J. B. Chemicals & Pharmaceuticals Limited. He looks after the cost department of our Company. In the Fiscal 2020, he received a total remuneration of ₹ 1.68 million.

**Prashant Bhende**, aged 50 years, is the General Manager - Works (Unit I) of our Company and has been associated with our Company since January 13, 2019. He holds a bachelor’s degree in technology from Amravati University. He has also done post-graduate diploma in (industrial environmental technology & management) from AEPS, Ankleshwar. He has several years of experience in field of agrochemicals. He is responsible for overall administration of Unit I. Prior to joining our Company, he was associated with Sajjan India Limited. In the Fiscal 2020 he received a gross compensation of ₹ 0.66 million.

**Sumit Agarwal**, aged 51 years, is the General Manager - Works (Unit II) of our Company and has been associated with our Company since January 18, 2010. He holds a master’s degree in science from Rajasthan University. He also holds a certificate in computer programming from Kota Open University, Kota. He has experience of more than ten (10) years in field of agrochemicals. He is responsible for overall administration of Unit II. In the Fiscal 2020, he received a gross compensation of ₹ 1.96 million.

**Rajesh Pandey**, aged 48 years, is the General Manager - Works (Sarigam Unit) of our Company and has been associated with our Company since March 11, 2020. He holds a bachelor’s degree in science from University of Lucknow. He has experience of more than nine (9) years in the agrochemicals industry. He is responsible for overall administration of

Sarigam Unit. Prior to joining our Company, he was associated with Crystal Crop Protection Private Limited, Tropical Agrosystem (India) Private Limited, Agrimas Chemicals Limited, GSP Crop Science Private Limited and Patanjali Bio Research Institute Private Limited. In the Fiscal 2020, he received a total remuneration of ₹ 0.08 million.

**Prakash Kumar**, aged 41 years, is an Assistant General Manager (International Marketing) of our Company and has been associated with our Company since March 8, 2010. He holds a bachelor's degree in commerce from Delhi University. He has experience of more than ten (10) years in field of exports, international marketing and vendor management. His responsibilities include exports sales, international marketing and client servicing. He previously worked at Vinergy International Private Limited. During Fiscal 2020, he received a gross compensation of ₹ 2.03 million.

**Anupam A. Biswas**, aged 54 years, is the Deputy General Manager (Domestic Marketing) of our Company and has been associated with our Company since December 12, 2016. He holds a master's degree in science from University of Bombay. He has several years of experience in field of business development and sales & marketing. His responsibilities include domestic sales and marketing of our products. Previously, he was associated with Sulphur Mills Limited. During Fiscal 2020, he received a gross compensation of ₹ 1.86 million.

### **Shareholding of KMP**

None of our Key Management Personnel hold any Equity Shares in our Company.

### **Status of Key Managerial Personnel**

All our key managerial personnel are permanent employees of our Company.

### **Nature of family relationship**

None of our Key Management Personnel are related to each other.

### **Bonus or Profit-Sharing Plan for our Key Managerial Personnel**

As on the date of this Prospectus our Company does not have any performance linked bonus or profit-sharing plan with any of our key managerial personnel.

### **Loans to Key Managerial Personnel**

There is no loan outstanding against key managerial personnel as on date of this Prospectus.

### **Interest of Key Managerial Personnel**

None of the Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business and in the course of performance of their duties. For details, refer "*Our Management – Interests of Directors*" in the section titled "*Our Management*" on page 185. None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no deferred or contingent compensation payable to any of our Key Management Personnel.

### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Prospectus.

### **Payment or Benefit to officers of our Company**

Except as disclosed in this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel within the two years preceding the date of filing of this Prospectus, except for the payment of remuneration or commission for services rendered as an officer of our Company.

### **Arrangements and Understanding with Major Shareholders**

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

**Changes in our Company's Key Managerial Personnel during the last three years.**

Except as disclosed below, there have been no changes in the Key Managerial Personnel in the last three years.

<b>Name</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Rajesh Pandey	March 11, 2020	--	Appointment as General Manager – Works (Sarigam Unit)
Prashant Bhende	January 13, 2019	--	Appointment as General Manager – Works (Unit I)
Abdul Latif	December 21, 2018	--	Appointment as Company Secretary and Compliance Officer
Shivani Rohila	--	December 20, 2018	Resignation as Company Secretary and Compliance Officer
Shivani Rohila	September 26, 2018	--	Appointment as Company Secretary and Compliance Officer
Maheshwar V. Godbole	September 24, 2018	--	Change in designation from General Manager (Finance) to Chief Financial Officer
Rajgopal Parakkat	September 8, 2018	--	Appointment as Senior Manager (Costing)
Mopidevi V. Rao	March 20, 2018	--	Appointment as General Manager (R&D)

## OUR PROMOTERS AND PROMOTER GROUP

### Details of our Promoters:

	<p><b>Sadashiv K. Shetty</b>, aged 66 years, is a Promoter and Executive Director of our Company. He is a resident Indian national. He has been on our Board since September 29, 1994. He has been appointed as the Chairman and Executive Director of our Company on and with effect from November 1, 2018.</p> <p>For a complete profile of Sadashiv K. Shetty, i.e., his educational qualifications, professional experience, other directorships etc. refer “<i>Our Management</i>” on page 172.</p> <p><b>Date of Birth:</b> June 13, 1954 <b>PAN No:</b> AAJPS4330G <b>Aadhaar No:</b> 937511907455</p> <p><b>Address:</b> 18/A, Tower “D”, Viceroy Park, Opp. Thakur Cinema, Thakur Village, Kandivali (East) Mumbai – 400 101, Maharashtra, India.</p> <p>For details of other ventures of Sadashiv K. Shetty, refer “<i>Our Group Companies</i>” on page 196.</p>
	<p><b>Raghuram K. Shetty</b>, aged 61 years, is a Promoter and Managing Director of our Company. He is a resident Indian national. He has been on our Board since September 29, 1994 and has been appointed as a Managing Director of our Company on and with effect from November 1, 2018</p> <p>For a complete profile of Raghuram K. Shetty, i.e., his educational qualifications, professional experience, other directorships etc. refer “<i>Our Management</i>” on page 172.</p> <p><b>Date of Birth:</b> March 25, 1959 <b>PAN No:</b> AMWPS0596B <b>Aadhaar No:</b> 937203543699 <b>Driving License:</b> MH0220100130712</p> <p><b>Address:</b> 1601/B, Shantivan, Devidas Lane, Near Club Aquaria, Eksar, Mandapeshwar, Borivali (West), Mumbai – 400 103, Maharashtra, India.</p> <p>For details of other ventures of Raghuram K. Shetty, refer “<i>Our Group Companies</i>” on page 196.</p>

We confirm that the PAN, bank account number and passport number of our Promoters will be submitted to BSE and NSE on whose Platform the Equity Shares are proposed to be listed at the time of filing this Prospectus.

### Change in control of our Company

Our Promoters are not the original promoters and they acquired our Company in the year 1996. There has been no change in control of our Company in the last five years immediately preceding the date of this Prospectus.

### Interest of our Promoters

Our Promoters are interested in our Company to the extent (i) that they own and control our Company; (ii) of their shareholding and the shareholding of their relatives in our Company and the dividend payable, if any, and other distributions in respect of the Equity Shares held by them or their relatives; (iii) of being Executive Directors, and Key Management Personnel of our Company and the remuneration and reimbursement of expenses payable by our Company to each of them; (iv) that each of them have provided personal guarantees and mortgaged their personal properties for the



loans availed by our Company; (v) of their relatives having been appointed to places of profit in our Company; and (vi) that our Company has undertaken transactions with them, or their relatives or entities in which any of our Promoters hold shares. Except as mentioned in the sections titled “*Capital Structure*”, “*Financial Indebtedness*”, “*Our Management*” and “*Related Party Transactions*” on pages 75, 295, 172 and 204, respectively, our Promoters do not have any interest in our Company.

Our Promoters do not have any interest in any property acquired by our Company within three years of the date of this Prospectus or proposed to be acquired by it or in any transaction in acquisition of land and construction of building etc. Further, our Promoters do not have any interest in any supply of machinery to our Company except a transaction by which Heranba Agro Science Limited has sold a land located at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi (“**GIDC Land**”) admeasuring 1,631 sq. mtrs. in Vapi, Gujarat from Heranba Agro Science Limited, one of our Group Companies, for consideration of ₹6 million by way of a deed of assignment of lease dated October 17, 2020 and industrial building standing on the GIDC land for consideration of ₹4 million by way of deed of conveyance dated October 17, 2020 to our Company. For further details, please see “*We recently acquired by way of assignment of lease of GIDC a land and conveyance of the industrial shed from one of our Group Companies*” In the section titled “*Risk Factors*” on page 47.

Other than as disclosed in the section “*Related Party Transactions*” on page 204, there are no sales/purchases between our Company and our Promoters and Promoter Group and Group Companies where such sales or purchases exceeding in value in the aggregate 10% of the total sales or purchases of our Company or any business interest between our Company, our Promoters, our Promoter Group and Group Entities as on the date of the last audited financial statements.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid, or agreed to be paid to them or to such firm or company, in cash or shares or otherwise by any person for services rendered by them or by such firm or company, in connection with the promotion or formation of our Company.

#### **Payment or Benefit to Promoters**

Except as stated above in “*Our Promoter and Promoter Group = Interest of our Promoters*” and in “*Related Party Transaction*” on pages 192 and 204, respectively, there has been no payment of benefits to our Promoters, members of our Promoter Group and Group Entities, during the two years preceding the filing of this Prospectus.

#### **Guarantees given by the Promoters**

Except as stated below, our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty have not given personal guarantees to third parties

- a. **Personal Guarantee issued by our Promoters in favour of Bank of Baroda (BOB):** Our Company has availed working capital facilities of ₹1600 Million from BOB (the “BOB Loan”) pursuant to a sanction letter dated March 17, 2020. Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty along with our Directors and members of our Promoter Group, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty have executed personal guarantees dated June 16, 2020 in favour of BOB to secure the repayment of the BOB Loan in accordance with the terms and conditions of the borrowing. The personal guarantees shall remain in force until all the dues of BOB are fully discharged.
- b. **Personal Guarantee issued by our Promoters in favour of Aditya Birla Finance Limited (ABFL):** Insunt Trading Private Limited (the “ITPL”), one of the Group Companies of our Company has availed a term loan of ₹350 Million from ABFL (the “ABFL Loan”) pursuant to a sanction letter dated March 19, 2020. Our Company along with Shakti Bio Science Limited, one of the Group Companies of our Company has been named as the co-borrowers of the ABFL Loan. Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty along with our Director and member of our Promoter Group, Sujata S. Shetty and other members of our Promoter Group, Shriraj S. Shetty and Shreya S. Shetty have executed personal guarantees dated March 27, 2019 in favour of ABFL securing the repayment of the ABFL Loan in accordance with the terms and conditions of the borrowing. The personal guarantee shall remain in full force until all dues of ABFL are fully discharged.

For details in relation to borrowings availed by our Company from BOB and ABFL as stated above, see “*Financial Indebtedness*” on page 295.

#### **Group Companies**

For details of our group companies, refer “*Our Group Companies*” on page 196.

### Litigation

For details relating to legal proceedings involving our Promoters, refer “*Outstanding Litigations and Material Developments*” on page 298.

### Other Confirmations

- None of the Promoters have been and/or are being declared as fugitive economic offenders as on date of this Prospectus.
- None of the Promoters are on the RBI List of wilful defaulters as on date of this Prospectus.
- Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- Our Promoters are not and have never been a promoter, director or person in control of any other company which is debarred, prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- Except as disclosed in “*Related Party Transactions*” on page 204, our Promoters are not related to any of the sundry debtors or beneficiaries of loans and advances of our Company.
- Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

### Companies and Firms with which our Promoters have disassociated in the last three years

Our Promoters have disassociated themselves from following Companies and firms in three years preceding the date of this Prospectus:

Disassociation of Sadashiv K. Shetty:

Name of company	Date of Resignation / Disassociation	Reason
Heranba Agro Science Limited	January 24, 2018*	Disqualification under Section 164 of the Companies Act, 2013
Sams Industries Limited	January 23, 2018*	Disqualification under Section 164 of the Companies Act, 2013
Alden Exim Private Limited	October 11, 2018	Striking off under Section 248 of the Companies Act, 2013

\*The disqualification of Sadashiv K. Shetty was removed after filing of all pending Annual Returns and Financial Statements as required under the Companies Act, 2013 for all the companies in which he was acting as director were filed with the Registrar of Companies, Mumbai. For further details, please see “Our Directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were disqualified to act as director under Section 164(2) of the Companies Act, 2013 in the past” in the section titled “Risk Factors” on page 41.

Disassociation of Raghuram K. Shetty:

Name of company	Date of Resignation	Reason
Heranba Agro Science Limited	January 24, 2018*	Disqualification under Section 164 of the Companies Act, 2013

\*The disqualification of Raghuram K. Shetty was removed after filing of all pending Annual Returns and Financial Statements as required under the Companies Act, 2013 for all the companies in which he was acting as director were filed with the Registrar of Companies, Mumbai. For further details, please see “Our Directors, Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty and Vanita R. Shetty were disqualified to act as director under Section 164(2) of the Companies Act, 2013 in the past” in the section titled “Risk Factors” on page 41.

## OUR PROMOTER GROUP

In addition to the Promoters named above, the following individuals and entities form part of the Promoter Group:

### A. Individuals forming part of Promoter Group:

Relationship	Sadashiv K. Shetty	Raghuram K. Shetty
Mother	Leelavathi Kanyana Shetty	Leelavathi Kanyana Shetty
Spouse	Sujata S. Shetty	Vanita R. Shetty
Brother	Raghuram K. Shetty, Chandrahas K. Shetty, Ravindranath K. Shetty, Divakar K. Shetty and Nityanand K. Shetty	Sadashiv K. Shetty, Chandrahas K. Shetty, Ravindranath K. Shetty, Divakar K. Shetty and Nityanand K. Shetty
Sister	Vijaya Laxmi Shetty	Vijaya Laxmi Shetty
Son	Shriraj Shetty	Raunak Shetty Roshan Shetty
Daughter in law	Prakruthi Shetty	--
Daughter	Shreya Shetty	--
Spouse's Father	Krishna Shetty	--
Spouse's Mother	Sheela Shetty	Vasanti Shetty
Spouse's Brother	Prasad Shetty	Uday Shetty
Spouse's Sister	Sunita Hegde and Savita Shetty	Padmini Shetty and Sumangala B. Shetty

### B. Entities forming part of Promoter Group:

#### *Companies*

- Dhairya Mercantile Private Limited
- Heranba Agro Science Limited
- Heranba Crop Care Limited
- Insunt Trading Private Limited
- Nimit Mercantile Private Limited
- SAMS Industries Limited
- Sanurag Trading Private Limited
- Shakti Bio Science Limited
- Skywood Trading Private Limited
- Subhang Trading Private Limited
- North South Infra Private Limited (Under the process of striking off)
- Smartphoxx Technologies Private Limited

#### *Partnership Firms*

- Annapurna Infratech
- Annapurna Properties
- Indralok Construction Co.
- Krishe Chem

#### *H.U.F.*

- Sadashiv Kanayana Pakeera Shetty HUF
- Raghuram K. Shetty HUF
- Prasad K. Shetty HUF

#### *Proprietary concerns*

- Om Titanates

## OUR GROUP COMPANIES

Under the SEBI ICDR Regulations, the definition of 'group companies' includes such companies (other than the promoters and subsidiaries) with which there were related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and such other companies as are considered material by the Board. Pursuant to a Board resolution dated September 9, 2020, our Board formulated a policy with respect to companies which it considered material to be identified as group companies. Our Board has approved that: i) all companies with which the Company has entered into related party transactions as set out in the Restated Financial Statements; or such other companies as considered material by the Board are identified as Group Companies.

Accordingly, our Board has identified following entities as our Group Companies, and other than these entities, there are no companies which are considered material by the Board to be identified as group companies. Set forth below are details of our Group Companies as on the date of this Prospectus.

### 1. SAMS Industries Limited ("SIL")

#### *Corporate Information*

SAMS Industries Limited, a public limited company, bearing corporate identification number U24110MH1994PLC082301, was incorporated on October 24, 1994 under the Companies Act, 1956 and has obtained its certificate for commencement of business on January 9, 1995. The registered office of SIL is situated at 101/102, Kanchanganga, Factory Lane, Near M. K. High School, Borivali (West), Mumbai – 400 092, Maharashtra, India.

#### *Nature of Activities*

Main business activities of SIL are manufacturing and trading of agrochemicals and allied chemicals. Presently, SIL is not engaged in any business operations.

#### *Capital Structure*

As on the date of this Prospectus, the authorized share capital of SIL is ₹10.00 Million divided into 10,00,000 equity shares of ₹10/- each. The current issued, subscribed and paid-up share capital of SIL is ₹0.52 Million divided into 52,470 equity shares of ₹10/- each.

#### *Interest of our Promoters*

Our Promoters, Raghuram K. Shetty along with certain members of our Promoter Group holds entire 52,470 equity shares constituting 100.00% of the issued, subscribed and paid-up equity share capital of SIL as on the date of this Prospectus and the details of which are set out below:

No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Raghuram K. Shetty	30,400	57.94
2.	Vanita R. Shetty	11,968	22.80
3.	Roshan R. Shetty	5,000	9.53
4.	Raunak R. Shetty	5,000	9.53
5.	R. K. Shetty HUF	100	0.20
6.	Rabindranath K. Shetty	1	Negligible
7.	Nithyanand K. Shetty	1	Negligible
	<b>Total</b>	<b>52,470</b>	<b>100.00</b>

#### *Financial Information*

The following information has been derived from the audited financial statements of SIL for the last three Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018:

(₹ in million, except per share data)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital*	0.52	0.52	0.52
Reserves and surplus (excluding revaluation reserve)	3.89	2.62	1.37
Revenue from operations (net)	0.00	0.00	0.00
Profit/(Loss) after tax	1.27	1.26	1.71
Earnings / (Loss) per share (₹) Basic	24.17	23.97	32.63
Earnings per share (₹) Diluted	24.17	23.97	32.63
Net asset value or book value per share (in ) (₹)	84.18	60.01	36.04

\*Face value of each equity share is ₹ 10 each.

#### Significant Notes by Auditors

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

## 2. Heranba Agro Science Limited (“HASL”)

#### Corporate Information

Heranba Agro Science Limited a public limited company, bearing corporate identification number U24100GJ2012PLC068909, was incorporated on February 7, 2012 under the Companies Act, 1956 and has obtained its certificate for commencement of business on May 19, 2012. The registered office of HASL is situated at Plot No.1505, GIDC, Phase III, Vapi, Valsad – 396 195, Gujarat, India.

#### Nature of Activities

Main business activities of HASL are manufacturing and trading of chemicals. Presently, HASL is not engaged in any business activity.

#### Capital Structure

As on the date of this Prospectus, the authorized share capital of HASL is ₹5.00 Million divided into 5,00,000 equity shares of ₹10/- each. The current issued, subscribed and paid-up share capital of HASL is ₹2.50 Million divided into 2,50,000 equity shares of ₹10/- each.

#### Interest of our Promoters

Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty along with certain members of our Promoter Group hold the entire 2,50,000 equity shares constituting 100.00% of the issued, subscribed and paid-up share capital of HASL as on the date of this Prospectus and the details of which are set out below:

No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Sadashiv K. Shetty	70,000	28.00
2.	Raghuram K. Shetty	62,000	24.80
3.	Sujata S. Shetty	37,000	14.80
4.	Vanita R. Shetty	22,000	8.80
5.	Shreya Shetty	22,000	8.80
6.	Raunak Shetty	22,000	8.80
7.	Shriraj Shetty	15,000	6.00
	<b>Total</b>	<b>2,50,000</b>	<b>100.00</b>

## Financial Information

The following information has been derived from the audited financial statements of HASL for the last three Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018:

(₹ in million, except per share data)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital*	2.50	2.50	2.50
Reserves and surplus (excluding revaluation reserve)	(2.27)	(2.70)	(2.68)
Revenue from operations (net)	0.00	0.00	0.00
Profit/(Loss) after tax	0.42	(0.01)	(0.87)
Earnings / (Loss) per share (₹) Basic	1.68	(0.05)	(3.48)
Earnings per share (₹) Diluted	1.68	(0.05)	(3.48)
Net asset value or book value per share (in ) (₹)	0.90	(0.78)	(0.73)

\*Face value of each equity share is ₹ 10 each.

### Significant Notes by Auditors

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

### 3. Shakti Bio Science Limited (formerly, Shakti Organics Limited) (“SBSL”)

#### Corporate Information

Shakti Bio Science Limited, a public limited company bearing corporate identification number U24116GJ1995PLC024430, was originally incorporated as Shakti Organics Private Limited on January 31, 1995 under the Companies Act, 1956. Subsequently, the name of SBSL was changed to ‘Shakti Bio Science Limited’ and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on October 20, 2006. The registered office of SBSL is situated at Plot no. 411/1 LIC Sector, Silvassa Road, GIDC, Vapi – 396 195, Gujarat, India.

SBSL was declared as “Wilful Defaulter” by The Cosmos Co-op Bank Limited (“Cosmos Bank”) for the period June 30, 2016 to December 31, 2017. Cosmos Bank had initiated an arbitration proceeding under Section 84(4) of Multi-State Co-operative Societies Act, 2002 against Shakti Bio, one of our Promoter Group entities, one of our Promoters Sadashiv K. Shetty and our Promoter Group members, Sujata S. Shetty, Shreya S. Shetty, seeking an award for outstanding dues of ₹485.79 million along with further interest for the financial facilities extended by the Cosmos Bank to Shakti Bio. The parties filed consent terms dated April 19, 2018 in the arbitration proceedings and it was agreed between the parties that an amount of ₹367.90 million, being the full principal amount, will be paid in thirteen (13) instalments last being due on or before March 31, 2019. The entire amount payable under the consent terms has been paid and Cosmos Bank has also issued a “no dues certificate” dated August 31, 2019.

#### Nature of Activities

Main business activities of SBSL are manufacturing and trading of pharmaceutical products, bulk drugs and fine chemicals.

#### Capital Structure

As on the date of this Prospectus, the authorized share capital of SBSL is ₹60.00 Million divided into 60,00,000 equity shares of each ₹10/-. The current issued, subscribed and paid-up share capital of SBSL is ₹56.15 Million divided into 56,15,380 equity shares of ₹10/- each.

#### Interest of our Promoters

Our Promoter, Sadashiv K. Shetty along with certain members of our Promoter Group hold 55,11,680 equity shares constituting 98.15% of the issued, subscribed and paid-up share capital of SBSL as on the date of this Prospectus and the details of which are set out below:

No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Sadashiv K. Shetty	44,74,966	79.69
2.	Sujata S. Shetty	4,75,214	8.46
3.	Shriraj S. Shetty	2,80,700	5.00
4.	Shreya Shetty	2,80,700	5.00
5.	Jagdish Patel Jointly with Sadashiv K. Shetty	100	Negligible
	<b>Total</b>	<b>55,11,680</b>	<b>98.15</b>

#### Financial Information

The following information has been derived from the audited financial statements of SBSL for the last three Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018:

(₹ in million, except per share data)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital*	56.15	56.15	56.15
Reserves and surplus (excluding revaluation reserve)	(590.22)	(530.16)	(515.78)
Revenue from operations (net)	129.05	88.30	39.82
Profit/(Loss) after tax	(60.06)	(14.38)	(28.77)
Earnings / (Loss) per share (₹) Basic	(10.70)	(2.56)	(5.12)
Earnings per share (₹) Diluted	(10.70)	(2.56)	(5.12)
Net asset value or book value per share (in ) (₹)	(95.11)	(84.41)	(81.85)

\*Face value of each equity share is ₹ 10 each.

#### Significant Notes by Auditors

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals except as follows:

1. M/s. Grandmark & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2020 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2020;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Basis of Qualified Opinion** –

- a. With regard to preparations of financial statement on going concern basis - The Financial Statements of the SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17, F.Y. 2017-18, F.Y. 2018-19 and also for the year ended 31st March 2020. The appropriateness of the said basis is inter alia dependent on the SBSL's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;
- b. With regard to provision of security for loan availed by related party – During the year, SBSL has provided security for a loan arrangement amounting to 35 Cr to a related pas as a co-borrower. We have checked the

board resolution, special resolution, MGT-14 filed with Registrar of Companies, copy of mortgage deed, investment certificate indicating lien on the units and sanction letter from the lender.”

2. M/s. Rahul Drolia & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2019 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2019;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Basis of Qualified Opinion –**

- a. **With regard to preparations of financial statements on going concern basis** - The Financial Statements of the SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17, F.Y. 2017-18 and also for the year ended 31<sup>st</sup> March 2019. The appropriateness of the said basis is inter alia dependent on the SBSL’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;
- b. **With regard to Cash Credit Facility & LC Facility availed from Cosmos Co-op Bank Ltd** - SBSL has submitted Consent terms to the Bank on 27.03.2018 for the settlement of the loan accounts. Post discussion both the parties agreed to settle both account and SBSL will have to repay ₹36.79 Crs. to the bank as per mutually agreed terms; and
- c. **With regard to statutory payments** - The SBSL has not made the statutory payment on time to the respective statutory department. The amount of interest and penalty cannot be quantified as the SBSL is not in possession of necessary evidence for verification.”

3. M/s. Rahul Drolia & Associates, Chartered Accountants, have given Qualified Opinion in their audit report for the financial year ended on March 31, 2018 as follows:

**“Qualified Opinion** – In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the aforesaid financial statements give the information required by the Act in the manner so required, subject to no provision having been made in respect of accrued gratuity liability, give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2018;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on the that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Basis of Qualified Opinion –**

- a. **With regard to preparations of financial statements on going concern basis** - The Financial Statements of SBSL have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17 and also for the year ended 31<sup>st</sup> March 2018. The appropriateness of the said basis is inter alia dependent on SBSL’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations;



- b. **With regard to Cash Credit Facility & LC Facility availed from Cosmos Co-op Bank Ltd** – SBSL has submitted Consent terms to the Bank on 27.03.2018 for the settlement of the loan accounts. Post discussion both the parties agreed to settle both account and SBSL will have to repay ₹36.79 Crs. to the bank as per mutually agreed terms; and
- c. **With regard to statutory payments** - The SBSL has not made the statutory payment on time to the respective statutory department. The amount of interest and penalty cannot be quantified as the SBSL is not in possession of necessary evidence for verification.”

#### 4. Insunt Trading Private Limited (“ITPL”)

##### *Corporate Information*

Insunt Trading Private Limited, a private limited company, bearing corporate identification number U71290MH2018PTC313189, was incorporated on August 29, 2018 under the Companies Act, 2013. The registered office of ITPL is situated at 18A Tower D, Viceroy Park, Thakur Village, Kandivali (East), Mumbai – 400 101, Maharashtra, India.

##### *Nature of Activities*

Main business activities of ITPL is trading in various goods and products. Presently, ITPL is not engaged in any business activity.

##### *Capital Structure*

As on the date of this Prospectus, the authorized share capital of ITPL is ₹0.10 Million divided into 10,000 equity shares of ₹10/- each. The current issued, subscribed and paid-up share capital of ITPL is ₹0.10 Million divided into 10,000 equity shares of ₹10/- each.

##### *Interest of our Promoters*

Our Promoter, Sadashiv K. Shetty along with Shriraj S. Shetty, one of the members of our Promoter Group holds entire 10,000 equity shares constituting 100.00% of the issued, subscribed and paid-up equity share capital of ITPL as on the date of this Prospectus and the details of which are set out below:

No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	Sadashiv K. Shetty	5,000	50.00
2.	Shriraj S. Shetty	5,000	50.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

##### *Financial Information*

The following information has been derived from the audited financial statements of ITPL for the last three Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018:

(₹ in million, except per share data)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity capital*	0.10	0.10	0.00
Reserves and surplus (excluding revaluation reserve)	1.77	(0.03)	0.00
Revenue from operations (net)	23.90	0.00	0.00
Profit/(Loss) after tax	1.80	(0.03)	0.00
Earnings / (Loss) per share (₹) Basic	179.66	(3.02)	0.00
Earnings per share (₹) Diluted	179.66	(3.02)	0.00
Net asset value or book value per share (in ) (₹)	186.64	6.98	NA

\*Face value of each equity share is ₹10 each.

### *Significant Notes by Auditors*

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

### **Related Party Transactions within our Group Companies and significance on the financial performance of our Company**

Other than the transactions as disclosed under “Related Party Transactions” on page 204, there are no other related business transactions within the Group Companies that may have significance on the financial performance of our Company.

### **Common Pursuits**

Certain business objects of SIL, HASL, SBSL and ITPL as mentioned in their constitutional documents are similar to certain business objects as mentioned in the constitutional documents of the Company. As a result, there may be conflicts of interests in allocating business opportunities between us and our Group Companies. We will adopt the necessary procedures and practices as permitted by law to address any conflict situation, if and when they arise. However, SIL, HASL, SBSL, ITPL are not currently involved in any business activities similar to that of the Company. For further details, see “*Risk Factors - Conflicts of interest may arise out of common business objects shared by our Company and some of our Group Companies and members of the Promoter Group*” on page 50.

Further, we have in the past entered and expect to continue to enter into transactions with certain related parties in the ordinary course of our business, including due to the industry and regulatory framework in which we operate. For details of related party transactions with our Promoters and Group Companies, refer “*Related Party Transactions*” on page 204. While we believe that all our related party transactions have been conducted on arm’s length basis, our Promoters and members of the Promoter Group have interests in other companies and entities, either as directors or otherwise, that may compete with us. For more information, refer “*Risk Factors*” on page 28, “*Our Management*” on page 172 and “*Financial Statements*” on page 206.

### **Nature and Extent of Interest of Group Companies**

#### *Business interest of Group Entities in our Company*

None of our Group Companies have any business or other interest in our Company except for business conducted on an arms’ length basis. For more information on business transactions with our Group Companies and their significance on our financial performance, refer “*Financial Statements*” on page 206.

#### *Sale or Purchase between our Company and our Promoter Group Companies*

Except as stated under “*Related Party Transactions*” on page 204, there are no sales or purchases between our Company and the Group Companies exceeding 10% of the sales or purchases of our Company.

#### *Interest in promotion of Our Company*

None of our Group Companies were interested in the promotion of our Company.

#### *Interest in the property of Our Company*

Our Group Companies do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this Prospectus.

#### *Interest in the transaction involving acquisition of land, construction of building, supply of machinery*

None of our Group Companies are interested in any transaction with our Company involving acquisition of land and construction of building and supply machinery to our Company except as stated in the “*Related Party Transactions*” on page 204 and except a transaction by which Heranba Agro Science Limited has sold a land located at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi

(“GIDC Land”) admeasuring 1,631 sq. mtrs. in Vapi, Gujarat, for consideration of ₹6 million by way of a deed of assignment of lease dated October 17, 2020 and industrial building standing on the GIDC land for consideration of ₹4 million by way of deed of conveyance dated October 17, 2020 to our Company. For further details, please see “We recently acquired by way of assignment of lease of GIDC a land and conveyance of the industrial shed from one of our Group Companies” In the section titled “Risk Factors” on page 47.

#### Loss making Group Companies

(₹ in million)

Name of Group Company*	Profit / (loss) for the period ended March 31		
	2020	2019	2018
Heranba Agro Science Limited	0.42	(0.01)	(0.87)
Shakti Bio Science Limited	(60.06)	(14.38)	(28.77)
Insunt Trading Private Limited	1.80	(0.03)	NA

\*Our Group Company, SAMS Industries Limited has not incurred any loss in the Fiscal 2020, 2019 and 2018.

For details, refer “Risk Factors – Our Group Companies has incurred losses in the past and certain of our Group Companies had negative networth in the past, which may have an adverse effect on our reputation and business” on page 44.

#### Details of Group Companies with negative net worth

As of the date of this Prospectus, except as mentioned below, no other Group Company has negative networth:

(₹ in million)

Name of Group Company	For the period ended March 31		
	2020	2019	2018
Heranba Agro Science Limited	0.23	(0.20)	(0.18)
Shakti Bio Science Limited	(534.07)	(474.01)	(459.63)

#### Litigations involving Group Companies

There are no legal proceedings involving the Group Companies which may have a material impact on our Company.

#### Sick Company and Winding up/Insolvency proceedings against our Group Companies

Our Group Companies does not fall under the definition of ‘sick companies’ under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and have not been referred to the Board of Industrial and Financial Reconstruction. Further, our Group Companies have not been declared as insolvent or bankrupt and there are no insolvency or bankruptcy proceedings initiated against our Group Companies under the Insolvency and Bankruptcy Code, 2016.

#### Defunct Group Companies

During the five years immediately preceding the date of this Prospectus, none of our Group Companies has remained defunct and no application has been made to the relevant registrar of companies for striking off the name of any of our Group Companies.

#### Payment or Benefit to our Group Companies

Except as stated in the “Related Party Transactions” on page 204, there has been no payment of benefits to our Group Companies during the two years prior to the filing of this Prospectus.

#### Other Confirmations

As on the date of this Prospectus, none of the Group Companies: (i) listed or have been refused listing on any stock exchange in India or abroad; (ii) have made any public or rights issue since the date of its incorporation; (iii) there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them;

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions as per the requirements under Ind AS 24 for the six months period ended September 30, 2020, September 30, 2019 and for the Fiscal 2020, 2019 and 2018 (proforma), please see, "*Financial Statement*" beginning on page 206.

## DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to our Company's results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also pay interim dividend. Our Company has no formal dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing from, or may enter into, to finance our fund requirements for our business activities. For details, please refer to section titled "*Financial Indebtedness*" on page 295. The details of dividend paid by our Company, on a consolidated basis during the last three Fiscals and from April 1, 2020 till November 15, 2020 are set out in the following table:

### Equity Shares

(₹ in million)

Particulars	From April 1, 2020 till November 15, 2020	For the financial year ended		
		March 31, 2020	March 31, 2019	March 31, 2018
Equity Share Capital (₹ in million)	390.56	390.56	390.56	78.11
Face Value of Equity Share (in ₹ per Equity Share)	10.00	10.00	10.00	10.00
Interim dividend on Equity Shares (₹ in million)	58.58	39.05	39.05	42.96
Final dividend on Equity Shares (₹ in million)	Not applicable	Nil	Nil	Nil
Total dividend (₹ in million)	58.58	39.05	39.05	42.96
Total dividend tax (₹ in million)	Not applicable	8.03	8.03	8.75
Rate of dividend (%)	15%	10%	10%	55%
Total dividend per Equity Share (in ₹)	1.5	1.00	1.00	5.50
Mode of payment of dividend	Electronic	Electronic	Electronic	Electronic

### Preference Shares

Company has redeemed all its Cumulative Redeemable Preference Shares on March 31, 2018. For details about history of preference shares of our Company, please refer to section titled "*Capital Structure*" on page 75.

(₹ in million)

Particulars	From April 1, 2020 till November 15, 2020	For the financial year ended		
		March 31, 2020	March 31, 2019	March 31, 2018
Preference Share Capital (₹ in millions)	Nil	Nil	Nil	2.51
Face value of Preference Share (in ₹ per Preference Share)	Nil	Nil	Nil	100.00
Final dividend on Preference Shares (₹ in millions)	Nil	Nil	Nil	0.30
Total dividend (₹ in millions)	Nil	Nil	Nil	0.30
Total dividend tax (₹ in millions)	Nil	Nil	Nil	0.06
Rate of dividend (%)	Nil	Nil	Nil	12.00
Total dividend per Preference Shares (in ₹)	Nil	Nil	Nil	12.00

**SECTION VI – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

*[The remainder of this page has been left intentionally blank]*

## INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION\*

To  
**The Board of Directors**  
**Heranba Industries Limited**

Dear Sirs,

1. We have examined the attached Restated Financial Information of **Heranba Industries Limited** (the “**Company**”), comprising the Restated Statement of Assets and Liabilities as at September 30, 2020, September 30, 2019 March 31, 2020, March 31, 2019 and March 31, 2018, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the six months ended September 30, 2020 and September 30, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the “**Restated Financial Information**”), as approved by the Board of Directors of the Company at their meeting held on December 4, 2020 for the purpose of inclusion in the Red Herring Prospectus (“**RHP**”) prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“**IPO**”) in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “**Act**”);
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), as amended from time to time (the “**Guidance Note**”).

### **Managements’ Responsibility for the Restated Financial Information:**

2. The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the RHP to be filed with Securities and Exchange Board of India, BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) and Registrar of Companies, Gujarat at Ahmedabad (“**ROC**”) in connection with the proposed IPO. The Restated Financial Information has been prepared by the management of the Company on the basis of preparation stated in note 2.1 of Annexure V to the Restated Financial Information. The Board of Directors of the Company are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

### **Auditor’s Responsibility:**

3. We have examined such Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 20, 2020 in connection with the proposed IPO of the Company;
  - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) The Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
4. These Restated Financial Information have been compiled by the management from:
  - a) The audited financial statements of the Company as at and for the six months ended September 30, 2020 and September 30, 2019 are prepared in accordance with the Indian Accounting Standards (referred to as “**Ind AS**”)

as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on November 27, 2020 .

- b) Audited financial statements of the Company as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 which were prepared in accordance with Ind AS, which have been approved by the Board of Directors at their meetings held on August 21, 2020, September 06, 2019 and July 31, 2018 respectively

5. For the purpose of our examination, we have relied on:

Auditors' Report issued by us dated November 27, 2020, November 27, 2020, August 21, 2020, September 06, 2019 and July 31, 2018 as at and for the six months period ended September 30, 2020 and September 30, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively as referred in Para 4 above.

6. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, if any, material errors and regrouping / reclassifications, prior period adjustments retrospectively in the six months ended September 30, 2020 and September 30, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the six months ended September 30, 2020.
- b) does not contain any qualifications requiring adjustments. However, those qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, as applicable, on the financial statements for the years ended March 31, 2020, 2019 and 2018 which do not require any corrective adjustment in the Restated Financial Information have been disclosed in note 26 of Annexure VI to the Restated Financial Information; and
- c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Our report is intended solely for use of the Board of Directors for inclusion in the RHP to be filed with Securities and Exchange Board of India, BSE Ltd., National Stock Exchange of India Ltd and Registrar of Companies Gujarat at Ahmedabad, in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **N.S. Shetty & Co.**

**Chartered Accountants**

ICAI Firm Registration Number: 110101W

**Divakar Shetty**

**Partner**

Membership No: 100306

Place: Mumbai

Date: December 4, 2020

UDIN: 20100306AAAABR5381

*\*Consent dated February 27, 2021 of the Statutory Auditor for incorporating the Auditor Examination Report dated December 4, 2020 in the Prospectus*



## Annexure I: Restated Statement of Assets and Liabilities

(₹ in Millions)

Particulars	Note no. as per Annexure VI	For the Period Ended		For the Year Ended		
		30 <sup>th</sup> September 2020	30 <sup>th</sup> September 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment	1	1,306.61	978.23	954.42	511.39	462.42
Capital work-in-progress	1	33.09	106.87	377.72	159.70	11.62
<u>Financial assets:</u>						
(i) Investments	2	124.53	36.09	37.31	0.24	0.23
(ii) Other Financial Assets	3	98.46	81.86	84.27	71.00	62.42
Current tax assets (Net)	4	-	-	-	1.48	-
Other non-current assets	5	80.49	62.87	80.66	344.58	223.45
<b>Total Non-Current Assets (I)</b>		<b>1,643.18</b>	<b>1,265.92</b>	<b>1,534.38</b>	<b>1,088.39</b>	<b>760.14</b>
<b>Current Assets</b>						
Inventories	6	1,735.22	1,330.96	1,455.18	1,138.94	939.98
<u>Financial assets:</u>						
(i) Trade Receivables	7	3,727.82	2,678.14	2,584.67	2,532.72	2,030.82
(ii) Cash and cash equivalents	8(A)	252.79	207.03	31.94	209.65	117.77
(iii) Loans	8(B)	-	-	8.95	-	-
(iv) Other financial assets	3	19.81	16.57	17.17	15.40	14.90
Other current assets	5	502.38	697.76	615.34	619.33	641.04
<b>Total Current Assets (II)</b>		<b>6,238.02</b>	<b>4,930.46</b>	<b>4,713.25</b>	<b>4,516.04</b>	<b>3,744.51</b>
<b>Total Assets (I + II)</b>		<b>7,881.20</b>	<b>6,196.38</b>	<b>6,247.63</b>	<b>5,604.43</b>	<b>4,504.65</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity share capital	9	390.56	390.56	390.56	390.56	78.11
Other equity	10	3,422.02	2,370.40	2,817.93	1,891.20	1,495.07
<b>Total Equity</b>		<b>3,812.58</b>	<b>2,760.96</b>	<b>3,208.49</b>	<b>2,281.76</b>	<b>1,573.18</b>

<b>Liabilities</b>						
<b>Non-Current Liabilities</b>						
<u>Financial Liabilities: -</u>						
(i) Borrowings	11	-	-	-	-	2.51
(ii) Other Financial Liabilities	12	65.48	60.35	61.45	57.27	52.22
Provisions	13	12.72	9.43	6.49	4.22	1.81
Other Non-current liabilities	16	1.59	2.79	2.28	-	-
Deferred Tax balances (net)	14	19.79	15.55	16.09	41.27	35.98
<b>Total Non-Current Liabilities (I)</b>		<b>99.58</b>	<b>88.12</b>	<b>86.31</b>	<b>102.76</b>	<b>92.52</b>
<b>Current Liabilities</b>						
<u>Financial Liabilities: -</u>						
(i) Borrowings	11	380.19	639.25	430.79	498.74	757.42
(ii) Trade payables	15	2,976.36	2,239.58	2,124.68	2,352.07	1,784.19
(iii) Other Financial Liabilities	12	299.34	203.19	139.31	121.89	70.16
Current tax Balances (net)	4	115.48	66.99	37.46	101.68	129.48
Other current liabilities	16	134.07	143.17	163.19	96.46	49.36
Provisions	13	63.60	55.12	57.40	49.07	48.34
<b>Total Current Liabilities (II)</b>		<b>3,969.04</b>	<b>3,347.30</b>	<b>2,952.83</b>	<b>3,219.91</b>	<b>2,838.95</b>
<b>Total Liabilities (I + II)</b>		<b>4,068.62</b>	<b>3,435.42</b>	<b>3,039.14</b>	<b>3,322.67</b>	<b>2,931.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,881.20</b>	<b>6,196.38</b>	<b>6,247.63</b>	<b>5,604.43</b>	<b>4,504.65</b>

The above Statement should be read with Basis of preparation and Significant accounting policies appearing in Annexure V and Notes forming part of the Restated Financial Information appearing in Annexure VI.

As per our report of even date

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

For Heranba Industries Ltd

**Sadashiv K Shetty**

Chairman  
DIN: 00038681

**Raghuram K Shetty**

Managing Director  
DIN: 00038703

**Divakar Shetty**

**Partner**

Membership No. 100306

Mumbai

December 4, 2020

**Maheshwar V Godbole**

Chief Financial Officer

**Abdul Latif**

Company Secretary

**Annexure II: Restated Statement of Profit and loss**

(₹ in Millions)

	Particulars	Note no. as per Annexure VI	For the Period Ended		For the Year Ended		
			30 <sup>th</sup> September 2020	30 <sup>th</sup> September 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>I</b>	<b>REVENUES</b>						
	Revenue from Operations	17	6,183.44	5,016.49	9,513.74	10,044.44	7,450.95
	Other Income	18	8.67	5.84	165.32	73.94	53.15
	<b>Total Revenue (I)</b>		<b>6,192.11</b>	<b>5,022.33</b>	<b>9,679.06</b>	<b>10,118.38</b>	<b>7,504.10</b>
<b>II</b>	<b>EXPENSES</b>						
	Cost of materials consumed	19	4,517.88	3,373.83	6,397.80	7,083.55	4,970.07
	Purchase of stock in trade		138.19	34.38	153.08	64.71	-
	Changes in Inventories of Finished Goods and Work-in-Progress	20	(461.63)	(140.18)	(176.54)	(170.69)	67.43
	Excise Duty on Finished Goods		-	-	-	-	38.46
	Employee Benefits Expense	21	228.58	224.54	464.65	380.05	332.10
	Finance Costs	22	34.59	38.09	88.36	107.33	118.05
	Depreciation and Amortisation Expenses	23	66.04	36.16	82.03	59.54	50.13
	Other Expenses	24	767.65	766.80	1,381.25	1,372.69	1,164.79
	<b>Total Expenses (II)</b>		<b>5,291.30</b>	<b>4,333.62</b>	<b>8,390.63</b>	<b>8,897.18</b>	<b>6,741.03</b>
<b>III</b>	<b>Restated Profit Before Tax (I - II)</b>		<b>900.81</b>	<b>688.71</b>	<b>1,288.43</b>	<b>1,221.20</b>	<b>763.07</b>
<b>IV</b>	<b>Tax Expense</b>						
	Current Tax		234.00	182.00	336.10	457.50	280.00
	Deferred tax (credit) / charge		3.70	(25.72)	(25.17)	5.29	7.69
	Short / (Excess) provision for taxation in respect of earlier years		-	-	-	4.39	6.62
			<b>237.70</b>	<b>156.28</b>	<b>310.93</b>	<b>467.18</b>	<b>294.31</b>
<b>V</b>	<b>Restated Profit for the Year (III – IV)</b>		<b>663.11</b>	<b>532.43</b>	<b>977.50</b>	<b>754.02</b>	<b>468.76</b>
<b>VI</b>	<b>OTHER COMPREHENSIVE INCOME</b>						

	Items that will not be reclassified to profit or loss						
	Re measurement of the net defined benefit liability / asset		(2.78)	(6.99)	(5.76)	1.65	0.88
	Fair Value of Investments		2.21	0.85	2.08	-	-
	Cashflow Hedge Reserve		0.13	-	-	-	-
	<b>Total other Comprehensive Income</b>		<b>(0.44)</b>	<b>(6.14)</b>	<b>(3.68)</b>	<b>1.65</b>	<b>0.88</b>
<b>VI I</b>	<b>Total Comprehensive Income for the year (V – VI)</b>		<b>662.67</b>	<b>526.29</b>	<b>973.82</b>	<b>755.67</b>	<b>469.64</b>
<b>VI II</b>	<b>Earning Per Share</b>						
	Basic and Diluted	25	16.98	13.63	25.03	19.31	12.00

The above Statement should be read with Basis of preparation and Significant accounting policies appearing in Annexure V and Notes forming part of the Restated Financial Information appearing in Annexure VI.

As per our report of even date

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

For Heranba Industries Ltd

**Sadashiv K Shetty**

Chairman

DIN: 00038681

**Raghuram K Shetty**

Managing Director

DIN: 00038703

**Divakar Shetty**

**Partner**

Membership No. 100306

Mumbai

Date: December 4, 2020

**Maheshwar V Godbole**

Chief Financial Officer

**Abdul Latif**

Company Secretary

**Annexure III: Restated Cash Flow Statement**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September 2020	30 <sup>th</sup> September 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Restated Net Profit before taxation as per Statement of Profit and Loss	900.81	688.71	1,288.43	1,221.20	763.07
<b>Adjustments for:</b>					
Finance costs	34.59	38.09	88.36	107.33	118.05
Depreciation and amortisation	66.04	36.16	82.03	59.53	50.13
Dividend Income	-	(0.01)	(0.02)	(0.02)	(0.02)
(Profit) / Loss on sale of fixed assets (Net)	-	-	(0.27)	0.01	(0.10)
Interest income	(3.16)	(1.52)	(5.53)	(9.60)	(14.75)
Re-measurement of the net defined benefit liability / asset	(2.78)	(6.99)	(5.76)	1.65	0.88
Fair Valuation of Investment	*	*	0.02	-	-
Provision for doubtful debts, advances and investment	2.41	20.76	6.40	5.62	5.07
Bad Debts	-	-	-	-	102.29
<b>Total</b>	<b>97.10</b>	<b>86.49</b>	<b>165.23</b>	<b>164.52</b>	<b>261.55</b>
<b>Operating profit before working capital changes</b>	<b>997.91</b>	<b>775.20</b>	<b>1,453.66</b>	<b>1,385.72</b>	<b>1,024.62</b>
<b>Add / (Less) :</b>					
(Increase) / Decrease in inventories	(280.05)	(192.02)	(316.23)	(198.96)	43.59
(Increase) / Decrease in trade and other receivables	(1,036.35)	(254.30)	(66.31)	(409.53)	(1,236.70)
Increase / (Decrease) in trade and other payables	997.54	32.65	(130.17)	590.96	861.16
<b>Cash generated from operations</b>	<b>679.05</b>	<b>361.53</b>	<b>940.95</b>	<b>1,368.19</b>	<b>692.67</b>
Less: Direct taxes paid	155.98	215.20	398.84	491.17	173.20
<b>Net cash flow from operating activities</b>	<b>523.07</b>	<b>146.33</b>	<b>542.11</b>	<b>877.02</b>	<b>519.47</b>
<b>II. Cash flows arising from investing activities</b>					
<b>Inflow / (Outflow) on account of :</b>					
Dividend from investments	-	0.01	0.02	0.02	0.02
(Increase) / Decrease in loan	8.95	-	(8.95)	-	-
Interest income received	3.96	1.52	5.11	9.54	16.17
(Increase) / Decrease in Capital Advance	0.17	-	(80.66)	(121.12)	(141.36)
(Increase) / Decrease in deposits with maturity of more than three months	(13.75)	(2.35)	(2.68)	(5.61)	20.08
Sale/(Purchase) of fixed assets, including capital work - in- progress (net)	(73.61)	(168.45)	(398.23)	(256.60)	(141.90)
(Purchase)/Maturity of Long term / Current investments (net)	(85.00)	(36.94)	(35.00)	(0.02)	0.13
<b>Net cash flow from investing activities</b>	<b>(159.28)</b>	<b>(206.21)</b>	<b>(520.39)</b>	<b>(373.79)</b>	<b>(246.86)</b>
<b>III. Cash flows arising from financing activities</b>					
<b>Inflow / (Outflow) on account of:</b>					
Increase / (Decrease) in long term and short term borrowings	(50.60)	140.51	(67.95)	(261.19)	(82.70)
Repayment of lease obligation	(0.69)	(0.29)	(0.60)	-	-
Dividend and tax on dividend paid	(58.58)	(47.09)	(47.09)	(47.08)	(61.11)
Finance Cost Paid	(33.07)	(35.86)	(83.79)	(103.08)	(114.23)

	<b>Net cash flow from financing activities</b>	<b>(142.94)</b>	<b>57.27</b>	<b>(199.43)</b>	<b>(411.35)</b>	<b>(258.04)</b>
	<b>Net increase in cash and cash equivalents (I + II + III)</b>	<b>220.85</b>	<b>(2.61)</b>	<b>(177.71)</b>	<b>91.88</b>	<b>14.57</b>
	<b>Add: Balance at the beginning of the year</b>	<b>31.94</b>	<b>209.65</b>	<b>209.65</b>	<b>117.77</b>	<b>103.19</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>252.79</b>	<b>207.03</b>	<b>31.94</b>	<b>209.65</b>	<b>117.77</b>
	<b>Components of cash and cash equivalents</b>					
	<b>Cash and cash equivalents:</b>					
	Cash on hand	1.60	0.91	0.83	1.39	1.17
	<b>Balances with banks:</b>					
	- On Current accounts	251.19	206.12	31.11	208.26	116.60
	<b>Total</b>	<b>252.79</b>	<b>207.03</b>	<b>31.94</b>	<b>209.65</b>	<b>117.77</b>

\* Amount less than ₹ 10,000

Note:

The Cash Flow Statement has been prepared under indirect method as set out in Indian Accounting Standard (Ind AS - 7 'Statement of Cash Flows')

The above Statement should be read with Basis of preparation and Significant accounting policies appearing in Annexure V and Notes forming part of the Restated Financial Information appearing in Annexure VI.

As per our report of even date

For Heranba Industries Ltd

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

**Sadashiv K Shetty**

Chairman  
DIN: 00038681

**Raghuram K Shetty**

Managing Director  
DIN: 00038703

**Divakar Shetty**

**Partner**

Membership No. 100306

Mumbai

Date: December 4, 2020

**Maheshwar V Godbole**

Chief Financial Officer

**Abdul Latif**

Company Secretary

**Annexure IV: Restated Statement of changes in equity**

(₹ in Millions except share data)

Particulars	No. of Shares	Amount
<b>A. EQUITY SHARE CAPITAL</b>		
As at 1st April, 2017, Equity Shares of face value of ₹ 10 each	7,811,306	78.11
Changes in equity share capital	-	-
As at 31st March, 2018, Equity Shares of face value of ₹ 10 each	7,811,306	78.11
Bonus Shares issued during the period in the ratio of 4:1	31,245,224	312.45
As at 31st March, 2019 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-
As at 30th September, 2019 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-
As at 31st March, 2020 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-
As at 30th September, 2020 Equity Shares of face value of ₹ 10 each	39,056,530	390.56

**B. OTHER EQUITY**

(₹ In Millions)

Particulars	Securities Premium reserve	Capital Redemption Reserve	General reserve	Retained Earnings	Other Comprehensive Income - Fair valuation of Investment	Other Comprehensive Income - Cash Flow hedge reserve	Total
Balance at 1st April, 2017	79.22	-	207.50	802.14	-	-	1,088.86
Restated Profit for the year	-	-	-	468.76	-	-	468.76
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	0.88	-	-	0.88
Transfer (to)/from General Reserve	-	-	50.00	(50.00)	-	-	-
Dividend Paid and Tax thereon	-	-	-	(61.11)	-	-	(61.11)

Prior Period Adjustments	-	-	-	(2.32)	-	-	(2.32)
<b>Balance at 31st March, 2018</b>	<b>79.22</b>	-	<b>257.50</b>	<b>1,158.35</b>	-	-	<b>1,495.07</b>
Restated Profit for the year	-	-	-	754.02	-	-	754.02
Less : Capitalised for issue of Bonus shares	(75.00)	-	-	(237.45)	-	-	(312.45)
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	1.65	-	-	1.65
Transfer (to)/from Capital Redemption Reserve	-	2.51	-	(2.51)	-	-	-
Transfer (to)/from General Reserve	-	-	50.00	(50.00)	-	-	-
Dividend Paid and Tax thereon	-	-	-	(47.08)	-	-	(47.08)
<b>Balance at 31st March, 2019</b>	<b>4.22</b>	<b>2.51</b>	<b>307.50</b>	<b>1,576.97</b>	-	-	<b>1,891.20</b>
Restated Profit for the period	-	-	-	532.43	-	-	532.43
Items of Other Comprehensive Income: Fair Valuation of investment	-	-	-	-	0.85	-	0.85
Items of Other Comprehensive Income:	-	-	-	(6.99)	-	-	(6.99)



Remeasurement of net defined benefit							
Dividend Paid and Tax thereon	-	-	-	(47.09)	-	-	(47.09)
<b>Balance at 30th September, 2019</b>	<b>4.22</b>	<b>2.51</b>	<b>307.50</b>	<b>2,055.32</b>	<b>0.85</b>	-	<b>2,370.40</b>
						-	
<b>Balance at 31st March, 2019</b>	<b>4.22</b>	<b>2.51</b>	<b>307.50</b>	<b>1,576.97</b>	-	-	<b>1,891.20</b>
Restated Profit for the period	-	-	-	977.50	-	-	977.50
Items of Other Comprehensive Income: Fair Valuation of investment	-	-	-	-	2.08	-	2.08
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	(5.76)	-	-	(5.76)
Transfer (to)/from General Reserve	-	-	50.00	(50.00)	-	-	-
Dividend paid and tax thereon	-	-	-	(47.09)	-	-	(47.09)
<b>Balance at 31st March, 2020</b>	<b>4.22</b>	<b>2.51</b>	<b>357.50</b>	<b>2,451.62</b>	<b>2.08</b>	-	<b>2,817.93</b>
Restated Profit for the period	-	-	-	663.11	-	-	663.11
Items of Other Comprehensive Income: Fair	-	-	-	-	2.21	-	2.21

Valuation of investment							
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	(2.78)	-	-	(2.78)
Cash flow hedge reserve	-	-	-	-	-	0.13	0.13
Dividend paid and tax thereon	-	-	-	(58.58)	-	-	(58.58)
<b>Balance at 30th September, 2020</b>	<b>4.22</b>	<b>2.51</b>	<b>357.50</b>	<b>3,053.37</b>	<b>4.29</b>	<b>0.13</b>	<b>3,422.02</b>

The above Statement should be read with Basis of preparation and Significant accounting policies appearing in Annexure V and Notes forming part of the Restated Financial Information appearing in Annexure VI.

As per our report of even date  
**For N S Shetty & Co.**  
**Chartered Accountants**  
**Firm Registration No. 110101W**

For Heranba Industries Ltd

**Sadashiv K Shetty**  
Chairman  
DIN: 00038681

**Raghuram K Shetty**  
Managing Director  
DIN: 00038703

**Divakar Shetty**  
**Partner**  
Membership No. 100306  
Mumbai  
Date: December 4, 2020

**Maheshwar V Godbole**  
Chief Financial Officer

**Abdul Latif**  
Company Secretary

## **Annexure V: Basis of preparation and Significant Accounting Policies**

### **Note 1: Company Overview**

HERANBA INDUSTRIES LIMITED is a public limited Company domiciled in India, incorporated in 1992 under the Companies Act, 1956. The Company is principally engaged in the business of manufacturing and sale of agro chemical products. The registered office of the Company is located at Vapi, Gujarat.

The Restated Financial Information have been approved for issue by the Company's Board of Directors on December 4, 2020.

### **Note 2: Basis of preparation and significant accounting policies**

#### **2.1 Basis of preparation and presentation of Financial Statements:**

The Restated financial statements of Assets and Liabilities as at September 30, 2020, September 30, 2019 March 31, 2020, March 31, 2019 and March 31, 2018 and Restated Statement of Profit and Loss, Restated Cash Flow Statement and the Restated Statement of Changes in Equity for the years ended for the six months ended September 30, 2020 and September 30, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 (together referred to as "Restated Financial Information") have been compiled by the Company from the Audited Financial Statements to which further adjustments are made to comply in all material aspects with the requirements of the Securities and Exchange Board of India (Issue of Disclosure and Capital Requirements) Regulations, 2018, as amended (the "ICDR Regulations"). Accordingly, these Restated Financial Information have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate. There were no exceptional items that needed to be disclosed separately for the respective years under consideration.

The restated financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

This Restated Financial Information has been prepared for inclusion in the Red Herring Prospectus to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering ("IPO") of its equity shares, in accordance with the requirements of:

- a) Section 26 of Part 1 of Chapter III of the Companies Act, 2013 ("Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
- c) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

This Restated Financial Information has been extracted by the Management from:

Audited financial statements of the Company as at and for the six months ended September 30, 2020 and September 30, 2019 and audited annual financial statements as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on November 27, 2020, November 27, 2020 August 21, 2020, September 06, 2019 and July 31, 2018 respectively and this Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors

#### **2.2 Significant accounting judgements, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## **Estimates and assumptions**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgments are:

- i. Estimation of defined benefit obligation
- ii. Impairment of financial asset such as trade receivables
- iii. Impairment of Non- financial Assets
- iv. Estimation of Tax Expense and Liability

### **2.3 Summary of Significant Accounting Policies**

#### **A. Revenue Recognition**

The Company recognizes revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The specific recognition criteria described below must also be met before revenue is recognised

##### **a. Sale of goods:**

The Company recognises revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognized when such freight services are rendered.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

##### **b. Interest and dividend:**

Interest income including income arising on other instruments are recognised on time proportion basis using the effective interest rate method.

Dividend income is recognized when the right to receive dividend is established.

#### **B. Export Benefits:**

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

#### **C. Property Plant and Equipment, Investment Property and Depreciation / Amortisation:**

- a. Items of Property, plant and equipment including Capital-work in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any cost attributable of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of

plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

- b. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the month of such addition, or up to the month of such sale/disposal, as the case may be.

Asset Category	Estimated useful life (in Years)
Plant & Machinery	20
Servers and networks	6
Computer desktops and laptops	3
Laboratory Equipment's	10
Office Equipment's	5
Plumbing and Piping	20
Electrical Installation	10
Factory Building	30
Non-Factory Buildings	60
Vehicles	8
Furniture and Fixture	10
Leasehold Land and Right to use assets	Over Primary Lease period

The residual values, useful lives and methods of depreciation of property plant equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

#### **D. Financial Instruments: -**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **1. Financial Assets: -**

###### **i) Recognition and initial measurement: -**

Trade Receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

###### **ii) Classification and Subsequent measurement: -**

For purposes of subsequent measurement, financial assets are classified in following categories:

###### **a. Financial Assets at Amortised Cost: -**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

###### **b. Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI): -**

Financial assets are measured at fair value through Other Comprehensive Income (OCI) if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are subsequently measured at Fair Value. Interest Income under Effective Interest method, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and Loss. Other net gains and losses are recognized in OCI.

c. Financial asset not measured at amortised cost or at fair value through OCI is carried at Fair Value through Profit and Loss.

**d. Equity Investments: -**

All Equity investments within the scope of Ind AS 109 are measured at Fair Value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

For Equity instruments classified as FVOCI, all fair value changes in the instrument excluding dividends are recognized in OCI. Dividends on such equity instruments are recognized in the statement of Profit or loss.

**iii) De-recognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTP) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to Profit and Loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to Profit or Loss on de-recognition.

**2. Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**i. Recognition and Initial Measurement**

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

**a. Financial liabilities at fair value through Profit or Loss (FVTPL)**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial Liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

**b. Financial liabilities at amortised cost**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**iii. De-recognition of Financial Liabilities:**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. 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 de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**3. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**E. Impairment: -**

**a. Financial assets: -**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial asset measured at amortized cost.

Loss allowances on trade receivables are measured following the 'Simplified Approach' at an amount equal to the Life time ECL at each reporting date. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In respect of other financial asset, the loss allowance is measured at 12-month ECL only, if there is no significant deterioration in the credit risk since initial recognition of an asset or asset is determined to have a low credit risk at the reporting date.

**b. Non-financial assets: -**

The Company assesses, at each reporting date, whether there is an indication that an 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. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicator

**c. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**F. Taxation: -**

**i. Current Tax: -**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

**ii. Deferred Tax: -**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**iii. Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit are recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**G. Inventories: -**

All inventories are stated at lower of 'Cost or Net Realizable Value'.

- A. Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on First in First Out (FIFO) basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- B. Finished products and Work in Progress are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods and work in progress



includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

- C. Traded goods are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.
- D. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **H. Employee benefits: -**

##### **a. Defined Contribution Plan: -**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognised as employee benefit expense when they are due.

##### **b. Defined Benefit Plan: -**

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The net interest cost is calculated by 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 employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

##### **c. Leave Entitlement: -**

Leave entitlement are provided based on an actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

##### **d. Short-term Benefits: -**

Short-term employee benefits such as salaries, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered.

#### **I. Borrowings and Borrowing costs: -**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **J. Earnings per Share: -**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any.

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

**K. Cash Flow Statement: -**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**L. Cash and Cash Equivalents: -**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

**M. Foreign currency transactions: -**

- A. All transactions in foreign currency are recorded in the reporting currency, based on closing rates of exchange prevalent on the dates of the relevant transactions,
- B. Monetary assets and liabilities in foreign currency, outstanding as on the Balance Sheet date, are converted in reporting currency at the closing rates of exchange prevailing on the said date. Resultant gain or loss is recognized during the year in the Statement of Profit and Loss,
- C. Non-monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction, and
- D. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

**N. Segment reporting: -**

Based on " Management Approach "as defined in Ind AS 108 - Operating Segments the chief operating decision maker regularly monitors and reviews the operating results of the whole Company as one segment of "Agro - Chemicals". Thus, as defined in Ind AS 108, the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss. The analysis of geographical segments is based on the areas in which customers of the Company are located.

**O. Provisions, contingent liabilities and contingent assets: -**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are also present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent Liabilities are not recognized in the financial statements but are disclosed separately.

Contingent assets are not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.

**P. Leases: -**

**Transition**

Effective from April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at end of the year, ended March 31, 2019 have not been retrospectively adjusted.

**Measurement of Lease Liability**

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company’s incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) re-measured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

**Measurement of Right-of-use assets**

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company’s incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short-term leases has been adopted by Company.

**Annexure VI: Notes to the Restated Financial Information**
**Note: 1 Property, Plant and Equipment**

Particulars	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipment	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Assets	Total	Capital work-in-progress
<b>Gross Carrying Value (At Deemed Cost)</b>													
<b>Balance at 1st April, 2017</b>	<b>74.21</b>	<b>599.66</b>	<b>75.54</b>	<b>27.58</b>	<b>56.57</b>	<b>6.89</b>	<b>6.06</b>	<b>8.39</b>	<b>29.66</b>	<b>7.52</b>	<b>-</b>	<b>892.08</b>	<b>2.10</b>
Additions	-	131.11	-	-	-	-	0.08	0.06	1.05	-	-	<b>132.30</b>	<b>9.52</b>
Disposals	-	-	-	-	-	-	-	-	(0.73)	-	-	(0.73)	-
<b>Balance at 31st March, 2018</b>	<b>74.21</b>	<b>730.77</b>	<b>75.54</b>	<b>27.58</b>	<b>56.57</b>	<b>6.89</b>	<b>6.14</b>	<b>8.45</b>	<b>29.98</b>	<b>7.52</b>	<b>-</b>	<b>1,023.65</b>	<b>11.62</b>
<b>Accumulated depreciation and impairment</b>													
<b>Balance at 1st April, 2017</b>	<b>8.11</b>	<b>326.93</b>	<b>55.09</b>	<b>26.16</b>	<b>44.68</b>	<b>6.39</b>	<b>5.40</b>	<b>7.75</b>	<b>21.75</b>	<b>7.43</b>	<b>-</b>	<b>509.69</b>	<b>-</b>
<b>Add: Adjustment on account of depreciation pertaining to earlier years</b>	<b>-</b>	<b>2.25</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.32</b>	<b>-</b>
<b>Adjusted Balance as at 1st April, 2017</b>	<b>8.11</b>	<b>329.18</b>	<b>55.09</b>	<b>26.16</b>	<b>44.71</b>	<b>6.39</b>	<b>5.44</b>	<b>7.75</b>	<b>21.75</b>	<b>7.43</b>	<b>-</b>	<b>512.01</b>	<b>-</b>
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	(0.54)	-	-	<b>(0.54)</b>	-
Adjustment in accumulated depreciation	-	-	-	-	-	-	-	-	-	(0.37)	-	<b>(0.37)</b>	-
Depreciation charge	0.97	43.64	1.49	0.03	1.29	0.07	0.20	0.20	2.22	0.02	-	<b>50.13</b>	-
<b>Balance at 31st March, 2018</b>	<b>9.08</b>	<b>372.82</b>	<b>56.57</b>	<b>26.19</b>	<b>46.00</b>	<b>6.46</b>	<b>5.64</b>	<b>7.95</b>	<b>23.44</b>	<b>7.08</b>	<b>-</b>	<b>561.23</b>	<b>-</b>
<b>Net carrying value as on 31st March, 2018</b>	<b>65.13</b>	<b>357.95</b>	<b>18.97</b>	<b>1.39</b>	<b>10.57</b>	<b>0.43</b>	<b>0.50</b>	<b>0.50</b>	<b>6.54</b>	<b>0.44</b>	<b>-</b>	<b>462.42</b>	<b>11.62</b>

<b>Gross Carrying Value (At Deemed Cost)</b>													
<b>Balance at 1st April, 2018</b>	<b>74.21</b>	<b>730.77</b>	<b>75.54</b>	<b>27.58</b>	<b>56.57</b>	<b>6.89</b>	<b>6.14</b>	<b>8.45</b>	<b>29.98</b>	<b>7.52</b>	<b>-</b>	<b>1,023.65</b>	<b>11.62</b>
Additions	-	95.38	-	8.36	-	0.31	-	0.03	4.66	-	-	<b>108.74</b>	148.08
Disposals	-	-	-	-	-	-	-	-	(0.82)	-	-	(0.82)	-
<b>Balance at 31st March, 2019</b>	<b>74.21</b>	<b>826.15</b>	<b>75.54</b>	<b>35.94</b>	<b>56.57</b>	<b>7.20</b>	<b>6.14</b>	<b>8.48</b>	<b>33.82</b>	<b>7.52</b>	<b>-</b>	<b>1,131.57</b>	<b>159.70</b>
<b>Accumulated depreciation and impairment</b>													
<b>Balance at 1st April, 2018</b>	<b>9.08</b>	<b>372.82</b>	<b>56.57</b>	<b>26.19</b>	<b>46.00</b>	<b>6.46</b>	<b>5.64</b>	<b>7.95</b>	<b>23.44</b>	<b>7.08</b>	<b>-</b>	<b>561.23</b>	<b>-</b>
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	(0.58)	-	-	(0.58)	-
Depreciation charge	0.97	52.36	1.36	0.75	1.15	0.12	0.11	0.09	2.61	0.02	-	<b>59.54</b>	-
<b>Balance at 31st March, 2019</b>	<b>10.05</b>	<b>425.18</b>	<b>57.92</b>	<b>26.94</b>	<b>47.15</b>	<b>6.58</b>	<b>5.75</b>	<b>8.04</b>	<b>25.47</b>	<b>7.10</b>	<b>-</b>	<b>620.18</b>	<b>-</b>
<b>Net carrying value as on 31st March, 2019</b>	<b>64.16</b>	<b>400.97</b>	<b>17.61</b>	<b>9.00</b>	<b>9.43</b>	<b>0.62</b>	<b>0.39</b>	<b>0.44</b>	<b>8.35</b>	<b>0.42</b>	<b>-</b>	<b>511.39</b>	<b>159.70</b>
<b>Gross Carrying Value (At Deemed Cost)</b>													
<b>Balance at 1st April, 2019</b>	<b>74.21</b>	<b>826.15</b>	<b>75.54</b>	<b>35.94</b>	<b>56.57</b>	<b>7.20</b>	<b>6.14</b>	<b>8.48</b>	<b>33.82</b>	<b>7.52</b>	<b>-</b>	<b>1,131.57</b>	<b>159.70</b>
Additions	318.40	160.68	6.05	7.77	-	3.75	0.05	0.08	1.29	-	4.93	503.00	106.87
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	(159.70)
<b>Balance at 30th September, 2019</b>	<b>392.61</b>	<b>986.83</b>	<b>81.59</b>	<b>43.71</b>	<b>56.57</b>	<b>10.95</b>	<b>6.19</b>	<b>8.56</b>	<b>35.11</b>	<b>7.52</b>	<b>4.93</b>	<b>1,634.57</b>	<b>106.87</b>

<b>Accumulated depreciation and impairment</b>													
<b>Balance at 1st April, 2019</b>	<b>10.05</b>	<b>425.18</b>	<b>57.92</b>	<b>26.94</b>	<b>47.15</b>	<b>6.58</b>	<b>5.75</b>	<b>8.04</b>	<b>25.47</b>	<b>7.10</b>	-	<b>620.18</b>	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	1.79	29.72	0.78	1.40	0.51	0.24	0.03	0.03	1.01	0.01	0.64	<b>36.16</b>	-
<b>Balance at 30th September, 2019</b>	<b>11.84</b>	<b>454.90</b>	<b>58.70</b>	<b>28.34</b>	<b>47.66</b>	<b>6.82</b>	<b>5.78</b>	<b>8.07</b>	<b>26.48</b>	<b>7.11</b>	0.64	<b>656.34</b>	-
<b>Net carrying value as on 30th September, 2019</b>	<b>380.77</b>	<b>531.93</b>	<b>22.89</b>	<b>15.37</b>	<b>8.91</b>	<b>4.13</b>	<b>0.41</b>	<b>0.49</b>	<b>8.63</b>	<b>0.41</b>	<b>4.29</b>	<b>978.23</b>	<b>106.87</b>
<b>Gross Carrying Value (At Deemed Cost)</b>													
<b>Balance at 1st April, 2019</b>	<b>74.21</b>	<b>826.15</b>	<b>75.54</b>	<b>35.94</b>	<b>56.57</b>	<b>7.20</b>	<b>6.14</b>	<b>8.48</b>	<b>33.82</b>	<b>7.52</b>	-	<b>1,131.57</b>	<b>159.70</b>
Additions	318.40	180.09	6.05	7.77	-	3.75	0.05	0.22	3.85	-	4.93	<b>525.11</b>	218.02
Disposals	-	-	-	-	-	-	-	-	(0.78)	-	-	(0.78)	
<b>Balance at 31st Mar, 2020</b>	<b>392.61</b>	<b>1,006.24</b>	<b>81.59</b>	<b>43.71</b>	<b>56.57</b>	<b>10.95</b>	<b>6.19</b>	<b>8.70</b>	<b>36.89</b>	<b>7.52</b>	<b>4.93</b>	<b>1,655.90</b>	<b>377.72</b>
<b>Accumulated depreciation and impairment</b>													
<b>Balance at 1st April, 2019</b>	<b>10.05</b>	<b>425.18</b>	<b>57.92</b>	<b>26.94</b>	<b>47.15</b>	<b>6.58</b>	<b>5.75</b>	<b>8.04</b>	<b>25.47</b>	<b>7.10</b>	-	<b>620.18</b>	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	(0.73)	-	-	(0.73)	-
Depreciation charge	4.06	67.22	1.69	3.39	1.02	0.77	0.07	0.07	2.44	0.01	1.29	<b>82.03</b>	-
<b>Balance at 31st Mar, 2020</b>	<b>14.11</b>	<b>492.40</b>	<b>59.61</b>	<b>30.33</b>	<b>48.17</b>	<b>7.35</b>	<b>5.82</b>	<b>8.11</b>	<b>27.18</b>	<b>7.11</b>	<b>1.29</b>	<b>701.48</b>	-
<b>Net carrying value as on 31st Mar, 2020</b>	<b>378.50</b>	<b>513.84</b>	<b>21.98</b>	<b>13.38</b>	<b>8.40</b>	<b>3.60</b>	<b>0.37</b>	<b>0.59</b>	<b>9.71</b>	<b>0.41</b>	<b>3.64</b>	<b>954.42</b>	<b>377.72</b>

<b>Gross Carrying Value (At Deemed Cost)</b>													
<b>Balance at 1st April, 2020</b>	<b>392.61</b>	<b>1,006.24</b>	<b>81.59</b>	<b>43.71</b>	<b>56.57</b>	<b>10.95</b>	<b>6.19</b>	<b>8.70</b>	<b>36.89</b>	<b>7.52</b>	<b>4.93</b>	<b>1,655.90</b>	<b>377.72</b>
Additions	-	132.28	217.62	57.99	-	3.99	0.60	1.37	0.56	3.82	-	<b>418.23</b>	33.09
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalised during the period	-	-	-	-	-	-	-	-	-	-	-	-	(377.72)
<b>Balance at 30th September, 2020</b>	<b>392.61</b>	<b>1,138.52</b>	<b>299.21</b>	<b>101.70</b>	<b>56.57</b>	<b>14.94</b>	<b>6.79</b>	<b>10.07</b>	<b>37.45</b>	<b>11.34</b>	4.93	<b>2,074.14</b>	<b>33.09</b>
<b>Accumulated depreciation and impairment</b>													
<b>Balance at 1st April, 2020</b>	<b>14.11</b>	<b>492.40</b>	<b>59.61</b>	<b>30.33</b>	<b>48.17</b>	<b>7.35</b>	<b>5.82</b>	<b>8.11</b>	<b>27.18</b>	<b>7.11</b>	1.29	<b>701.48</b>	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	2.28	41.07	10.00	8.44	0.45	0.89	0.15	0.46	1.23	0.43	0.64	<b>66.04</b>	-
<b>Balance at 30th September, 2020</b>	<b>16.39</b>	<b>533.47</b>	<b>69.61</b>	<b>38.77</b>	<b>48.62</b>	<b>8.24</b>	<b>5.97</b>	<b>8.57</b>	<b>28.41</b>	<b>7.54</b>	1.93	<b>767.52</b>	33.09
<b>Net carrying value as on 30th September, 2020</b>	<b>376.22</b>	<b>605.05</b>	<b>229.60</b>	<b>62.93</b>	<b>7.95</b>	<b>6.70</b>	<b>0.82</b>	<b>1.50</b>	<b>9.04</b>	<b>3.80</b>	3.00	<b>1,306.61</b>	33.09

**Foot Notes:**

**1. Capital work in progress**

Capital work in progress comprises expenditure for the plant and factory building in the course of construction.

**2. Contractual Obligations**

Refer note 28 (B) on disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.

**3. Property, Plant & Equipment taken on finance lease**

The Property, Plant & Equipment includes leasehold land where the Company is a lessee under finance lease. The lease term in respect of leasehold land is long term lease with ability to opt for renewal of the lease term.

**4. The Company has created first charge on leasehold land situated at Sarigam. (Further refer note 11)**

**Annexure VI: Notes to the Restated Financial Information**

**Note 2: Investments**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b><u>Non Current</u></b>					
<b><u>Investments in equity instruments (un-quoted) At Deemed Cost</u></b>					
2,000 (2,000 As at September 30, 2019; 2,000 As at March 31, 2020; 2000 As at March 31, 2019, 2000 as at March 31, 2018) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	0.05	0.05	0.05	0.05	0.05
1,000 (1,000 As at September 30, 2019; 1,000,As at March 31, 2020; 1,000, As at March 31, 2019; 1,000 as at March 31, 2018) Equity shares of Matrubhumi Co-op. Credit Society Limited	0.10	0.10	0.10	0.10	0.10
NIL (Nil as at September 30, 2019; NIL as at March 31, 2020; 100 As at March 31, 2019, 100 as at March 31, 2018) Equity Shares of The Kalupur Commercial Co-op Bank Ltd.	-	-	-	*	*
A)	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>
<b><u>Investments in equity instruments (At fair value through profit / loss) (quoted):</u></b>					
41 (41 As at September 30, 2019; 41 As at March 31, 2020; 41 As at March 31, 2019, 41 as at March 31, 2018) Equity Shares of United Phosphorus Ltd.	0.02	0.02	0.01	0.02	0.03
200 (200 As at September 30, 2019,200 As at March 31, 2020; 200 As at March 31, 2019, 200 as at March 31, 2018) Equity Shares of Aditya Birla Money Ltd.	*	0.01	0.01	0.01	0.01



500 (500 As at September 30, 2019; 500 As at March 31, 2020, 500; 500 As at March 31, 2019, 500 as at March 31, 2018) Equity Shares of Gujarat State Financial Corporation Ltd.	0.01	*	*	*	*
<b>B)</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.03</b>	<b>0.04</b>
<b><u>Investments in Mutual Funds (At fair value through Other Comprehensive Income) (quoted):</u></b>					
156,531.22 Units of Aditya Birla Sunlife Mutual Fund (76,685.87 as at September 30, 2019; 76,685.87 as at March 31, 2020; Nil as at March, 31 2019, NIL as at March 31, 2018) (Refer note 11)	79.02	35.85	37.08	-	-
4,499,765.012 units of Baroda Large & Mid-cap (G) Fund - (NIL As at September, 2019; NIL As at March 31; 2020, ; NIL As at March 31, 2019, NIL, As at March 31, 2018)	45.27	-	-	-	-
<b>C)</b>	<b>124.29</b>	<b>35.85</b>	<b>37.08</b>	<b>-</b>	<b>-</b>
<b><u>Other Investment (un-quoted)</u></b>					
National Savings Certificates [Lodged with Government Departments as security]	0.06	0.06	0.06	0.06	0.04
<b>D)</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.04</b>
<b>Total Non-Current Investments (A+B+C+D)</b>	<b>124.53</b>	<b>36.09</b>	<b>37.31</b>	<b>0.24</b>	<b>0.23</b>
<b>Aggregate amount of quoted investments</b>	<b>124.32</b>	<b>35.89</b>	<b>37.10</b>	<b>0.03</b>	<b>0.04</b>
<b>Aggregate amount of un-quoted investments</b>	<b>0.21</b>	<b>0.20</b>	0.21	0.21	0.19

\* Amount less than ₹ 10,000

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 3 Other Financial Assets

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b><u>Non-current</u></b>	-	-			
<b>(unsecured, considered good)</b>					

Bank balances (Refer Footnote)					
Deposits with maturity of more than twelve months	60.73	46.65	46.98	44.31	38.69
Security deposits	37.63	35.03	37.15	26.42	23.44
Advance Rental Credit	0.10	0.18	0.14	0.27	0.29
<b>Total</b>	<b>98.46</b>	<b>81.86</b>	<b>84.27</b>	<b>71.00</b>	<b>62.42</b>
<b>Current</b>					
<b>(unsecured, considered good)</b>					
Security deposits	18.92	15.29	15.47	14.12	13.68
Interest Accrued and Due	0.82	1.21	1.63	1.21	1.15
Advance Rental Credit	0.07	0.07	0.07	0.07	0.07
<b>Total</b>	<b>19.81</b>	<b>16.57</b>	<b>17.17</b>	<b>15.40</b>	<b>14.90</b>

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 4 Current Tax Assets (Net)

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Current tax assets	-	-	-	1.48	-
Current tax liabilities	(115.48)	(66.99)	(37.46)	(101.68)	(129.48)
<b>Total</b>	<b>(115.48)</b>	<b>(66.99)</b>	<b>(37.46)</b>	<b>(100.20)</b>	<b>(129.48)</b>

#### Income Tax Expenses

##### (a) Income Tax expense recognised in the Statement of Profit and loss:

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Current Tax	234.00	182.00	336.10	457.50	280.00
Deferred tax	3.70	(25.72)	(25.17)	5.29	7.69
Taxes of Earlier Years	-	-	-	4.39	6.62
<b>Total Tax expenses</b>	<b>237.70</b>	<b>156.28</b>	<b>310.93</b>	<b>467.18</b>	<b>294.32</b>

##### (b) Reconciliation of tax expense and the accounting profit multiplied by statutory tax rate:

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Profit before tax	900.81	688.71	1,288.43	1,221.20	763.07
Enacted tax rate	25.168%	25.168%	25.168%	34.944%	34.608%
Expected tax expense	226.71	173.33	324.27	426.74	264.08
<b>Tax effects of amounts that are not deductible (taxable) in calculating taxable income:</b>					
Effect of expenses that are not deductible in determining taxable profit	22.68	18.80	38.35	44.22	33.73
Effect of expenses that are deductible in determining taxable profit due to timing difference	(15.61)	(10.14)	(27.51)	(40.54)	(4.57)
Effect on deferred tax due to timing difference (Refer Note)	3.70	(25.72)	(25.17)	5.29	7.69
Adjustments for current tax of prior periods	-	-	-	4.39	6.63
Others	0.22	0.01	0.99	27.08	(13.24)
<b>Income tax expense for the period/year</b>	<b>237.70</b>	<b>156.28</b>	<b>310.93</b>	<b>467.18</b>	<b>294.32</b>
<b>Effective Income Tax rate</b>	<b>26.39%</b>	<b>22.69%</b>	<b>24.13%</b>	<b>38.25%</b>	<b>38.57%</b>

Note: Pursuant to notification of Taxation Laws (Amendment) Ordinance 2019, the Company has opted to pay tax as per section 115BAA at the income tax rate of 22 percent (Plus applicable surcharge and cess). Consequently, during the year ended March 31, 2020, the Company has recognized the impact of re measurement of net deferred tax assets / liabilities and the current tax charge. Accordingly, the excess net deferred tax liabilities of ₹.6.25 Millions has been reversed during the year ended March 31, 2020.

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 5 Other Assets

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b><u>Non-current</u></b>					
<b>(Unsecured, considered good)</b>					
Capital Advances	80.49	62.87	80.66	344.58	223.45
<b>Total</b>	<b>80.49</b>	<b>62.87</b>	<b>80.66</b>	<b>344.58</b>	<b>223.45</b>
<b><u>Current</u></b>					
<b>(Unsecured, considered good)</b>					
Advance to Suppliers (includes advance to related parties ₹ 70.86 as at 30 September 2020 ; ₹ 81.53 as at 30 September	100.52	148.01	75.87	85.14	99.48

2019, ₹70.87 as at 31 March 2020, ₹ 79.68 as at 31 March 2019 and ₹ 79.74 as at 31 March 2018)					
Balance with Revenue Authorities	273.18	539.49	521.16	525.80	536.06
Derivative Forward	0.70	-	-	-	-
<b>Other Advances:</b>					
Prepaid Expense	1.49	1.11	5.86	1.17	1.08
Others	126.49	9.15	12.45	7.22	4.42
<b>Total</b>	<b>502.38</b>	<b>697.76</b>	<b>615.34</b>	<b>619.33</b>	<b>641.04</b>

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 6 Inventories

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Inventories (lower of cost or net realisable value)					
Raw materials (Includes Stock in transit ₹20.49 as at 30 September, 2020; Nil as at 30 September, 2019, ₹ 57.49 as at 31st March 2020, ₹47.90 As at 31st March 19 and ₹ Nil As at 31st March 2018)	302.34	420.17	474.88	373.78	291.71
Work In Progress	78.71	65.86	69.15	51.69	43.91
Finished Goods (Includes Stock in transit ₹ 162.58 As at 30th September 2020; ₹85.70 as at 30 September, 2019; ₹ 49.31 as at 31st March 20, ₹ 106.87 As at 31st March 19 and ₹ 43.47 As at 31st March 18)	1,284.66	799.52	832.60	673.51	554.07
Packing materials	55.93	37.55	69.07	31.16	41.64
Stores and Spares	13.58	7.86	9.48	8.80	8.65
<b>Total</b>	<b>1,735.22</b>	<b>1,330.96</b>	<b>1,455.18</b>	<b>1,138.94</b>	<b>939.98</b>

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 7 Trade Receivables

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		

	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Unsecured, considered good	3,727.82	2,756.33	2,694.23	2,673.77	2,178.12
Trade Receivables which have significant increase in Credit Risk	72.31	84.62	70.25	63.86	58.24
Trade Receivables-Credit Impaired	-	-	-	-	-
<b>Total</b>	<b>3,800.13</b>	<b>2,840.95</b>	<b>2,764.48</b>	<b>2,737.63</b>	<b>2,236.36</b>
Less: Impairment loss allowance	72.31	84.62	70.25	63.86	58.24
Less: Bills discounted	-	78.19	109.56	141.05	147.30
<b>Total</b>	<b>3,727.82</b>	<b>2,678.14</b>	<b>2,584.67</b>	<b>2,532.72</b>	<b>2,030.82</b>

- a. No trade receivable due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director is a partner, or a director or a member.
- b. Trade receivable are non- interest bearing and generally on terms of 30 to 90 days.
- c. Trade receivables are hypothecated to banks against working capital facilities.

#### Annexure VI: Notes to the Restated Financial Information

#### Note: 8 (A) Cash and cash equivalents

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Balances with banks:</b>					
In current accounts	251.19	206.12	31.11	208.26	116.60
Cash on hand	1.60	0.91	0.83	1.39	1.17
<b>Total</b>	<b>252.79</b>	<b>207.03</b>	<b>31.94</b>	<b>209.65</b>	<b>117.77</b>

#### (B) Loans:

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
<b>Loans: (Unsecured, considered good)</b>					
Loan to Related Party (Refer Footnote)	-	-	8.95	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8.95</b>	<b>-</b>	<b>-</b>

Footnote: During the Financial Year 2019-2020 the Company has granted an Interest-bearing Loan of ₹ 8.95 million (since repaid) to Insunt Trading Private Limited, A Company in which a Director of Heranba is interested as a Director and Shareholder. Therefore in

terms of Section 185 of the Companies Act, 2013, the Company has obtained the approval of the Shareholders by way of Special Resolution and complied all other condition of the Section 185 of the Companies Act, 2013.

**Note: 9 Share Capital**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
<b>Authorised Share Capital:</b>					
45,000,000 ( As at 30th September, 2019: 45,000,000 ; As at 31st March, 2020: 45,000,000 ; As at 31st March, 2019: 45,000,000 and as at 31 <sup>st</sup> March 2018: 9,500,000) Equity Shares of ₹ 10/- each	450.00	450.00	450.00	450.00	95.00
NIL (As at 30th September, 2019: Nil; As at 31st March, 2020: Nil; As at 31 <sup>st</sup> March, 2019: Nil, ; as at 31 <sup>st</sup> March, 2018 : 50,000) Preference Shares of ₹100/- each	-	-	-	-	5.00
<b>Issued and subscribed capital:</b>					
39,056,530 (As at 30th September, 2019: 39,056,530; As at 31st March, 2020: 39,056,530, As at 31st March, 2019: 39,056,530 and at 31 <sup>st</sup> March 2018; 7,811,306 ) Equity Shares of ₹ 10/- each fully paid up	390.56	390.56	390.56	390.56	78.11
<b>Total</b>	<b>390.56</b>	<b>390.56</b>	<b>390.56</b>	<b>390.56</b>	<b>78.11</b>

a) Reconciliation of number of shares outstanding at the beginning and end of the period/year

(₹ in Millions except shares data)

Particulars	No. of Shares	Amount
<b>A. EQUITY SHARE CAPITAL</b>		
As at 1st April, 2017, Equity Shares of face value of ₹ 10 each	7,81,1306	78.11
Changes in equity share capital	-	-
As at 31st March, 2018, Equity Shares of face value of ₹ 10 each	7,81,1306	78.11
Bonus Shares issued during the period in the ratio of 4:1	31,245,224	312.45
As at 31st March, 2019 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-

As at 30th September, 2019 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-
As at 31st March, 2020 Equity Shares of face value of ₹ 10 each	39,056,530	390.56
Changes in equity share capital	-	-
As at 30th September, 2020 Equity Shares of face value of ₹ 10 each	39,056,530	390.56

b) Aggregate number of bonus shares allotted during the period of 5 years immediately preceding the reporting date.

Particulars	As at				
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Equity Shares of Rs. 10 each	-	3,12,45,224	-	-	-
Bonus Ratio	NA	4:1	NA	NA	NA
Date of allotment	NA	July 09, 2018	NA	NA	NA

As per the records of the Company, including its register of shareholders/members the above shareholding represents both legal and beneficial ownership of shares.

c) Details of shareholders holding more than 5% equity shares in the Company

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Sadashiv Shetty					
No. of Shares	13.05	13.05	13.05	14.19	3.14
% Holding	33.42%	33.42%	33.42%	36.34%	40.17%
Raghuram Shetty					
No. of Shares	14.12	14.12	14.12	12.98	2.12
% Holding	36.16%	36.16%	36.16%	33.24%	27.09%
Sujata Shetty					
No. of Shares	3.23	3.23	3.23	3.23	0.65
% Holding	8.27%	8.27%	8.27%	8.27%	8.27%
Vanita Shetty					
No. of Shares	2.02	2.02	2.02	2.02	0.40
% Holding	5.17%	5.17%	5.17%	5.17%	5.17%

d) Reconciliation of number of preference share outstanding at the beginning and at the end of the year/period

(₹ in Millions)

Fully paid preference shares	Number of shares	Share Capital
Balance at 1st April, 2017	25,121	2.51
Increase/ (Decrease) during the Period/year	-	-
Balance at 31st March, 2018	25,121	2.51
Increase/ (Decrease) during the Period/year	(25,121)	-2.51
Balance at 31st March, 2019	-	-

Increase/ (Decrease) during the Period/year	-	-
<b>Balance at 30th September, 2019</b>	-	-
Increase/ (Decrease) during the Period/year	-	-
<b>Balance at 31st March, 2020</b>	-	-
Increase/ (Decrease) during the Period/year	-	-
<b>Balance at 30th September, 2020</b>	-	-

**Note: 10 Other Equity**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Securities premium</b>					
Balance at the beginning of the period/year	4.22	4.22	4.22	79.22	79.22
<b>Add / (Less):</b>					
Capitalised during the year	-	-	-	-	-
Appropriations for issue of bonus shares	-	-	-	(75.00)	-
<b>Balance at the end of the period/year (A)</b>	<b>4.22</b>	<b>4.22</b>	<b>4.22</b>	<b>4.22</b>	<b>79.22</b>
<b>General reserve</b>					
Balance at the beginning of the period/year	357.50	307.50	307.50	257.50	207.50
<b>Add / (Less):</b>					
Additions During the year	-	-	50.00	50.00	50.00
Amount transferred from Debenture redemption reserve	-	-	-	-	-
<b>Balance at the end of the period/year (B)</b>	<b>357.50</b>	<b>307.50</b>	<b>357.50</b>	<b>307.50</b>	<b>257.50</b>
<b>Capital Redemption Reserve</b>					
Balance at the beginning of the period/year	2.51	2.51	2.51	-	-
<b>Add / (Less) :</b>					
Transfer from Retain Earnings	-	-	-	2.51	-
<b>Balance at the end of the period/year (C)</b>	<b>2.51</b>	<b>2.51</b>	<b>2.51</b>	<b>2.51</b>	<b>-</b>
<b>Retained Earnings</b>					
Balance at the beginning of the period/year	2,453.70	1,576.97	1,576.97	1,158.35	802.14



Profit For the period/year	662.67	526.29	973.82	755.67	469.64
<b>Less:</b>					
Capitalised for Bonus issue 4:1	-	-	-	237.45	-
Prior Period Adjustments	-	-	-	-	2.32
<b>Less: Appropriation</b>					
Transfer to Capital Redemption Reserve	-	-	-	2.51	-
Transfer to general reserve	-	-	50.00	50.00	50.00
Dividend - equity shares	58.58	39.06	39.06	39.06	50.77
Tax on dividend	-	8.03	8.03	8.03	10.34
<b>Balance at the end of the period/year (D)</b>	<b>3,057.79</b>	<b>2,056.17</b>	<b>2,453.70</b>	<b>1,576.97</b>	<b>1,158.35</b>
<b>Total (A+B+C+D)</b>	<b>3,422.02</b>	<b>2,370.40</b>	<b>2,817.93</b>	<b>1,891.20</b>	<b>1,495.07</b>

### Securities premium

Security Premium represents the premium received on issue of shares. It can be utilised to pay-off equity related expenses or for issuance of bonus shares and its related issue expenses.

### General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up share capital of the Company for that year, then the total dividend distribution is less than total distributable reserve for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn. However the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

### Capital Redemption Reserve

Capital redemption reserve represents the amount of profits transferred from general reserve for the purpose of redemption of preference shares or for the buyback of shares.

### Annexure VI: Notes to the Restated Financial Information

#### Note: 11 Borrowings

#### Non-current

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
(i) 25,121 Redeemable cumulative preference shares of the face value of ₹100 each	-	-	-	-	2.51
(ii) <u>Vehicle Loans</u> :					

- From banks (Refer note b)	-	-	-	0.05	1.63
Less: Transferred to Current Maturities of long term loan from banks	-	-	-	0.05	1.63
<b>Total</b>	-	-	-	-	<b>2.51</b>

**Footnotes:**

- a) Preference Shares are redeemable at par at the option of the Company at any time, but not later than 20 years from the date of issue i.e. 20.2.2002, having coupon rate of 12% and it was redeemed in the FY 2018-19
- b) Vehicle loans are secured by hypothecation of Vehicles.

**Current Secured**

- (i) From Banks:

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Cash Credit (Refer note a, b & c)	200.10	476.82	299.15	400.39	632.90
Packing Credit (Refer Note d & e)	180.09	139.96	131.57	98.28	122.45
<b>Total (A)</b>	<b>380.19</b>	<b>616.78</b>	<b>430.72</b>	<b>498.67</b>	<b>755.35</b>

**Footnotes:**

- a) **Cash Credit - Bank Of Baroda:-** Sanctioned Limit ₹747.50 Millions ( Previous periods/years NIL, Interest rate 9.90% p.a.)
- b) **Cash Credit - Corporation Bank:-** Sanction Limit NIL ( September 30, 2019 ₹530.00 Millions ; March 31, 2020 ₹ 530.00 Millions; March 31, 2019, ₹ 530.00 Millions and March 31, 2018, ₹530 Millions) Interest Rate ranges from 12% to 13.25%.
- c) **Cash Credit - Syndicate Bank:-** Sanction Limit NIL ( September 30, 2019 ₹145.00 Millions ; March 31, 2020 ₹145.00 Millions; March 31, 2019, ₹145.00 Millions and March 31, 2018, ₹185.00 Millions) Interest Rate ranges from 11.95% to 12.45%.
- d) **Packing Credit - Bank of Baroda:-** Sanctioned limit Rs.200.00 Millions (Previous periods/years NIL Interest rate 1.52% p.a.)
- e) **Packing Credit - Corporation Bank:-** Sanction Limit NIL ( September 30, 2019 ₹140.00 Millions ; March 31, 2020 ₹140.00 Millions; March 31, 2019, ₹140.00 Millions and March 31, 2018, ₹140.00 Millions) Interest Rate ranges from 3.40% to 4.45%

All above cash credit and packing credit limits are secured by way of exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future.

The above facilities are secured as follows,

- I. Pari passu First charge on the current assets of the Company
  - II. Pari passu Equitable Mortgage of land, buildings and hypothecation of plant and machinery at factory at Vapi
  - III. Joint and several guarantees by all directors of the Company in individual capacity.
- During the period Bank of Baroda has sanctioned to the Company credit facilities totalling to ₹1,600.00 Millions by taking over credit facilities granted to the Company by consortium of bankers namely Corporation Bank and Syndicate Bank amounting to Rs. 1,207.10 Millions with enhancement of ₹392.90 Millions. However, process of perfection of securities was not completed till date.
- f) In the Financial year 2019-2020 related parties of the Company namely Insunt Trading Pvt Ltd (Borrower) and Shakti Bio Science Limited (Co Borrower) along with the Company as a co borrower has entered into an borrowing arrangement for a term loan of ₹350.00 Millions with Aditya Birla Finance Limited ("The Lender") to discharge the liabilities of Shakti Bioscience Limited to its Banker in its capacity as a Co-borrower (Balance outstanding as on 30/09/2020 is ₹315.00 Millions )

As a co borrower, Company has provided following security to the lender,

- I. Put option on the Company, if default happens

- II. Lien on units invested in Aditya Birla Sunlife Mutual Fund amounting to ₹75.01 Millions  
 III. First charge on Land situated at Sarigam.  
 IV. Personal Guarantee of Chairman and his family members  
 Tenure of the loan is 60 months from date of first disbursement and Interest rate is 11.75% P.A.

### Current Unsecured

(Unsecured, Considered good)

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Payable on demand</b>	-	-			
Inter corporate deposit (Related Party) (Refer note)	-	22.40	-	-	-
From shareholders/directors (Refer note)	-	0.07	0.07	0.07	2.07
<b>Total (B)</b>	-	22.47	<b>0.07</b>	<b>0.07</b>	<b>2.07</b>
<b>Total (A + B)</b>	<b>380.19</b>	<b>639.25</b>	<b>430.79</b>	<b>498.74</b>	<b>757.42</b>

Note: Inter corporate deposits are payable on demand and interest payable @14% p.a.

Unsecured Loans taken from shareholder/directors are interest free and repayable on demand.

### **Annexure VI: Notes to the Restated Financial Information**

#### **Note: 12 Other Financial Liabilities**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Non-current</b>					
Security Deposit from Dealers (Interest bearing @ 9% p.a.)	65.48	60.35	61.45	57.27	52.22
<b>Total</b>	<b>65.48</b>	<b>60.35</b>	<b>61.45</b>	<b>57.27</b>	<b>52.22</b>
<b>Current</b>					
Current maturities and overdue instalments of long-term debts	-	-	-	0.05	1.63
Interest accrued and due	33.79	30.23	32.28	28.29	24.03
Unclaimed/unpaid dividends	-	-	0.04	0.04	0.15
Other payables	265.55	172.96	106.99	93.51	44.35
<b>Total</b>	<b>299.34</b>	<b>203.19</b>	<b>139.31</b>	<b>121.89</b>	<b>70.16</b>

### **Annexure VI: Notes to the Restated Financial Information**

#### **Note: 13 Provisions**

(₹ in Millions)

Particulars	For the Period Ended	For the Year Ended
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	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Non-current</b>					
<b>Employee Benefits:</b>					
Provision for leave benefit	12.72	9.43	6.49	4.22	1.81
<b>Total</b>	<b>12.72</b>	<b>9.43</b>	<b>6.49</b>	<b>4.22</b>	<b>1.81</b>
<b>Current</b>					
<b>Employee Benefits:</b>					
Provision for Gratuity	58.67	51.43	43.79	39.19	36.64
Provision for leave benefit	4.93	3.69	13.61	9.88	11.70
<b>Total</b>	<b>63.60</b>	<b>55.12</b>	<b>57.40</b>	<b>49.07</b>	<b>48.34</b>

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 14 Deferred Tax balances (Net)

The following is the analysis of deferred tax asset / (liabilities) presented in the balance sheet

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Deferred Tax Asset	0.61	5.25	4.57	7.26	6.38
Deferred Tax Liability	(20.40)	(20.80)	(20.66)	(48.53)	(42.36)
<b>Total</b>	<b>(19.79)</b>	<b>(15.55)</b>	<b>(16.09)</b>	<b>(41.27)</b>	<b>(35.98)</b>

\*Amount less than ₹ 10,000

(₹ In Millions)

01 April, 2020 – 30 September, 2020	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(20.66)	0.28	(20.38)
Provisions	3.41	(3.41)	-
Impairment Allowance for trade receivables	1.61	(1.00)	0.61
Fair Valuation of Investment	(0.52)	0.52	*
Others	0.07	(0.08)	(0.01)
<b>Total</b>	<b>(16.09)</b>	<b>(3.70)</b>	<b>(19.79)</b>

(₹ In Millions)

01 April, 2019 – 30 September, 2019	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(48.53)	(27.73)	(20.80)
Provisions	5.32	5.32	-

Impairment Allowance for trade receivables	1.94	(3.28)	5.22
Fair Valuation of Investment	*	*	*
Others	-	(0.03)	0.03
<b>Total</b>	<b>(41.27)</b>	<b>(25.72)</b>	<b>(15.55)</b>

\*Amount less than ₹ 10,000

(₹ In Millions)

01 April ,2019 – 31 March, 2020	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(48.53)	27.87	(20.66)
Provisions	5.32	(1.90)	3.42
Impairment Allowance for trade receivables	1.94	(0.34)	1.60
Fair Valuation of Investment	*	(0.52)	(0.52)
Others	-	0.07	0.07
<b>Total</b>	<b>(41.27)</b>	<b>25.18</b>	<b>(16.09)</b>

\*Amount less than ₹ 10,000

(₹ In Millions)

01 April, 2018- 31 March, 2019	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(42.23)	(6.30)	(48.53)
Provisions	4.63	0.69	5.32
Impairment Allowance for trade receivables	1.75	0.19	1.94
Fair Valuation of Investment	*	*	*
Others	(0.13)	0.13	-
<b>Total</b>	<b>(35.98)</b>	<b>(5.29)</b>	<b>(41.27)</b>

\*Amount less than ₹ 10,000

(₹ In Millions)

01 April ,2017 – 31 March, 2018	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(32.74)	(9.49)	(42.23)
Provisions	4.33	0.30	4.63
Impairment Allowance for trade receivables	0.95	0.80	1.75
Fair Valuation of Investment	*	*	*

Others	(0.83)	0.70	(0.13)
<b>Total</b>	<b>(28.29)</b>	<b>(7.69)</b>	<b>(35.98)</b>

\*Amount less than ₹10,000

#### Annexure VI: Notes to the Restated Financial Information

##### Note: 15 Trade payables

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Dues to Micro, Small and Medium Enterprises	85.46	63.17	39.18	69.20	8.44
Dues to others	2,890.90	2,176.41	2,085.50	2,282.87	1,775.75
<b>Total</b>	<b>2,976.36</b>	<b>2,239.58</b>	<b>2,124.68</b>	<b>2,352.07</b>	<b>1,784.19</b>

##### Note:

Trade payables are non-interest bearing and normally settled on 30 to 90 days

Dues to Micro & Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor. Moreover, the Company is in the process of updating its supplier's data, as to the status as a Micro Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro Small & Medium Enterprises Development Act, 2006.

##### Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
i) Principal amount remaining unpaid to any supplier as at the end of the accounting year/Period	85.46	63.17	39.18	69.19	8.44
ii) Interest amount remaining unpaid	0.02	0.03	0.94	0.67	0.18
iii) Interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed day during the year/Period	-	-	-	-	-
iv) Interest due and payable towards payments already made	-	-	0.85	0.18	-
v) The amount of interest accrued and remaining unpaid at the end of each accounting year/Period and	0.02	0.88	0.94	0.85	-
vi) Further interest remaining due and payable in	0.02	0.88	0.94	0.85	-

succeeding years, until such interest is actually paid					
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**Annexure VI: Notes to the Restated Financial Information**

**Note: 16 Other liabilities**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
<b><u>Non Current</u></b>					
Lease Liability	1.59	2.79	2.28	-	-
<b>Total</b>	<b>1.59</b>	<b>2.79</b>	<b>2.28</b>	<b>-</b>	<b>-</b>
<b><u>Current</u></b>	<b>-</b>	<b>-</b>			
Advance against orders	63.34	72.66	98.52	47.03	6.84
Lease Liability	1.62	1.62	1.62	-	-
Other payables :					
- Statutory liabilities	4.03	2.84	8.58	3.62	2.20
-Employee Benefits Payable	65.08	66.05	54.47	45.81	40.32
<b>Total</b>	<b>134.07</b>	<b>143.17</b>	<b>163.19</b>	<b>96.46</b>	<b>49.36</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 17 Revenue from Operations**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
<b>Sale from operations:</b>					
Sale of Goods	5,946.33	4,874.60	9,172.97	9,862.40	7,381.61
Sale of Traded Goods	157.81	37.33	169.68	67.40	-
<b><u>Other operating revenue:</u></b>	<b>-</b>	<b>-</b>			
Export Incentive	79.30	104.56	171.09	114.64	69.34
<b>Total</b>	<b>6,183.44</b>	<b>5,016.49</b>	<b>9,513.74</b>	<b>10,044.44</b>	<b>7,450.95</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 18 Other Income**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
Interest Income	3.16	1.52	5.53	9.60	14.76
Dividend Income	-	0.01	0.02	0.02	0.02
Foreign Exchange Fluctuation Gain (Net)	-	3.85	143.53	31.83	37.98
Gain/(Loss) Fair Valuation of Investment	0.01	*	(0.02)	*	*
(A)	<b>3.17</b>	<b>5.38</b>	<b>149.06</b>	<b>41.45</b>	<b>52.76</b>
<b>Other gains and losses :</b>					
Surplus on sale of fixed assets	-	-	0.27	-	0.10
Miscellaneous income	5.50	0.46	15.99	32.49	0.29
(B)	5.50	0.46	16.26	32.49	0.39
<b>Total (A+B)</b>	<b>8.67</b>	<b>5.84</b>	<b>165.32</b>	<b>73.94</b>	<b>53.15</b>

\*Amount less than ₹ 10,000

#### Ind AS 115 Revenue from Contracts with Customers (₹ in Millions)

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on financial statement of the Company.

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
Revenue from customers	6,104.14	4,911.94	9,342.65	9,929.80	7,381.61
Other operating revenue	79.30	104.56	171.09	114.64	69.34
<b>Total revenue from operations</b>	<b>6,183.44</b>	<b>5,016.50</b>	<b>9,513.74</b>	<b>10,044.44</b>	<b>7,450.95</b>
In India	3,620.57	2,618.30	4,822.22	5,126.77	3,775.80
Outside India	2,562.87	2,398.20	4,691.52	4,917.67	3,675.15
<b>Total revenue from operations</b>	<b>6,183.44</b>	<b>5,016.50</b>	<b>9,513.74</b>	<b>10,044.44</b>	<b>7,450.95</b>
<b>Timing of revenue recognition</b>					
At a point in time	6,183.44	5,016.50	9,513.74	10,044.44	7,450.95



Total revenue from operations	6,183.44	5,016.50	9,513.74	10,044.44	7,450.95
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### Contract Balances

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
Trade Receivables ( Refer Note no. 7)	3,727.82	2,756.33	2,694.23	2,673.77	2,178.13
<b>Contract liabilities:</b>					
Advance from customers ( Refer Note no. 16)	63.34	72.66	98.52	47.03	6.84

#### Footnote:

- The credit period on sales of goods ranges from 30 to 90 days with or without security.
- As at September 30, 2020 ₹72.31 Millions September 30, 2019 ₹84.62 Millions, March 31,2020, ₹ 70.25 Millions (As at March 31, 2019 ₹ 63.86 Millions and As at March 31,2018 ₹ 58.24 Millions) was recognized as provision for allowance for doubtful debts on trade receivables.
- Amount of revenue recognized from amounts included in the contract liabilities as at March 31, 2019 ₹47.03 Millions (As at March 31, 2018 ₹ 6.84 Millions)
- Out of the total contract liabilities outstanding as on as on September 30, 2020 ₹ 63.34 Millions and March 31, 2020, ₹ 98.52 Millions will be recognized by March 31, 2021
- Significant adjustments between the contracted price and revenue recognized in the Statement of profit and loss account:

### Reconciliation of revenue from operations with Contract Price

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
Contract Price	6,471.64	5,169.44	9,888.76	10,594.84	7,732.89
<b>Less:</b>					
Sales Returns	236.85	209.37	424.45	538.99	246.57
Discounts	130.65	48.13	121.66	126.05	104.71
<b>Total Revenue from operations</b>	<b>6,104.14</b>	<b>4,911.94</b>	<b>9,342.65</b>	<b>9,929.80</b>	<b>7,381.61</b>

### Annexure VI: Notes to the Restated Financial Information

#### Note: 19 Cost of materials consumed

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Opening Stock	543.95	413.74	413.74	376.82	350.07
Add: Purchases	4,332.19	3,417.81	6,528.01	7,120.48	4,996.82
Less: Closing stock	358.26	457.72	543.95	413.75	376.82

<b>Total</b>	<b>4,517.88</b>	<b>3,373.83</b>	<b>6,397.80</b>	<b>7,083.55</b>	<b>4,970.07</b>
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**Annexure VI: Notes to the Restated Financial Information**

**Note: 20 Changes in Inventories of Finished Goods and Work-in-Progress**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Opening Stock of Finished Goods	832.60	673.51	673.51	510.60	553.27
Opening Stock of Work in Progress	69.14	51.69	51.69	43.91	80.23
<b>(A)</b>	<b>901.74</b>	<b>725.20</b>	<b>725.20</b>	<b>554.51</b>	<b>633.50</b>
Less: Closing Stock of Finished Goods	1,284.66	799.52	832.60	673.51	510.60
Less: Closing Stock of Work in Progress	78.71	65.86	69.14	51.69	43.91
Less: Provision for Excise duty on opening stock	-	-	-	-	11.56
<b>(B)</b>	<b>1,363.37</b>	<b>865.38</b>	<b>901.74</b>	<b>725.20</b>	<b>566.07</b>
<b>Total (A-B)</b>	<b>(461.63)</b>	<b>(140.18)</b>	<b>(176.54)</b>	<b>(170.69)</b>	<b>67.43</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 21 Employees Benefits Expense**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Salaries, wages and bonus, etc.	217.11	212.11	445.90	355.46	309.72
Contribution to provident and other funds	4.02	5.57	5.18	9.99	11.72
Staff welfare expenses	7.45	6.86	13.57	14.60	10.66
<b>Total</b>	<b>228.58</b>	<b>224.54</b>	<b>464.65</b>	<b>380.05</b>	<b>332.10</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 22 Finance Costs**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Interest Expense to bank	11.12	22.56	53.38	13.47	13.14
Bank Charges	9.46	8.57	18.13	81.80	95.65

Interest expense to others	14.01	6.96	16.85	12.06	9.26
<b>Total</b>	<b>34.59</b>	<b>38.09</b>	<b>88.36</b>	<b>107.33</b>	<b>118.05</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 23 Depreciation and Amortisation**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Depreciation of property, plant and equipment	66.04	36.16	82.03	59.54	50.13
<b>Total</b>	<b>66.04</b>	<b>36.16</b>	<b>82.03</b>	<b>59.54</b>	<b>50.13</b>

**Annexure VI: Notes to the Restated Financial Information**

**Note: 24 Other Expenses**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Consumption of Stores and Spares	117.28	184.15	264.19	290.26	236.91
Repairs & Maintenance to:					
- Machinery	11.96	15.12	25.32	3.10	15.70
- Building	0.62	1.61	5.54	30.21	24.71
- Vehicle	0.23	0.53	1.04	1.24	0.71
- Others	4.14	4.44	9.02	30.42	31.79
Insurance	14.45	9.44	11.25	13.57	14.33
Rent, Rates and taxes	10.00	10.12	28.69	15.49	12.81
Donations (It includes paid to Political Party. As on September 30, 2020 NIL; As on September, 2019 ₹ 0.50 Million; As on March 31, 2020 ₹ 0.50 Million, and Nil for 31 March 2019 and 2018)	0.27	0.65	0.85	0.87	-
Bad Debts written off	-	-	-	-	102.29
Allowances for doubtful debts	2.41	20.76	6.39	5.62	5.07
Payment to Auditor (Refer Note a)	1.00	0.75	1.50	1.50	1.30
Power and Fuel	248.57	209.42	416.59	370.19	279.75
Freight	136.63	94.52	197.53	207.99	165.14
Corporate Social Responsibility	6.51	1.66	12.99	13.81	2.61

Loss on sale of assets	-	-	-	0.01	-
Exchange rate fluctuation loss	30.66	-	-	-	-
Other expenses	182.92	213.63	400.35	388.41	271.67
<b>Total</b>	<b>767.65</b>	<b>766.80</b>	<b>1,381.25</b>	<b>1,372.69</b>	<b>1,164.79</b>

**f) Payment to Auditors**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 September, 2020	30 September, 2019	31 March, 2020	31 March, 2019	31 March, 2018
As Auditor :					
- Audit fees	1.00	0.75	1.20	1.20	1.00
In other capacity :					
- Other services (Certification fees)	-	-	0.30	0.30	0.30
<b>Total</b>	<b>1.00</b>	<b>0.75</b>	<b>1.50</b>	<b>1.50</b>	<b>1.30</b>

**Annexure VI: Notes to the Restated Financial Statements**

**25) Earnings per share (EPS)**

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Basic and Diluted Earnings Per Share (In ₹)	16.98	13.63	25.03	19.31	12.00
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows					
Profit for the period/year attributable to the Equity shareholders of the Company (Rs. in Millions)	663.11	532.43	977.50	754.02	468.76
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Nos. in Millions)	39.06	39.06	39.06	39.06	39.06

As per para 28 of Ind AS 33, Earnings Per Share, in a capitalisation or bonus issue or a share split, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. Weighted average number of equity shares has been considered accordingly.

**26) Other audit qualifications in the Annexure to the auditors' report issued under Companies (Auditors' Report) Order, 2003 (as amended), on the Financial Statements for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 which do not require corrective adjustments in the Restated Financial Statements are as follows:**

As at and for the year ended March 31, 2020.

Annexure to auditor's report for the financial year ended March 31, 2020

Clause (vii) (c)

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 and cess on account of any dispute, are as follows:

(₹ In millions)

Name of the Statute	Nature of Dues	Forum where dues is pending	Period for which it relates	Amount
Central Excise Act	Excise Duty and Penalty	Appellate Authority	2010-11 to 2012-13	12.33
			2010-11 to 2013-14	15.79
			2010-11 to 2014-15	134.26

Note: As on September 30, 2020, dues of Income Tax, sales tax, service tax, custom duty, excise duty, value added tax and cess in account of any dispute remains same as of March 31, 2020.

**As at and for the year ended March 31, 2019.**

**Annexure to auditor's report for the financial year ended March 31, 2019**

Clause (vii) (c)

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 and cess on account of any dispute, are as follows:

(₹ In millions)

Name of the Statute	Nature of Dues	Forum where dues is pending	Period for which it relates	Amount
Central Excise Act	Excise Duty and Penalty	Appellate Authority	2010-11 to 2012-13	12.33
			2010-11 to 2013-14	15.79
			2010-11 to 2014-15	134.26

**As at and for the year ended March 31, 2018.**

**Annexure to auditor's report for the financial year ended March 31, 2018**

Clause (vii) (c)

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 and cess on account of any dispute, are as follows:

(₹ In millions)

Name of the Statute	Nature of Dues	Forum where dues is pending	Period for which it relates	Amount
Central Excise Act	Excise Duty and Penalty	Appellate Authority	2005-06	7.34
			2005-06	8.35
			2010-11 to 2012-13	12.33
			2010-11 to 2013-14	15.79
			2010-11 to 2014-15	134.26
Customs Act	Excise Duty and Penalty	Appellate Authority	2007-08	7.05
Income Tax ct	Assessment Dues	Commissioner (Appeals)	2009-10	19.05

## **27) Operating Lease commitments - Company as Lessee**

The Company has entered into operating lease arrangements for its office premises, depots and godown during the following years which has been debited to the statement of profit and loss as lease expense. The future minimum lease rentals payable under non-cancellable operating leases as at six month period ended 30<sup>th</sup> September and each of the years ended 31<sup>st</sup> March are as follows:

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September , 2020	30 <sup>th</sup> September , 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 March, 2018
Not later than one year	11.07	10.99	14.58	13.54	9.77
Later than one year but not later than five year	3.84	10.16	5.93	10.58	10.17
Later than five year	-	-	-	-	-

28) **Contingent Liabilities And Commitments (Not Provided For) :**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September , 2020	30 <sup>th</sup> September , 2019	31 March, 2020	31 March, 2019	31 March, 2018
<b>A. Claims against the company not acknowledged as debts</b>					
Guarantees issued by bank	50.23	42.44	41.29	42.68	42.78
In respect of security provided to Aditya Birla Finance Limited for Loan availed by related party (Refer Note 11)	315.00	344.17	335.42	-	-
Disputed Excise Duty/ Custom Duty Demands	162.38	162.38	162.38	162.38	185.12
Disputed Income Tax Liability	-	-	-	-	19.05
Disputed VAT Liability - UP state	4.50	4.50	4.50	-	-
Export Bill discounted with Bank	-	78.20	109.56	141.05	147.30
<b>B. Commitments</b>					
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance) i.e the amount payable for the undelivered capital expenditure items	63.81	75.59	171.52	86.69	78.92

29) **Financial Risk Management Objectives and Policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's senior management oversees management of these risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i) **Market Risk**a) **Foreign currency risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices etc. The Company operations involve foreign exchange transactions including mainly import, export, packing credit facilities and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to

US\$. Foreign currency risk arises from future commercial transactions and recognised in assets and liabilities denominated in foreign currency that is not Company's functional currency. (i.e. INR) The risk is measured through forecast of highly probable foreign currency cash flow. No derivative instrument was outstanding at the end of the year. Uncovered risks in foreign currency transactions disclosed as at:

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Borrowing (PCFC)	180.09	139.96	131.57	98.28	122.45
Trade Receivable	1,140.59	522.54	1,124.27	1,090.13	834.84
Trade Payable	714.90	794.68	877.90	877.90	320.37

#### Sensitivity

A change of 5% in foreign currency would have following Impact on profit before tax.

(₹ in Millions)

Particulars	For the Period Ended				For the Year Ended					
	30 <sup>th</sup> September, 2020		30 <sup>th</sup> September, 2019		31 <sup>st</sup> March, 2020		31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018	
	5% Increase	5% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Receivables)	0.78	(0.78)	0.37	(0.37)	0.74	(0.74)	0.78	(0.78)	0.64	(0.64)
USD (Payables)	(0.61)	0.61	(0.66)	0.66	(0.58)	0.58	(0.63)	0.63	(0.18)	0.18
Increase/(Decrease) in Profit or loss	<b>0.17</b>	<b>(0.17)</b>	<b>(0.29)</b>	<b>0.29</b>	<b>0.16</b>	<b>(0.16)</b>	<b>0.15</b>	<b>(0.15)</b>	<b>0.46</b>	<b>(0.46)</b>

#### b) Interest rate risk

Long-term borrowings of the Company bear fixed interest rate, thus interest rate risk is limited for the Company.

#### c) Other Market Price Risk

The Company is exposed to Equity price risk, which arises from FVTPL of Equity securities. The Company has a very insignificant portion of amount invested in quoted equity securities. The management monitors the proportion of quoted equity instruments in its investment portfolio based on market indices.

#### ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

#### Trade and Other Receivables:

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, classification of customer, ageing of the customer receivable and over dues, available collaterals and historical experience of collections from customer Accordingly, the Company creates provision for past due receivables beyond 90 days ranging between 10-11 % after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Company also provides 2% allowances for receivables not due and past due up to 90 days except export receivables, if any.

**Summary of Company's exposure to credit risk by age of the outstanding from various customers is as follows:**

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Not due	2,559.03	1,525.05	1,440.31	1,535.57	1,461.75
Past due up to 90 days	652.64	771.88	652.92	732.75	426.78
Past due more than 90 days	588.46	544.02	671.25	469.31	347.83
<b>Total</b>	<b>3,800.13</b>	<b>2,840.95</b>	<b>2,764.48</b>	<b>2,737.63</b>	<b>2,236.36</b>
Less: Impairment Allowance	72.31	84.62	70.25	63.86	58.23
<b>Total</b>	<b>3,727.82</b>	<b>2,756.33</b>	<b>2,694.23</b>	<b>2,673.77</b>	<b>2,178.13</b>

Expected credit loss assessment for customers as at 30<sup>th</sup> September, 2020, 30<sup>th</sup> September, 2019, 31<sup>st</sup> March 2020, 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018.

### iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet the obligations when due.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company manages its liquidity risk by preparing month on month cash flow projections to monitor liquidity requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Millions)

Particulars	Less than 1 year	1 to 5 years	Total
<b>For the period ended 30th September,2020</b>			
Borrowing	380.19	-	380.19
Trade Payable	2,889.20	87.16	2,976.36
Other Financial Liabilities	299.34	65.48	364.82
<b>For the period ended 30th September,2019</b>			
Borrowing	639.25	-	639.25
Trade Payable	2,239.58	-	2,239.58



Other Financial Liabilities	203.19	60.35	263.53
<b>For the year ended 31st March 2020</b>			
Borrowing	430.79	-	430.79
Trade Payable	2124.68	-	2,124.68
Other Financial Liabilities	139.31	61.44	200.75
<b>For the year ended 31st March 2019</b>			
Borrowing	498.74	-	498.74
Trade Payable	2352.07	-	2,352.07
Other Financial Liabilities	121.89	57.27	179.16
<b>For the year ended 31st March 2018</b>			
Borrowing	757.42	2.51	759.93
Trade Payable	1784.19	-	1,784.19
Other Financial Liabilities	70.16	52.23	122.39

### 30) Segment Reporting

Due to similar nature of products, production process, customer types etc., the Company has a single operating segment of "Agro chemicals" during the year.

#### *Geographical Segment*

The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas operations as under:-

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Revenue (Gross Sale)</b>					
India	3,620.57	2,618.30	4,822.22	5,126.77	3,775.80
Oversees	2562.87	2,398.20	4,691.52	4,917.67	3,675.15
<b>Total</b>	<b>6,183.44</b>	<b>5,016.50</b>	<b>9,513.74</b>	<b>10,044.44</b>	<b>7,450.95</b>
<b>Non-current assets other than Financial Assets</b>					
India	1,420.19	1,147.96	1,412.80	1,015.67	697.49
Oversees	-	-	-	-	-
<b>Total</b>	<b>1,420.19</b>	<b>1,147.96</b>	<b>1,412.80</b>	<b>1,015.67</b>	<b>697.49</b>

The Company is not reliant on revenue from transactions with any single external customer and does not receive 10% or more of its revenue from transactions with any single external customer

31) Fair Value Measurements

i) Financial Instrument by Category:

Particulars	30th September, 2020			30th September, 2019			Fair Value Hierarchy 30th September, 2020		Fair Value Hierarchy 30th September, 2019	
	FVOCI	FVTPL	Amortised Cost	FVOCI	FVTPL	Amortised Cost	Level 1	Total	Level 1	Total
	<b>Financial Assets</b>									
Investments	124.29	0.03	0.20	35.85	0.03	0.21	124.32	124.32	35.89	35.89
Trade receivables	-	-	3,727.82	-	-	2,678.14	-	-	-	-
Cash and cash equivalents	-	-	252.79	-	-	207.03	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	118.27	-	-	98.43	-	-	-	-
<b>Total</b>	<b>124.29</b>	<b>0.03</b>	<b>4,099.08</b>	<b>35.85</b>	<b>0.03</b>	<b>2,983.81</b>	<b>124.32</b>	<b>124.32</b>	<b>35.89</b>	<b>35.89</b>
<b>Financial Liabilities</b>										
Borrowings	-	-	380.19	-	-	639.25	-	-	-	-
Trade payables	-	-	2,976.36	-	-	2,239.58	-	-	-	-
Other Financial liabilities	-	-	364.82	-	-	263.53	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,721.37</b>	<b>-</b>	<b>-</b>	<b>3,142.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	31st March, 2020			31st March, 2019		31st March, 2018		Fair Value Hierarchy 31st March, 2020		Fair Value Hierarchy 31st March, 2019		Fair Value Hierarchy 31st March, 2018	
	FVOCI	FVTP L	Amorti sed Cost	FVTP L	Amortised Cost	FVTPL	Amorti sed Cost	Level 1	Total	Level 1	Total	Level 1	Total
	<b>Financial Assets</b>												
Investments	37.09	0.02	0.21	0.04	0.21	0.04	0.19	37.10	37.10	0.04	0.04	0.04	0.04
Trade receivables	-	-	2584.67	-	2,532.72	-	2,030.83	-	-	-	-	-	-

Cash and cash equivalents	-	-	31.94	-	209.65	-	117.76	-	-	-	-	-	-
Loans	-	-	8.95	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	101.44	-	86.40	-	77.32	-	-	-	-	-	-
<b>Total</b>	<b>37.09</b>	<b>0.02</b>	<b>2,727.21</b>	<b>0.04</b>	<b>2,828.98</b>	<b>0.04</b>	<b>2,226.10</b>	<b>37.10</b>	<b>37.10</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>
<b>Financial Liabilities</b>													
Borrowings	-	-	430.79	-	498.74	-	759.93	-	-	-	-	-	-
Trade payables	-	-	2124.68	-	2,352.07	-	1,784.19	-	-	-	-	-	-
Other Financial liabilities	-	-	200.75	-	179.16	-	122.39	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2756.22</b>	<b>-</b>	<b>3029.97</b>	<b>-</b>	<b>2666.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- i) Fair value hierarchy:  
The Company uses the following hierarchy for deterring and disclosing the fair value of financial instrument by valuation technique:  
Level 1: Quoted (Unadjusted) Prices in Active Markets for Identical Assets or Liabilities.  
Level 2: Other Techniques for Which All Inputs Which Have A Significant Effect on The Recorded Fair Value Are Observable, Either Directly or Indirectly.  
Level 3: Techniques Which Use Inputs That Have a Significant Effect on the Recorded Fair Value That Are Not Based on Observable Market Data.
- ii) The Company has fair valued its investment through profit and loss based on quoted prices of such investments in active market. Hence it falls under level 1 valuations technique.

### 32) Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratio at the reporting period was as follows:-

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Debt	380.19	639.25	430.79	498.80	761.55
Less: Cash and cash equivalents	252.79	207.03	31.94	209.65	117.77
<b>Net Debt (A)</b>	<b>127.40</b>	<b>432.22</b>	<b>398.85</b>	<b>289.15</b>	<b>643.78</b>
Equity Share Capital	390.56	390.56	390.56	390.56	78.11
Other Equity	3,422.02	2,370.40	2,817.93	1,891.20	1,495.07
<b>Total Equity (B)</b>	<b>3,812.58</b>	<b>2,760.96</b>	<b>3,208.49</b>	<b>2,281.76</b>	<b>1,573.18</b>
Debt Equity Ratio (A/B)	0.03	0.16	0.12	0.13	0.41

### 33) Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

The Principal assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Discount Rate	6.44%	7.08%	6.80%	7.59%	7.30%
Expected rate of salary increase	8.00%	8.00%	8.00%	8.00%	8.00%
Expected average remaining service	11.00	12.00	11.10	11.32	11.53
<b>Service cost</b>					
Current service cost	4.54	3.75	7.51	6.61	6.11
Past service cost and (gain)/loss from settlement	-	-	2.76	2.50	2.73
Net interest expense	1.69	1.49	-	-	2.04

<b>component of define benefit cost recognised in profit or loss</b>	<b>6.23</b>	<b>5.24</b>	<b>10.27</b>	<b>9.11</b>	<b>10.88</b>
Actuarial (gains) / losses for the period	-	-	-	-	-
Actuarial (gains) / losses arising from experience adjustments	0.06	3.83	0.47	-	0.22
Actuarial (gains) / losses arising from financial assumptions	2.63	3.02	4.94	(1.85)	(1.23)
Actuarial (gains) / losses arising from Demographic assumptions	-	-	-	-	-
Adjustment for restriction on the defined benefit asset	-	-	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	0.09	0.15	0.34	0.20	0.13
Component of defined benefit cost recognised in OCI	2.78	6.99	5.75	(1.65)	(0.88)
<b>Total</b>	<b>3.45</b>	<b>(1.75)</b>	<b>4.52</b>	<b>10.76</b>	<b>11.76</b>

Present value of funded define benefit obligation	80.70	69.52	72.15	57.60	50.01
Fair value of plan assets	(22.03)	(18.10)	(22.49)	(18.41)	(13.38)
<b>Funded status</b>	<b>58.67</b>	<b>51.42</b>	<b>49.66</b>	<b>39.19</b>	<b>36.63</b>

#### Net liability arising from define benefit obligation

##### Movement in PV of defined benefit obligation

Opening define benefit obligation	72.15	57.60	57.60	50.01	39.68
Current service cost	4.54	3.75	7.51	6.61	6.11
Interest cost	2.45	2.18	4.27	2.50	2.78
<b>Remesaurement (gains) / (losses):</b>					
Actuarial gains and losses arising from changes in demographic assumption	-	-	-	-	-
Actuarial gains and losses arising from changes in financial assumption	2.63	3.02	4.94	(1.85)	(1.23)
Past Service Cost (vested benefits)	-	-	-	1.13	2.73
Actuarial gains and losses arising from changes in experience adjustment	0.06	3.83	0.47	-	0.22
Benefits paid	(1.13)	(0.86)	(2.64)	(0.80)	(0.28)
<b>Closing define benefit obligation</b>	<b>80.70</b>	<b>69.52</b>	<b>72.15</b>	<b>57.60</b>	<b>50.01</b>

##### Movements in fair value of plan assets

Opening fair value of plan assets	22.49	18.41	18.40	13.37	8.59
Interest income	0.76	0.70	1.51	1.13	0.75

Return on plan assets (excluding amounts included in net interest expense)	(0.09)	(0.15)	(0.34)	(0.20)	(0.13)
Contribution from employer	-	-	5.56	4.90	4.44
Benefits paid	(1.13)	(0.86)	(2.64)	(0.80)	(0.28)
<b>closing fair value of plan assets</b>	<b>22.03</b>	<b>18.10</b>	<b>22.49</b>	<b>18.40</b>	<b>13.37</b>

<b>Asset Information:</b>	<b>Total Amount</b>	<b>Total Amount</b>	<b>Total Amount</b>	<b>Total Amount</b>	<b>Total Amount</b>
Gratuity Fund	-	-	-	-	-
LIC of India	22.03	18.10	22.49	18.41	13.37

#### **Expected Payout:**

<b>Year</b>	<b>PVO Payout</b>	<b>PVO Payout</b>	<b>PVO Payout</b>	<b>PVO Payout</b>	<b>PVO Payout</b>
Expected Outgo First	9.59	7.69	8.17	7.23	6.96
Expected Outgo Second	4.26	5.09	4.41	3.72	5.99
Expected Outgo Third	4.18	3.92	4.14	3.83	4.60
Expected Outgo Fourth	4.76	3.85	4.09	4.24	4.71
Expected Outgo Fifth	5.05	4.36	4.94	3.46	4.88
Expected Outgo Sixth to Tenth Years	30.42	27.28	29.22	22.21	37.75

#### **Sensitivity Analysis:**

<b>Quantitative sensitivity analysis for significant assumption is as below</b>	<b>For the Period Ended</b>		<b>For the Year Ended</b>		
	<b>30<sup>th</sup> September, 2020</b>	<b>30<sup>th</sup> September, 2019</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
Discount rate varied by 1%	6.76	5.74	65.99	52.85	45.71
Discount rate varied by -1%	7.83	6.62	79.36	63.15	55.05
Salary growth rate varied by +1%	7.24	6.28	78.75	62.78	54.73
Salary growth rate varied by -1%	6.61	5.59	66.28	53.03	45.89

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit

Obligation by one percentage, keeping all other actuarial assumptions constant.

#### **Narrations:**

- i) Actuarial Gains/ Losses are accounted for immediately in the Other Comprehensive Income.
- ii) Opening obligation, plan assets and assumptions as per previous year Actuary Report.
- iii) Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

- iv) Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.
- v) Average Expected Future Service represents Estimated Term of Benefit Obligation
- vi) Expected Rate of Return taken same as discount rate as described in Indian Accounting Standard 19.
- vii) Expected Contribution in the Next Year is the amount as expected by Entity to be contributed to the Plan Assets over the next year.
- viii) Value of asset provided by the entity is not audited by us and the same is considered as unaudited fair value of plan asset as on the reporting date.

### 34) Corporate Social Responsibility

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Amount required to be spent	10.95	7.79	15.58	9.32	6.17
Amount Spent-					
(i) Construction/ Acquisition of assets	-	-	-	-	-
(ii) On purposes other than (i) above	6.51	1.66	12.99	13.81	2.61
<b>Amount to be spent</b>	<b>4.44</b>	<b>6.13</b>	<b>2.59</b>	<b>-</b>	<b>3.56</b>

### Restated Summary of Related Party Transactions

#### Relationship:

#### Enterprises over which key management personnel and their relatives exercise control

- Sams Industries Limited
- Shakti Bioscience Limited
- Heranba Agrosience Limited
- Insunt Trading Private Limited

#### Key Management Personnel and their Relatives

- Sadashiv K Shetty (Chairman and executive director) w.e.f. 01st November, 2018 (earlier chairman and managing director)
- Raghuram K Shetty (Managing director) w.e.f. 01st November, 2018 (Earlier whole time director)
- Sujata S Shetty (Whole time and executive director) w.e.f 01st April, 2019
- Vanita R Shetty (Whole time and executive director) w.e.f 01st April, 2019
- Shriraj S Shetty
- Raunak R Shetty (Whole time and executive director) w.e.f. 01st April, 2019
- Shreya Shetty
- Roshan R Shetty (resigned as director on 24th September, 2018)
- Sadashiv Shetty – HUF
- Raghuram Shetty – HUF
- Maheshwar V Godbole (CFO) w.e.f. 24th September, 2018
- Abdul Latif (Company Secretary) w.e.f 21st December, 2018

### TRANSACTIONS WITH RELATED PARTIES



Particulars	Nature of transactions	As at 31st September, 2020	As at 31st September, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018
<b>Enterprise over which key management personnel and their relatives exercise control</b>						
Shakti Bio Science Private Limited	Job work	32.23	19.10	54.75	33.04	2.54
Shakti Bio Science Limited	Advance given/Adjusted	17.02	3.84	-	1.06	10.47
Insunt Trading Private Limited	Interest paid	-	1.21	1.78	-	-
Insunt Trading Private Limited	Interest Received	0.89	-	0.16	-	-
Insunt Trading Private Limited	Advance given/Adjusted	17.27	20.10	10.41	-	-
Insunt Trading Private Limited	Advance Received/Adjusted	26.22	42.50	42.50	-	-
Heranba Agro Science Limited	Lease Rent paid	0.27	0.27	0.49	-	-
Sams Industries Limited	Advance given/Adjusted	-	-	-	0.03	11.78
<b>Key management personnel and their relatives</b>						
Sadashiv Shetty	Payment of dividend	19.58	13.05	13.05	14.19	20.4
Raghuram Shetty	Payment of dividend	21.18	14.12	14.12	12.98	14.93
Sujata Shetty	Payment of dividend	4.85	3.23	3.23	3.23	4.20
Vanita Shetty	Payment of dividend	3.03	2.02	2.02	2.02	2.62
Shriraj Shetty	Payment of dividend	1.26	0.84	0.84	0.84	1.10
Raunak Shetty	Payment of dividend	0.95	0.64	0.64	0.64	0.83
Shreya Shetty	Payment of dividend	1.41	0.94	0.94	0.94	1.23
Roshan Shetty	Payment of dividend	0.95	0.64	0.64	0.64	0.83
Sadashiv Shetty (HUF)	Payment of dividend	0.48	0.32	0.32	0.32	0.41
Raghuram Shetty (HUF)	Payment of dividend	2.07	1.38	1.38	1.38	1.8
Sams Industries Limited	Payment of dividend	2.14	1.43	1.43	1.43	1.86
Sadashiv Shetty	Remuneration	7.17	7.15	17.85	12.89	11.78
Raghuram Shetty	Remuneration	27.87	37.07	75.26	25.93	11.46
Sujata Shetty	Remuneration	0.61	0.61	1.32	1.22	1.32
Vanita Shetty	Remuneration	0.61	0.61	1.32	1.22	1.32

Shriraj Shetty	Remuneration	0.67	0.52	1.28	1.11	0.91
Raunak Shetty	Remuneration	0.67	0.52	1.28	1.11	0.91
Maheshwar Godbole	Remuneration	1.40	1.40	2.77	1.28	-
Abdul Latiff	Remuneration	0.95	0.95	1.88	0.63	-
Shreya Shetty	Professional Fees	0.90	0.90	1.80	1.80	1.80
Raghuram Shetty	Loans received	-	-	-	-	5.00
Vanita Shetty	Loans received	-	-	-	-	0.11
Raghuram Shetty	Loans Repaid	0.02	-	-	2.00	15.11
Vanita Shetty	Loans Repaid	0.05	-	-	-	1.00

<b>Closing Balances</b>						
<b>Unsecured Loans receivable/(payable)</b>						
Raghuram Shetty		-	(0.02)	(0.02)	(0.02)	(2.02)
Sujata Shetty		-	(0.05)	(0.05)	(0.05)	(0.05)

<b>Loans &amp; Advances receivable/(payable)</b>						
Heranba Agrosience Limited		(0.76)	(0.28)	(0.49)	2.24	3.40
Sams Industries Limited		-	0.03	0.03	0.03	-
Insunt Trading Private Limited		-	(23.51)	8.95	-	-
Shakti Bio Science Private Limited		70.86	81.25	70.85	77.41	76.35

<b>Gurantee Given</b>						
Guarantee given by Directors to bank		430.43	737.42	581.57	682.4	755.35
Security provided by the Company as a co borrower to Aditya Birla Finance Limited		315.00	344.17	335.42	-	-

**Note:**

- All related party transactions entered during the year were in the ordinary course of business.
- No separate actuarial valuation is obtained for amount paid to key management personnel.
- Outstanding balances at the yearend are unsecured, interest free (except Insunt Trading Private Limited).
- Related party relationships are as identified by the Company and relied by the auditors.

### 36) Statement on Adjustments to Restated Financial Statements

(₹ in Millions)

Particulars	For the Period Ended		For the Year Ended		
	30 <sup>th</sup> September, 2020	30 <sup>th</sup> September, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>(A) Net profit as per audited financial statements</b>	<b>662.68</b>	<b>526.29</b>	<b>973.82</b>	<b>764.98</b>	<b>470.20</b>
<b>(B) Adjustments for:</b>					
Prior period Expenses (Freight Expenses)	-	-	-	(1.03)	-
Prior period Expenses (Power & Fuel)	-	-	-	(1.05)	-
Return of Export incentives (Other Income)	-	-	-	(7.23)	-
Depreciation	-	-	-	-	(2.09)
Deferred Tax	-	-	-	-	1.53
<b>Restated Profit(A+B)</b>	<b>662.68</b>	<b>526.29</b>	<b>973.82</b>	<b>755.67</b>	<b>469.64</b>

37) Agro- chemical products being essential goods, the Company continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organisation. The agro chemical is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant change in estimates as of now as the Company is running its business and operations as usual without any major disruptions.

38) During the Financial year ended 31st March 2020 the Company incorporated a company to be a wholly owned Subsidiary company namely CHANG ZHOU Heranba crop science and technology Co. Ltd in China having address at No.2 Building 53, Hengsheng Science Park, Tianning District, Changzhou City. As on reporting date i.e. 31/03/2020, the Company has not contributed any amount towards capital of the subsidiary. Further, no shares have been allotted by the subsidiary to the Company and have not commenced any business till reporting date.

39) No significant subsequent events have been observed which may require an adjustment to the balance sheet

As per our report of even date

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

**Divakar Shetty**

**Partner**

Membership No. 100306

Mumbai

Date: December 4, 2020

For Heranba Industries Ltd

**Sadashiv K. Shetty**

Chairman

DIN: 00038681

**Maheshwar V Godbole**

Chief Financial Officer

**Raghuram K. Shetty**

Managing Director

DIN: 00038703

**Abdul Latif**

Company Secretary

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Restated Financial Statements for the six months period ended September 30, 2020 and September 30, 2019 and Fiscals 2020, 2019, and 2018, including the notes thereto and reports thereon, each included in this Prospectus.*

*Unless otherwise stated, the financial information in this section has been derived from the Restated Financial Information included in this Prospectus. The Restated Financial Information are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "Guidance Note").*

*Ind AS differs in certain material respects from Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. You should also read "Forward-Looking Statements" and "Risk Factors" on pages 22 and 28, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations. Our Financial Year ends on March 31 of each year and accordingly, references to Financial Year are to the 12-month period ended March 31 of the relevant year.*

### Overview

We are a crop protection chemical manufacturer, exporter and marketing company based out of Vapi, Gujarat. We manufacture Intermediates, Technicals and Formulations. We are one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin etc. Our Pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. Our business verticals include (a) *Domestic Institutional sales of Technicals*: manufacturing and selling of Technicals in bulk to domestic companies; (b) *Technicals exports*: Exports of Technicals in bulk to customers outside India; (c) *Branded Formulations*: Manufacturing and selling of Formulations under our own brands through our own distribution network in India; (d) *Formulations exports*: Export of Formulations in bulk and customer specified packaging outside India; and (e) *Public health*: Manufacturing and selling of general insect control chemicals by participating in public health tenders issued by governmental authorities and selling to pest management companies.

We started our manufacturing activity in the year 1996 with production of an Intermediate product CMAC. By the FY 2001-2002, we forward integrated our Company into the manufacturing of various Technicals like metatrom, cypermethrin, alpha, permethrin and deltamethrin. By the end of the FY 2004-2005, we further expanded our product range to Formulations, which are final products sold to farmers as Pesticides, Herbicides, Fungicides for crop protection and into public health products in the FY 2010-11. Our Company is present in the entire product value chain of the agrochemicals industry i.e. Intermediates, Technicals and Formulations and holds registrations for eighteen (18) Technicals for manufacture and sale in India, one hundred and three (103) Technicals & Formulations for manufacture and sale in the export markets and one hundred and sixty nine (169) Formulations registered for manufacture and sale in India. Applications for registration of fourteen (14) Technicals & Formulations for manufacture & sale in India and seven (7) Technicals and Formulations to manufacture for the export markets have been filed with the CIB&RC and are in the process of evaluation. We have diversified our business from manufacturing and selling of Intermediates to manufacturing, marketing and selling of Technicals and Formulations. Majority of our current Intermediates production is utilized for captive consumption for the manufacturing of Technicals Products. Formulations are produced and packaged in powder and liquid forms and sold to distributors for further sales to farmers.

Our manufacturing process mainly includes chemical reactions of ammonolysis, esterification, hydrolysis, condensation, favorski reaction, isomerisation, cyanation, friedel crafts, methoxylation, cyclisation and halogenation. We have our in-house R&D team for product development and improvisation which is well supported by our product registration team. Our R&D facilities at Unit I and II are recognized by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India (DSIR). Our new R&D facility at Unit III Sarigam has become operational from December, 2020.

We exported our products to more than sixty (60) countries in Latin America, CIS, Middle East, Africa, Asia and South East Asia in FY 2020. As of November 15, 2020, our International Distribution Partners have successfully obtained three hundred and seventy-one (371) registrations of our Technicals and Formulations in forty one (41) countries across countries in Middle East, CIS, Asia, South East Asia and Africa. Our International Distribution Partners have presently filed one hundred and seventy two (172) registration applications for our Technicals and Formulations products which are pending before the regulatory authorities in forty one (41) countries. Our International Distribution Partner in Europe has already received registration for Deltamethrin Technical. Our other International Distribution Partner has incorporated a company, Heranba Europe S.L. wherein registration of Alpha Cypermethrin Technical has been recently received. Applications for registration of Lambda Cyhalothrin Technical, and Metribuzin Technical filed by our International Distribution Partners are in process before the relevant authority in European Union (EU). Our International Distribution Partner in the USA has also applied for registration of Lambda Cyhalothrin Technical manufactured by our Company as another source of supply to their existing registration for this product. We are in process of developing two (2) products of Fungicides, two (2) products of Herbicides and one (1) product of Insecticides, for which research and development tests have been initiated, for exclusive sale to the European markets after registration with the regulatory authority in EU. India has emerged as the largest pyrethroid manufacturer over the years. More than half of the global demand for Pyrethroids comes from China, after importing intermediates from India, which is used to produce pyrethroid. Yet China's adoption of the 'Blue Sky' program to realize green GDP has led to the shutdown of several chemical plants. This, in turn, is expected to result in higher volumes of Pyrethroids being exported out of India. For further information, please see "Industry Overview" beginning from page 105.

We have an extensive distribution network in India supported by a skilled sales force. We have more than nine thousand four hundred (9,400) dealers having access to twenty-one (21) depots of our Company across sixteen (16) states and one (1) union territory in India supporting the distribution of our products. We participate in various international & domestic agrochemical exhibitions and industry conferences to market our products. Our sales & marketing teams travel extensively to maintain and strengthen existing relationships with customers and exploring new relationships with potential customers. We also educate farmers regarding the benefits of using our products by conducting farmer training camps, participating in village level programmes and exhibitions to establish a direct relationship with farmer communities all over India. Some of our Branded Formulations sold to farmers in the domestic markets are "Jayam", "Progress Plus", "Param", "Cypraplus", "Dyken", "Mantra", "Astron", "Signor", "Prompt", "Cypra", "Heraban", "Sarag", "Alpha Shakti", "Henox[a]", "Glory", "Chakde", "Heraquat", "Zinta", "Glory 71%", "Shera", "Pendant", "Atria", "Macamba", "Sulphy", "Mask", "Silicon Plus", "Propizole", "Vintage", "Exort", "Tulip", "Mandy", "Silicon", "Shado", "Heraphon", "Temper" and "Rat Kill" among others.

We have three (3) manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat having one hundred seventy-four (174) reactors with an aggregate manufacturing capacity of 14,024 MTPA. These facilities will manufacture Intermediates like cypermethric acid chloride, cypermethric acid and MPBD and Technicals like Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin and Lambda cyhalothrin amongst others and a range of Insecticides, Herbicides and Fungicides Formulations. From four (4) facilities earlier, we have now integrated a facility with Unit I for operational purposes which will exclusively manufacture Intermediates and Technicals and Unit II will continue to manufacture Intermediates and Technicals. Facilities which has been mainly producing Formulations in liquid and powder forms, which are then packed in various sizes as per the required dosage for each crop on a per acre basis dismantled and shifted to Unit III at Sarigam. As a part of our expansion plans, we have in the year 2018 acquired on lease from GIDC around 55,000 sq. mtrs. of land at Sarigam, near Vapi, Gujarat out of which around 22,300 sq. mtrs. is being used for Formulations facility, which will streamline our production by some new reactors and establishing an automated facility for packaging the Formulations. Our new R&D facility at Unit III at Sarigam has become operational from December, 2020. The remaining land shall be utilized at a later stage for manufacturing Intermediates, Technicals and for establishing other administrative facilities. The Unit III at Sarigam also has a rooftop solar plant generating 2,66,590 units-kWh per annum for captive consumption. Our manufacturing facilities have been/are being installed with well-balanced effluent treatment systems for solid, liquid and gaseous effluents and emission generated from our processes.

Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty are first generation entrepreneurs and have more than three (3) decades of experience in the agrochemicals industry. They have been instrumental in the growth and management of our Company.

### **Significant Factors Affecting our Results of Operations**

#### ***Availability and price of raw materials***

Our business operations are primarily dependent on availability of raw material. Our costs of materials consumed represented 72.96% and 67.18% of our total revenues for the six months period ended September 30, 2020 and September

30, 2019, and 66.10%, 70.01% and 66.23% of our total revenue for the Financial Years 2020, 2019 and 2018, respectively. We do not have long term agreements with any of our raw material suppliers and we acquire such raw materials pursuant to our purchase orders from suppliers as a result of which, we are required to forecast our supply and demand. Our inability to correctly forecast demand and supply may have an impact on our working capital. The availability and price of raw materials is subject to a number of factors beyond our control including demand and supply, general economic and political conditions, transportation and labour costs, natural disasters, competition and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Interruption of, or a shortage in the supply of, raw materials may result in our inability to operate our production facilities at optimal capacities, leading to a decline in production and sales. Recently, due to the outbreak of COVID-19 pandemic, we were unable to import a few of our raw materials from our overseas suppliers due to transport restrictions. However, we were able to substitute them with domestic suppliers in time and accordingly, we are able to continue our operations during such pandemic. In addition, while competition for procuring raw material may result in an increase in raw material prices, our ability to pass on such increases in overall operational costs may be limited. Furthermore, any increase in the cost of raw materials which results in an increase in prices of our products, may reduce demand for our products and thereby affect our margin and profitability.

#### ***Ability to obtain registrations***

As a part of our strategy we continue to focus on seeking registrations to increase our portfolio of formulations and technicals. With respect to any new registration, we invest time and money inter alia on identification of generic molecules, registration procedures and fees, trials, various marketing and distribution activities. The launch of a product depends upon our ability to obtain registration in a timely manner or at all as well as on other factors. Accordingly, our profitability, financial condition and market position is dependent on our ability to obtain the necessary registration in a timely manner and to successfully launch and market our products. Also, see, “*Risk Factors – We are required to obtain and/or renew certain registrations from the CIB&RC for our products manufactured in India. We also register our products in overseas jurisdictions through our International Distribution Partners to enable exports to such countries. Any failure to successfully register our products in India or in the international markets may affect our results of operations and financial condition.*” on page 32 of this Prospectus.

#### ***Seasonal and climatic variations***

Our business is sensitive to seasonal fluctuations and climatic variations. The agriculture growing season in India is significantly influenced by the monsoon. Sales of agrochemical products typically begin ahead of the growing season and peak in the middle of the season. The narrow sowing period also puts significant pressure on the sales and the prices of our agrochemical products. Our quarterly results may vary as a result of the effects of fluctuations in prices of agrochemical products due to lower demand, commodity prices and production yields. Since our Company exports to more than 60 countries in the world, the export revenue is not a seasonal in nature. Other climatic variations may also affect our production and sales volumes and could affect our results of operations. Adverse weather conditions such as drought, floods and other natural calamities, could affect farmers’ decisions about the types and the quantum of crops to be planted, the incidence (or timing) of certain crop diseases or pest infestations and farmers’ purchase of agrochemical products, which make our operating results relatively unpredictable. For instance, a drought can reduce demand for pesticides significantly. As such, results of one reporting period may not be necessarily comparable with preceding or succeeding reporting periods. During periods of lower sales activities, we may continue to incur substantial operating expenses despite the fact that our revenue may be lower, delayed or reduced.

#### ***Growth of new product categories***

We manufacture products which are derived from the generic agrochemical molecules. Going forward as well, we intend to rely on our R&D capabilities to develop new products, which will be manufactured from generic molecules. As a result, our ability to manufacture certain products is directly affected by the expiry of patents for various molecules. As existing patents for molecules expire, we can commence the process of creating dossiers, seeking registrations and marketing and distribution of formulations and generic active ingredients based on the generic versions of these molecules. Our ability to identify molecules going “off-patent” and the corresponding formulations and generic active ingredients in a cost effective, efficient and timely manner, to obtain registrations for the same and to protect such substitutes from legal challenges, will affect our results of operations. For our new products please see, “Our Business” on page 131.

#### ***Agricultural growth in economy***

The growth in the world population and increased agricultural consumption has resulted into the use of agricultural land into the optimum level and the crop cultivated shall be protected from the insects, flies, etc. Therefore, to increase in

agricultural productivity from the same arable land, the farmers use the pesticides to protect their crop from the insects. With this in mind, the use of agrochemicals has been an increasing trend in the Indian agricultural space. Any changes in government policies relating to the agriculture sector such as government expenditure in agriculture, changes in incentives and subsidy systems, export policies for crops, commodity pricing and ability of farmers to realize minimum support prices, among other things, could also have an effect on the ability of the farmers to spend on agrochemical products, which could affect the demand for, and the sales of, our products.

Our business is a consumer driven business, dominated by end-user farmers and institutions purchasing and utilizing our products. As a result, the key driver in the growth of our business and our revenue from operations is the volume of products manufactured and sold by us. Increased sales volume favorably affects our results of operations as it enables us to benefit from economies of scale in procurement of raw material and manufacturing and improves our operating margins through our ability to leverage our fixed cost base.

### ***COVID-19 Pandemic***

The world is facing an unprecedented challenge in this century with Corona Virus (Covid 19). World Health Organization (WHO), Geneva has been guiding the world in handling Covid 19 and has finally declared on 11th Mar 2020 as a Pandemic through an outbreak in China during December 2019. Time will tell the cause for the origin and spread, but the world is on tender hook (or on its toes) to stop the spread through various measures including lock-down or work from home or isolation with the concept of social distancing. Health care professionals are struggling to manage increasing Covid 19 cases across the globe. The human being is trying to adopt a new way of life and may soon see a significant change in the lifestyle of the people post-Covid 19.

The Agrochemical industry was categorized under essential commodities and allowed to operate during the lockdown. At Factory, steps was initiated to monitor and control the operations including the travel ban, thermal screening, sanitation and awareness campaigns have been conducted through video, mailers, posters, etc. The initial period (about a week) of lockdown operations were at a slow pace due to streamlining of processes by the Government authorities for movement of materials and personnel. Post this, operations are started improving on a week by week basis. Sales of goods are almost normal even in the initial period of lockdown. Heranba Team has exhibited very good teamwork to maintain and accelerate operations during these toughest days. There is no significant impact on the operations of Heranba and the Company is poised to generate growth in the operations.

The impact of the Lock down to the Company was minimal as the Company deals with Agro Products and the Government gave relaxation to the Agro Products. All factory of the Company is in operation though with less manpower. Laptops/ Computers has been made available to Employees at their Home with EPS connectivity so that they could do the Work from Home without any problem. Full Salary was being paid to the Employees without any cut.

The future impact of COVID-19 or any other severe communicable disease on our business and results of operations depends on several factors including those discussed in “*Risk Factors*” on page 28. We continue to closely monitor the economic conditions and the effect of COVID-19 and have outlined certain measures to combat the pandemic situation and to minimize the impact on our business.

### **Basis of preparation and significant accounting policies**

#### **1. Basis of preparation and presentation of Financial Statements:**

The Restated financial statements of Assets and Liabilities as at September 30, 2020, September 30, 2019 March 31, 2020, March 31, 2019 and March 31, 2018 and Restated Statement of Profit and Loss, Restated Cash Flow Statement and the Restated Statement of Changes in Equity for the years ended for the six months ended September 30, 2020 and September 30, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 (together referred to as “Restated Financial Information”) have been compiled by the Company from the Audited Financial Statements to which further adjustments are made to comply in all material aspects with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”). Accordingly, the Restated Financial Information have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate. There were no exceptional items that needed to be disclosed separately for the respective years under consideration.

The restated financial statements have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian

Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

This Restated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
- c) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

This Restated Financial Information has been extracted by the Management from:

Audited financial statements of the Company as at and for the six months ended September 30, 2020 and September 30, 2019 and audited annual financial statements as at and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on November 27, 2020, November 27, 2020 August 21, 2020, September 06, 2019 and July 31, 2018 respectively and this Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors.

## **2. Significant accounting judgements, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Estimates and assumptions**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgments are:

- Estimation of defined benefit obligation
- Impairment of financial asset such as trade receivables
- Impairment of Non- financial Assets
- Estimation of Tax Expense and Liability

## **3. Summary of Significant Accounting Policies**

### **A. Revenue Recognition**

The Company recognizes revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The specific recognition criteria described below must also be met before revenue is recognised

#### **a. Sale of goods:**

The Company recognises revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer. In



contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognized when such freight services are rendered. Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

**b. Interest and dividend:**

Interest income including income arising on other instruments is recognised on time proportion basis using the effective interest rate method. Dividend income is recognized when the right to receive dividend is established.

**B. Export Benefits:**

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

**C. Property Plant and Equipment, Investment Property and Depreciation / Amortisation:**

- a. Items of Property, plant and equipment including Capital-work in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any cost attributable of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.
- b. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the month of such addition, or up to the month of such sale/disposal, as the case may be.

<b>Asset Category</b>	<b>Estimated useful life (in Years)</b>
Plant & Machinery	20
Servers and networks	6
Computer desktops and laptops	3
Laboratory Equipment's	10
Office Equipment's	5
Plumbing and Piping	20
Electrical Installation	10
Factory Building	30
Non-Factory Buildings	60
Vehicles	8
Furniture and Fixture	10
Leasehold Land	Over Primary Lease period

The residual values, useful lives and methods of depreciation of property plant equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

**D. Financial Instruments: -**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1. Financial Assets:**

**(i) Recognition and initial measurement: -**

Trade Receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

**(ii) Classification and Subsequent measurement: -**

For purposes of subsequent measurement, financial assets are classified in following categories:

**e. Financial Assets at Amortised Cost: -**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

**f. Financial Assets Measured at Fair Value through Other Comprehensive Income ( FVOCI ):**

Financial assets are measured at fair value through Other Comprehensive Income (OCI) if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are subsequently measured at Fair Value. Interest Income under Effective Interest method, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and Loss. Other net gains and losses are recognized in OCI.

**g. Financial asset not measured at amortised cost or at fair value through OCI is carried at Fair Value through Profit and Loss.**

**h. Equity Investments:**

All Equity investments within the scope of Ind AS 109 are measured at Fair Value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

For Equity instruments classified as FVOCI, all fair value changes in the instrument excluding dividends are recognized in OCI. Dividends on such equity instruments are recognized in the statement of Profit or loss

**(iii) De-recognition of Financial Assets: -**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTP) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to Profit and Loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to Profit or Loss on de-recognition.

## **2. Financial Liabilities:**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **(i) Recognition and Initial Measurement**

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

### **(ii) Classification and Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **a. Financial liabilities at fair value through Profit or Loss (FVTPL)**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial Liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

#### **b. Financial liabilities at amortised cost**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **(iii) De-recognition of Financial Liabilities:**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. 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 de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## **3. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **E. Impairment: -**

### **a. Financial assets: -**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial asset measured at amortized cost.

Loss allowances on trade receivables are measured following the 'Simplified Approach' at an amount equal to the Life time ECL at each reporting date. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In respect of other financial asset, the loss allowance is measured at 12 month ECL only, if there is no significant deterioration in the credit risk since initial recognition of an asset or asset is determined to have a low credit risk at the reporting date.

**b. Non-financial assets: -**

The Company assesses, at each reporting date, whether there is an indication that an 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. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicator.

**c. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**F. Taxation:**

**i. Current Tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

**ii. Deferred Tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**iii. Minimum Alternate Tax (MAT):**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit are recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**G. Inventories:**

All inventories are stated at lower of 'Cost or Net Realizable Value'.

- i.** Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on First in First Out (FIFO) basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- ii.** Finished products and Work in Progress are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods and work in progress includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.
- iii.** Traded goods are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.
- iv.** Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**H. Employee benefits: -**

**a. Defined Contribution Plan:**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as define contribution plan and the contributions are recognised as employee benefit expense when they are due.

**b. Defined Benefit Plan:**

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The net interest cost is calculated by 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 employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

**c. Leave Entitlement: -**

Leave entitlement are provided based on an actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

**d. Short-term Benefits:**

Short-term employee benefits such as salaries, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered.

**I. Borrowings and Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**J. Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any.

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

**K. Cash Flow Statement: -**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**L. Cash and Cash Equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

**M. Foreign currency transactions:**

- i.** All transactions in foreign currency are recorded in the reporting currency, based on closing rates of exchange prevalent on the dates of the relevant transactions;
- ii.** Monetary assets and liabilities in foreign currency, outstanding as on the Balance Sheet date, are converted in reporting currency at the closing rates of exchange prevailing on the said date. Resultant gain or loss is recognized during the year in the Statement of Profit and Loss;
- iii.** Non-monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction; and
- iv.** Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

**N. Segment reporting: -**

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments the chief operating decision maker regularly monitors and reviews the operating results of the whole Company as one segment of "Agro-Chemicals". Thus, as defined in Ind AS 108, the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss. The analysis of geographical segments is based on the areas in which customers of the Company are located.

**O. Provisions, contingent liabilities and contingent assets: -**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are also present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are not recognized in the financial statements but are disclosed separately.

Contingent assets are not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.

**P. Leases: -**

**Transition**

Effective from April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at end of the year, ended March 31, 2019 have not been retrospectively adjusted.

**Measurement of Lease Liability**

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is:

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

**Measurement of Right-of-use assets**

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

**Principle Components of Revenue and Expenses**

The following is a brief description of the principal line items that are included in the statement of profit and losses of the Financial Statements.

## Revenue

Revenue consists of revenue from operations and other income.

*Revenue from operations* is revenue obtained from sale of goods in product segments like domestic institutional sales of technicals, technicals exports, own brands, formulations exports and public health. Revenue is stated inclusive of excise duty and excludes sales tax/ value added tax (VAT) / Goods & Service Tax (GST).

*Other income* consists of interest income, dividend income, foreign exchange fluctuation gain, surplus on sale of fixed assets and miscellaneous income.

## Expenses

Our total expenses is comprised of cost of materials consumed, changes in inventories of finished goods and work-in-progress, excise duty on finished goods, employee benefits expense, finance costs, depreciation and amortization expenses, and other expenses.

*Cost of materials consumed:* The materials consumed primarily include as a difference of opening and closing stocks added for the purchases.

*Changes in inventories of finished goods and work-in-progress:* It is calculated as the difference between opening and closing stocks of finished goods and work-in-progress and adjusted for provision for excise duty on opening stock.

*Employee benefits expense:* Employee benefits expense consists of:

- (i) salaries, wages and bonuses, etc.;
- (ii) contribution to provident and other funds; and
- (iii) staff welfare expenses.

*Finance costs:* Finance costs comprise of:

- (i) interest paid on fixed loans, cash credits and bill discounting;
- (ii) other interest expense; and
- (iii) interest on redeemable preference shares and tax thereon.

*Depreciation and amortization Expenses:* It includes the depreciation of property, plant and equipment.

*Other expenses:* Other expenses comprises of consumption of stores and spares, repairs & maintenance to machinery, building, and vehicles, insurance, rent, rates and taxes, bad debts written off, allowances for doubtful debts, payment to auditor, power and fuel, freight, corporate social responsibility, loss on sale of assets, and other expenses.

## Results of Operations

The following table sets forth a breakdown of our result of operations for six months period ended September 30, 2020 and September 30, 2019 and each item as a percentage of our total revenue for periods indicated:

(₹ in million)

Particulars	For six months period ended			
	September 30, 2020		September 30, 2019	
	Amount	% of Total revenue	Amount	% of Total revenue
<b>Revenue</b>				
Revenue from operations	6,183.44	99.86%	5,016.49	99.88%
Other income	8.67	0.14%	5.84	0.12%
<b>Total revenue</b>	<b>6,192.11</b>	<b>100.00%</b>	<b>5,022.33</b>	<b>100.00%</b>



<b>Expenses</b>				
Cost of materials consumed	4,517.88	72.96%	3,373.83	67.18%
Purchases of stock in trade	138.19	2.23%	34.38	0.68%
Changes in inventories of finished goods and work-in-progress	(461.63)	(7.46%)	(140.18)	(2.79%)
Excise duty on finished goods	-		-	
Employee benefits expense	228.58	3.69%	224.54	4.47%
Finance costs	34.59	0.56%	38.09	0.76%
Depreciation and amortisation expenses	66.04	1.07%	36.16	0.72%
Other expenses	767.65	12.40%	766.8	15.27%
<b>Total expenses</b>	<b>5,291.30</b>	<b>85.45%</b>	<b>4,333.62</b>	<b>86.29%</b>
<b>Profit before tax</b>	<b>900.81</b>	<b>14.55%</b>	<b>688.71</b>	<b>13.71%</b>
<b>Tax expense</b>				
Current tax	234.00	3.78%	182.00	3.62%
Deferred tax (charge) / credit	3.70	0.06%	(25.72)	(0.51%)
<b>Total tax expenses</b>	<b>237.70</b>	<b>3.84%</b>	<b>156.28</b>	<b>3.11%</b>
<b>Profit for the year</b>	<b>663.11</b>	<b>10.71%</b>	<b>532.43</b>	<b>10.60%</b>

**Total revenue:**

Our total revenue increased by ₹ 1,169.78 million or 23.29% from ₹ 5,022.33 million in the six months period ended September 2019 to ₹ 6,192.11 million in the six months period ended September 2020. This was primarily led by increase in revenue from Domestic Institutional sales of Technicals and Branded Formulations by 31.00% and 71.89% respectively.

*Revenue from operations:*

Our total revenue increased by ₹ 1,166.95 million or 23.26% from ₹ 5,016.49 million in the six months period ended September 2019 to ₹ 6,183.44 million in the six months period ended September 2020. This was primarily led by increase in revenue from Domestic Institutional sales of Technicals and Branded Formulations by 31.00% and 71.89% respectively.

*Segment break-up:*

(₹ in million)

Particulars	For the six month period ended			
	September 30, 2020		September 30, 2019	
	Amount	% of Revenue from operations	Amount	% of Revenue from operations
<b>Revenue from operations</b>				
Domestic institutional sales of Technicals	2,040.20	32.99%	1,557.35	31.04%
Technicals exports	1,989.38	32.17%	1,738.28	34.65%
Branded Formulations	1,409.95	22.80%	820.27	16.35%
Formulations exports	573.50	9.27%	659.92	13.15%
Public health	170.41	2.76%	240.67	4.80%
<b>Total Revenue from Operations</b>	<b>6,183.44</b>	<b>100.00%</b>	<b>5,016.50</b>	<b>100.00%</b>

*Domestic institutional sales of Technicals:*

The revenue from domestic institutional sales of Technicals segment increased by ₹ 482.85 million or 31.00 % to ₹ 2,040.20 million in the six months period ended September 2020 from ₹ 1,557.35 million in six months period ended September 2019. The increase was due to increased demand in local market due to good rains across the country. This segment contributed 32.99 % of the revenue from operations in the six months period ended September 2020 as compared to 31.04 % of the revenue from operations in the six months period ended September 2019.

*Technicals exports:*

The revenue from Technicals Exports segment increased by ₹ 251.10 million or 14.45 % to ₹ 1,989.38 million in the six months period ended September 2020 from ₹ 1,738.28 million in the six months period ended September 2019. The increase is primarily due to increased demand in international market. This segment represents 32.17 % of the revenue

from operations in the six months period ended September 2020 as compared to 34.65 % of the revenue from operations in the six months period ended September 2019.

***Branded Formulations:***

The revenue from Branded Formulations comprises of sale of Formulations product to distributors through various distribution channel and depots. The revenue from Branded Formulations increased by ₹ 589.68 million or 71.89 % to ₹ 1,409.95 million in the six months period ended September 2020 from ₹ 820.27 million in the six months period ended September 2019. The increase was primarily due to increase demand in domestic market due to good rains across the country. This segment represents 22.80 % of the revenue from operations in the six months period ended September 2020 as compared to 16.35 % of the revenue from operations in the six months period ended September 2019.

***Formulations exports:***

The Formulations exports business comprises of revenue from the sale of Formulations product in bulk and made to order / customized packaging to customers outside India. The formulations exports decreased by ₹ 86.42 million or 13.10 % to ₹ 573.50 million in the six months period ended September 2020 from ₹ 659.92 million in the six months period ended September 2019. This decrease was primarily due to lesser demand mainly from African region during this period. This segment represents 9.27 % of the revenue from operations in the six months period ended September 2020 as compared to 13.15 % of the revenue from operations in the six months period ended September 2019.

***Public health:***

The revenue from public health comprises of sales by participating in government tenders. The revenue from public health decreased by ₹ 70.27 million or 29.20 % to ₹ 170.41 million in the six months period ended September 2020 from ₹ 240.67 million in the six months period ended September 2019. This segment represents 2.76 % of the revenue from operations in the six months period ended September 2020 as compared to 4.80 % of the revenue from operations in the six months period ended September 2019.

***Other income:***

Our other income increased by ₹ 2.83 million or 48.46% from ₹ 5.84 million in the six months period ended September 2019 to ₹ 8.67 million in the six months period ended September 2020 , primarily as a result of increase in interest income and reversal of excess provision .

***Total expenses:***

Total expenses increased by ₹ 957.68 million or 22.10% from ₹ 4,333.62 million in the six months period ended September 2019 to ₹ 5,291.30 million in the six months period ended September 2020 primarily due to increase in cost of materials consumed.

***Cost of materials consumed:***

Cost of material increased by ₹ 1,144.05 million or 33.91% from ₹ 3,373.83 million in six months period ended September 2019 to ₹ 4,517.88 million in the six months period ended September 2020 due to increase in manufacturing activities and increase in cost of some of the raw materials. Cost of materials consumed represents 67.18% of total revenue in six months period ended September 2019 and 72.96% of total revenue in six months period ended September 2020.

***Changes in inventories of finished goods and work-in-progress:***

Changes in inventories of finished goods and work-in-progress decreased by ₹ 321.45 million or 229.31 % from ₹ (140.18) million in the six months period ended September 2019 to ₹ (461.63) million in the six months period ended September 2020.

***Excise duty on finished goods:***

Excise duty is a duty paid to the government on the manufacture of our products. With the implementation of GST with effect from July 1, 2017, excise duty, VAT, service tax and other indirect tax have been subsumed into GST and accordingly, excise duty was payable by us until June 30, 2017.

***Employee benefits expenses:***

Employee benefits expenses increased by ₹ 4.04 million or 1.80% from ₹ 224.54 million in the six months period ended September 2019 to ₹ 228.58 million in the six months period ended September 2020 due to increase in manpower and

annual increase in salaries and wages. Employee benefits expense decreased from 4.47 % as a percentage of total revenue in the six months period ended September 2019 to 3.69% in the six months period ended September 2020.

*Finance costs:*

Finance costs decreased by ₹ 3.50 million or 9.19 % from ₹ 38.09 million in the six months period ended September 2019 to ₹ 34.59 million in the six months period ended September 2020. The decrease was primarily on account of reduction in interest rates during the period.

*Depreciation and amortization expenses:*

Depreciation and amortization expenses increased by ₹ 29.88 million or 82.63% from ₹ 36.16 million in the six months period ended September 2019 to ₹ 66.04 million in the six months period ended September 2020, due to addition in fixed assets during the period

*Other expenses:*

Other expenses increased by ₹ 0.85 million or 0.11% from ₹ 766.80 million in the six months period ended September 2019 to ₹ 767.65 million in the six months period ended September 2020. The increase was on account of increase in business activity. Other expenses decreased from 15.27 % as a percentage of total revenue in the six months period ended September 2019 to 12.40% in the six months period ended September 2020.

**Profit before tax:**

Profit before tax increased by ₹ 212.10 million or 30.80% from ₹ 688.71 million in the six months period ended September 2019 to ₹ 900.81 million in the six months period ended September 2020, primarily due to growth in business and relatively lower increase in expenses. The profitability margins improved by 0.84% from 13.71 % in the six months period ended September 2019 to 14.55% in the six months period ended September 2020.

**Tax expense:**

Tax expense increased by ₹ 81.42 million or 52.10 % from ₹ 156.28 million in the six months period ended September 2019 to ₹ 237.70 million in the six months period ended September 2020, primarily due to increase in profits during the period.

**Restated Profit for the year:**

As a result of the foregoing factors, profit for the year increased by ₹ 130.68 million or 24.54% from ₹ 532.43 million in the six months period ended September 2019 to ₹ 663.11 million in the six months period ended September 2020. The profitability margins improved by 0.11% from 10.60% in the six months period ended September 2019 to 10.71% in the six months period ended September 2020.

The following table sets forth a breakdown of our result of operations for the Financial Years 2020, 2019 and 2018 and each item as a percentage of our total revenue for periods indicated:

(₹ in million)

Particulars	For the year ended					
	March 31, 2020		March 31, 2019		March 31, 2018	
	Amount	% of Total revenue	Amount	% of Total revenue	Amount	% of Total revenue
<b>Revenue</b>						
Revenue from operations	9,513.74	98.29%	10,044.44	99.27%	7,450.95	99.29%
Other income	165.32	1.71%	73.94	0.73%	53.15	0.71%
<b>Total revenue</b>	<b>9,679.06</b>	<b>100.00%</b>	<b>10,118.38</b>	<b>100.00%</b>	<b>7,504.10</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of materials consumed	6,397.80	66.10%	7,083.55	70.01%	4,970.07	66.23%
Purchases of stock in trade	153.08	1.58%	64.71	0.64%	-	-
Changes in inventories of finished goods and work-in-progress	(176.54)	(1.82%)	(170.69)	(1.69%)	67.43	0.90%
Excise duty on finished goods	-	-	-	-	38.46	0.51%

Employee benefits expense	464.65	4.80%	380.05	3.76%	332.10	4.43%
Finance costs	88.36	0.91%	107.33	1.06%	118.05	1.57%
Depreciation and amortisation expenses	82.03	0.85%	59.54	0.59%	50.13	0.67%
Other expenses	1,381.25	14.27%	1,372.69	13.57%	1,164.79	15.52%
<b>Total expenses</b>	<b>8,390.63</b>	<b>86.69%</b>	<b>8,897.18</b>	<b>87.93%</b>	<b>6,741.03</b>	<b>89.83%</b>
<b>Profit before tax</b>	<b>1,288.43</b>	<b>13.31%</b>	<b>1,221.20</b>	<b>12.07%</b>	<b>763.07</b>	<b>10.17%</b>
<b>Tax expense</b>						
Current tax	336.10	3.47%	457.50	4.52%	280.00	3.73%
Deferred tax (charge) / credit	(25.17)	-0.26%	5.29	0.05%	7.69	0.10%
Excess / (Short) provision for taxation in respect of earlier years	-	-	4.39	0.04%	6.62	0.09%
<b>Total tax expenses</b>	<b>310.93</b>	<b>3.21%</b>	<b>467.18</b>	<b>4.62%</b>	<b>294.31</b>	<b>3.92%</b>
<b>Profit for the year</b>	<b>977.50</b>	<b>10.10%</b>	<b>754.02</b>	<b>7.45%</b>	<b>468.76</b>	<b>6.25%</b>

### Financial Year 2020 compared to Financial Year 2019

#### Total revenue:

Our total revenue decreased by ₹ 439.32 million or 4.34% from ₹ 10,118.38 million in the Financial Year 2019 to ₹ 9,679.06 million in the Financial Year 2020. This was primarily due to government mandated lockdowns in response to COVID-19 which hindered our manufacturing activities, dispatch of goods to the depots situated across PAN India and export sales.

#### Revenue from operations:

Our revenue from operations decreased by ₹ 530.70 million or 5.28% from ₹ 10,044.44 million in the Financial Year 2019 to ₹ 9,513.74 million in the Financial Year 2020. The decrease was primarily due to decrease in sales of Technicals.

#### Segment break-up:

(₹ in million)

Particulars	For the year ended			
	March 31, 2020		March 31, 2019	
	Amount	% of Revenue from operations	Amount	% of Revenue from operations
<b>Revenue from operations</b>				
Domestic institutional sales of Technicals	3,010.04	31.64%	3,215.35	32.01%
Technicals exports	3,470.90	36.48%	3,965.69	39.48%
Branded Formulations	1,205.78	12.67%	1,557.75	15.51%
Formulations exports	1,220.62	12.83%	951.98	9.48%
Public health	606.40	6.37%	353.67	3.52%
<b>Total Revenue from Operations</b>	<b>9,513.74</b>	<b>100.00%</b>	<b>10,044.44</b>	<b>100.00%</b>

#### Domestic institutional sales of Technicals:

The revenue from domestic institutional sales of Technicals segment decreased by ₹ 205.31 million or 6.39% to ₹ 3,010.04 million in the Financial Year 2020 from ₹ 3,215.35 million in the Financial Year 2019. The decrease is due to government mandated lockdowns in response to COVID-19 which impacted our orders of domestic technical sales in the last quarter of Financial Year 2020. This segment contributed 31.64 % of the revenue from operations in the Financial Year 2020 as compared to 32.01% of the revenue from operations in the Financial Year 2019.

#### Technicals exports:

The revenue from Technicals Exports segment decreased by ₹ 494.79 million or 12.48% to ₹ 3,470.90 million in the Financial Year 2020 from ₹ 3,965.69 million in the Financial Year 2019. The decrease is primarily due to government mandated lockdowns in response to COVID-19 which impacted our exports in the last quarter of Financial Year 2020. This segment represents 36.48% of the revenue from operations in the Financial Year 2020 as compared to 39.48% of the revenue from operations in the Financial Year 2019.

**Branded Formulations:**

The revenue from Branded Formulations comprises of sale of Formulations product to distributors through various distribution channel and depots. The revenue from Branded Formulations decreased by ₹ 351.97 million or 22.59% to ₹ 1,205.78 million in the Financial Year 2020 from ₹ 1,557.75 million in the Financial Year 2019. The decrease was primarily due to government mandated lockdowns in response to COVID-19 which impacted manufacturing in the last fifteen days of the month of March 2020 and dispatch of goods to the depots situated across PAN India. This segment represents 12.67% of the revenue from operations in the Financial Year 2020 as compared to 15.51% of the revenue from operations in the Financial Year 2019.

**Formulations exports:**

The Formulations exports business comprises of revenue from the sale of Formulations product in bulk and made to order / customized packaging to customers outside India. The formulations exports increased by ₹ 268.64 million or 28.22% to ₹ 1,220.62 million in the Financial Year 2020 from ₹ 951.98 million in the Financial Year 2019. This increase was primarily due to more demand and concentration on exports orders which fetched better margins and realization. This segment represents 12.83% of the revenue from operations in the Financial Year 2020 as compared to 9.48% of the revenue from operations in the Financial Year 2019.

**Public health:**

The revenue from public health comprises of sales by participating in government tenders. The revenue from public health increased by ₹ 252.73 million or 71.46% to ₹ 606.40 million in the Financial Year 2020 from ₹ 353.67 million in the Financial Year 2019. This segment represents 6.37% of the revenue from operations in the Financial Year 2020 as compared to 3.52% of the revenue from operations in the Financial Year 2019.

**Reasons for decrease in revenue on account of COVID**

During the quarter January to March, 2020, the revenue from operations of the Company was ₹ 2,071.75 million. The revenue from operations during the quarter January to March, 2020 was impacted by ₹ 500 million due to the impact of COVID related restrictions on shipments overseas. As a result, the Company suffered a loss of profit to the tune of ₹ 66.55 million during this quarter. Further, the profit for the quarter January to March, 2018, for quarter January to March, 2019 and for January to March, 2020 was ₹ 108.42 million, ₹ 195.08 million and ₹ 231.80 million, respectively

**Other income:**

Our other income increased by ₹ 91.38 million or 123.59% from ₹ 73.94 million in the Financial Year 2019 to ₹ 165.32 million in the Financial Year 2020, primarily as a result of increase in foreign exchange fluctuation gain of ₹ 111.70 million from ₹ 31.83 million in the Financial Year 2019 to ₹ 143.53 million in the Financial Year 2020 and also due to recovery of bad debts and written off provisions in the Financial Year 2020.

**Total expenses:**

Total expenses decreased by ₹ 506.55 million or 5.69% from ₹ 8,897.18 million in the Financial Year 2019 to ₹ 8,390.63 million in the Financial Year 2020 primarily due to decrease in cost of materials consumed.

**Cost of materials consumed:**

Cost of material consumed decreased by ₹ 685.75 million or 9.68% from ₹ 7,083.55 million in the Financial Year 2019 to ₹ 6,397.80 million in the Financial Year 2020 due to decrease in manufacturing activities. Cost of materials consumed represents 70.01% of total revenue in Financial Year 2019 and 66.10% of total revenue in Financial Year 2020. Further, the Company imported 17.08% of the raw material consumed in Financial Year 2020 as compared to 15.33% in Financial Year 2019.

**Changes in inventories of finished goods and work-in-progress:**

Changes in inventories of finished goods and work-in-progress decreased by ₹ 5.85 million or 3.43% from ₹ (170.69) million in the Financial Year 2019 to ₹ (176.54) million in the Financial Year 2020 due to higher inventory of finished goods at the end of Financial Year 2020.

**Excise duty on finished goods:**

Excise duty is a duty paid to the government on the manufacture of our products. With the implementation of GST with effect from July 1, 2017, excise duty, VAT, service tax and other indirect tax have been subsumed into GST and accordingly, excise duty was payable by us until June 30, 2017.

*Employee benefits expenses:*

Employee benefits expenses increased by ₹ 84.60 million or 22.26% from ₹ 380.05 million in the Financial Year 2019 to ₹ 464.65 million in the Financial Year 2020 due to increase in staff salaries and wages which resulted from addition in number of employees due to growth in our manpower requirements during the year. Employee benefits expense increased from 3.76% as a percentage of total revenue in Financial Year 2019 to 4.80% in Financial Year 2020.

*Finance costs:*

Finance costs decreased by ₹ 18.97 million or 17.67% from ₹ 107.33 million in the Financial Year 2019 to ₹ 88.36 million in the Financial Year 2020. The decrease was primarily on account of timely realization of debtors resulting into lesser utilization of bank credit limits and availing more of packing credit facility which is at lesser rate of interest as compared to cash credit.

*Depreciation and amortization expenses:*

Depreciation and amortization expenses increased by ₹ 22.49 million or 37.77% from ₹ 59.54 million in the Financial Year 2019 to ₹ 82.03 million in the Financial Year 2020, due to addition to fixed assets during the year.

*Other expenses:*

Other expenses increased by ₹ 8.56 million or 0.62% from ₹ 1,372.69 million in the Financial Year 2019 to ₹ 1,381.25 million in the Financial Year 2020. The increase was on account of increase in business activities and increase in cost of services & utilities. Other expenses increased from 13.57% as a percentage of total revenue in Financial Year 2019 to 14.27% in Financial Year 2020.

**Profit before tax:**

Profit before tax increased by ₹ 67.23 million or 5.51% from ₹ 1,221.20 million in the Financial Year 2019 to ₹ 1,288.43 million in the Financial Year 2020, primarily due to higher realizations in export market. The profitability margins improved by 1.24% from 12.07% for the Financial Year 2019 to 13.31% for the Financial Year 2020.

**Tax expense:**

Tax expense decreased by ₹ 156.25 million or 33.45% from ₹ 467.18 million in the Financial Year 2019 to ₹ 310.93 million in the Financial Year 2020, primarily due to change in income tax rates.

**Restated Profit for the year:**

As a result of the foregoing factors, profit for the year increased by ₹ 223.48 million or 29.64% from ₹ 754.02 million in the Financial Year 2019 to ₹ 977.50 million in the Financial Year 2020. The profitability margins improved by 2.65% from 7.45% for the Financial Year 2019 to 10.10% for the Financial Year 2020.

(₹ in million)

Particulars	For the year ended March 31,	
	2020	2019
Revenue from operation	9,342.65	9,929.80
Export incentives	171.09	114.64
Other income	165.32	73.94
<b>Total Revenue</b>	<b>9,679.06</b>	<b>10,118.38</b>
Profit Before Tax	1,288.43	1,221.20
Tax	310.93	467.18
Profit After Tax	977.50	754.02

Reasons for increase in Profit after Tax in the year 2020:

- Increase in the Export Incentives provided by the government in Financial Year 2018-19 from ₹ 114.64 million to ₹ 171.09 million in Financial Year 2019-20.
- Increase in Other Income in the Financial Year 2018-19 from ₹ 73.94 million to ₹ 165.32 million in Financial Year 2019-20.
- Pursuant to the Taxation Laws (Amendment) Ordinance 2019, the Company opted to pay income tax as per Section 115BAA of the Income Tax Act, 1961 at the rate of 22% (plus applicable surcharge and cess). Consequently, during the Financial Year ended March 31, 2020, the Company recognized the impact of re-measurement of net deferred tax assets/liabilities and the current tax charge. Accordingly, the excess net deferred tax liabilities of ₹ 6.25 million has been reversed during the Financial Year ended March 31, 2020 resulting in a reduction of tax liability by ₹ 105.00 million which is less than the tax liability for the Financial Year 2019-20 compared to Financial Year 2018-19.

## Financial Year 2019 compared to Financial Year 2018

### Total revenue:

Our total revenue increased by ₹ 2614.28 million or 34.84% from ₹ 7,504.10 million in the Financial Year 2018 to ₹ 10,118.38 million in the Financial Year 2019, mainly due to increase in export sales, higher realizations in export market and increase in export incentives and benefits.

### Revenue from operations:

Our revenue from operations increased by ₹ 2,593.49 million or 34.81% from ₹ 7,450.95 million in the Financial Year 2018 to ₹ 10,044.44 million in the Financial Year 2019 primarily as a result of increase in export by ₹ 1,242.52 million from ₹ 3,675.15 million in the Financial Year 2018 to ₹ 4,917.67 million in the Financial Year 2019.

### Segment break-up:

(₹ in million)

Particulars	For the year ended			
	March 31, 2019		March 31, 2018	
	Amount	% of Total Income	Amount	% of Total Income
<b>Revenue from Operations</b>				
Domestic institutional sales of Technicals	3,215.35	32.01%	1,940.20	26.04%
Technicals exports	3,965.69	39.48%	3,007.77	40.37%
Branded Formulations	1,557.75	15.51%	1,694.14	22.74%
Formulations Exports	951.98	9.48%	667.38	8.96%
Public Health	353.67	3.52%	141.46	1.90%
<b>Total Revenue from Operations</b>	<b>10,044.44</b>	<b>100.00%</b>	<b>7,450.95</b>	<b>100.00%</b>

### Domestic institutional sales of technicals:

The revenue from domestic institutional sales of Technicals segment increased by ₹ 1,275.15 million or 65.72% to ₹ 3,215.35 million in the Financial Year 2019 from ₹ 1,940.20 million in the Financial Year 2018. The increase is primarily due to higher demand of products and recurring orders from the Institutional buyers. This segment represents 32.01% of the revenue from operations in the Financial Year 2019 as compared to 26.04% of the revenue from operations in the Financial Year 2018.

### Technicals exports:

The revenue from Technicals exports segment increased by ₹ 957.92 million or 31.85% to ₹ 3,965.69 million in the Financial Year 2019 from ₹ 3,007.77 million in the Financial Year 2018. The increase is primarily due to sustainable demand for our product in the international market. This segment represents 39.48% of the revenue from operations in the Financial Year 2019 as compared to 40.37% of the revenue from operations in the Financial Year 2018.

### Branded Formulations:

The revenue from Branded Formulations comprises of sale of formulations products to distributors through distribution channels and depots. The revenue from Branded Formulations decreased by ₹ 136.39 million or 8.05% to ₹ 1,557.75 million in the Financial Year 2019 from ₹ 1,694.14 million in the Financial Year 2018, primarily due to higher sale of our

products through distribution channels. This segment represents 15.51% of the revenue from operations in the Financial Year 2019 as compared to 22.74% of the revenue from operations in the Financial Year 2018.

***Formulations exports:***

The Formulations exports business comprises of revenue from the sale of Formulations products in bulk and made to order / customized packaging to customers outside India. The formulations exports increased by ₹ 284.60 million or 42.64% to ₹ 951.98 million in the Financial Year 2019 from ₹ 667.38 million in the Financial Year 2018, primarily due to large demand for our products in international market. This segment represents 9.48% of the revenue from operations in the Financial Year 2019 as compared to 8.96% of the revenue from operations in the Financial Year 2018.

***Public health:***

The revenue from public health comprises of sale by participating in government tenders. The revenue from Public Health increased by ₹ 212.21 million or 150.01% to ₹ 353.67 million in the Financial Year 2019 from ₹ 141.46 million in the Financial Year 2018, primarily due to management's increased focus on this segment and increased participation in the number of tenders as compared to last year. This segment represents 3.52% of the revenue from operations in the Financial Year 2019 as compared to 1.90% of the revenue from operations in the Financial Year 2018.

***Other income:***

Our other income increased by ₹ 20.79 million or 39.12% from ₹ 53.15 million in the Financial Year 2018 to ₹ 73.94 million in the Financial Year 2019 as a result of increase in miscellaneous income, partly due to recovery of last year's bad debt.

**Total expenses:**

Total expenses increased by ₹ 2,156.16 million or 31.99% from ₹ 6,741.03 million in the Financial Year 2018 to ₹ 8,897.18 million in the Financial Year 2019, primarily due to increase in procurement of raw materials and overall expenses.

***Cost of materials consumed:***

Cost of material consumed increased by ₹ 2,113.48 million or 42.52% from ₹ 4,970.07 million in the Financial Year 2018 to ₹ 7,083.55 million in the Financial Year 2019, as a result of increase in manufacturing activities. Cost of materials consumed increased from 66.23% as a percentage of total revenue in Financial Year 2018 to 70.01% in Financial Year 2019. Further, the Company imported 15.33% of the raw material consumed in Financial Year 2019 as compared to 8.51% of the raw materials in Financial Year 2018.

***Changes in inventories of finished goods and work-in-progress:***

Changes in inventories of finished goods and work-in-progress decreased by ₹ 238.12 million or (353.14)% from ₹ 67.43 million in the Financial Year 2018 to ₹ (170.69) million in the Financial Year 2019, due to higher inventory of finished goods at the end of Financial Year 2019.

***Excise duty on finished goods:***

Excise duty is a duty paid to the government on the manufacture of our products. With the implementation of GST with effect from July 1, 2017, excise duty, VAT, service tax and other indirect tax have been subsumed into GST and accordingly, excise duty was payable by us until June 30, 2017.

***Employee benefits expense:***

Employee benefits expense increased by ₹ 47.95 million or 14.44% from ₹ 332.10 million in the financial Year 2018 to ₹ 380.05 million in the Financial Year 2019, due to increase in staff salaries and wages which resulted from addition in number of employees due to growth in our manpower requirements during the year. Employee benefits expense decreased from 4.43% as a percentage of total revenue in Financial Year 2018 to 3.76% of the total revenue in Financial Year 2019.

***Finance costs:***

Finance cost decreased by ₹ 10.72 million or 9.08% from ₹ 118.05 million in the Financial Year 2018 to ₹ 107.33 million in the Financial Year 2019. The decrease was primarily on account of timely realization of debtors resulting in lesser utilization of bank credit limits, further availing more of packing credit facility which is at lesser rate of interest as compared to cash credit.

***Depreciation and amortization expenses:***



Depreciation and amortization expenses increased by ₹ 9.41 million or 18.77% from ₹ 50.13 million in the Financial Year 2018 to ₹ 59.54 million in the Financial Year 2019 due to addition to fixed assets during the year.

*Other expenses:*

Other expenses increased by ₹ 207.90 million or 17.85% from ₹ 1,164.79 million in the Financial Year 2018 to ₹ 1,372.69 million in the Financial Year 2019. The increase was on account of increase in business activities and increase in cost of services & utilities. Other expenses decreased from 15.52% as a percentage of total revenue in Financial Year 2018 to 13.57% of the total revenue in Financial Year 2019.

**Profit before tax:**

Profit before tax increased by ₹ 458.13 million or 60.04% from ₹ 763.07 million in the Financial Year 2018 to ₹ 1,221.20 million in the Financial Year 2019, primarily due to increase in export revenue and higher realizations in export market. The profitability margins improved by 1.90% from 10.17% of the total revenue for the Financial Year 2018 to 12.07% of the total revenue for the Financial Year 2019.

**Tax expense:**

Tax expense increased by ₹ 172.87 million or 58.74% from ₹ 294.31 million in the Financial Year 2018 to ₹ 467.18 million in the Financial Year 2019, primarily due to increase in profits for the year.

**Profit for the year:**

Profit for the year increased by ₹ 285.26 million or 60.85% from ₹ 468.76 million in the Financial Year 2018 to ₹ 754.02 million in the Financial Year 2019, for the reasons stated above. The profitability margins improved by 1.20% from 6.25% of the total revenue for the Financial Year 2018 to 7.45% of the total revenue for the Financial Year 2019.

(₹ in million)

Particulars	For the year ended March 31,	
	2019	2018
Revenue from operation	9,929.80	7,381.61
Export incentives	114.64	69.34
Other income	73.94	53.15
<b>Total Revenue</b>	<b>10,118.38</b>	<b>7,504.10</b>
Profit Before Tax	1,221.20	763.07
Tax	467.18	294.31
Profit After Tax	754.02	468.76

Reasons for Increase in Profit after Tax in the year 2019:

- Increase in sales of the Company in the Financial Year 2017-18 from ₹ 7381.61 million to ₹ 9929.80 million in Financial Year 2018-19.
- Increase in Export Incentives provided by the government in Financial Year 2017-18 from ₹ 69.34 million to ₹ 114.64 million in Financial Year 2018-19.
- Increase in Other Income in the Financial Year 2017-18 from ₹ 53.15 million to ₹ 73.94 million in Financial Year 2018-19.

**Liquidity**

The following table sets forth our cash flows for the Financial Years 2020, 2019 and 2018:

(₹ in million)

Particulars	For the six months ended		For the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Net cash flow from operating activities	523.07	146.33	542.11	877.02	519.47
Net cash flow from investing activities	(159.28)	(206.21)	(520.39)	(373.79)	(246.86)

Net cash flow from financing activities	(142.94)	57.27	(199.43)	(411.35)	(258.04)
<b>Net increase in cash and cash equivalents</b>	<b>220.85</b>	<b>(2.61)</b>	<b>(177.71)</b>	<b>91.88</b>	<b>14.57</b>
Add: Balance at the beginning of the year	31.94	209.65	209.65	117.77	103.19
<b>Cash and cash equivalents at the end of the year</b>	<b>252.79</b>	<b>207.03</b>	<b>31.94</b>	<b>209.65</b>	<b>117.77</b>

### Operating Activities

Net cash flow from operating activities was ₹ 523.07 million for the 6 months period ended September 2020. While our profit before tax was ₹ 900.81 million 6 months period ended September 2020, we had an operating profit before working capital changes of ₹ 997.91 million, primarily due to finance cost of ₹ 34.59 million and depreciation and amortization expense of ₹ 66.04 million. Our changes in working capital for 6 months period ended September 2020 primarily consisted of an increase in trade and other receivables of ₹ 1,036.35 million, an increase in inventories of ₹ 280.05 million and an increase in trade and other payables of ₹ 997.54 million.

Net cash flow from operating activities was ₹ 542.11 million for the Financial Year 2020. While our profit before tax was ₹ 1,288.43 million for the Financial Year 2020, we had an operating profit before working capital changes of ₹ 1,453.66 million, primarily due to finance cost of ₹ 88.36 million and depreciation and amortization expense of ₹ 82.03 million. Our changes in working capital for Financial Year 2020 primarily consisted of an increase in trade and other receivables of ₹ 66.31 million, an increase in inventories of ₹ 316.23 million and a decrease in trade and other payables of ₹ 130.17 million.

Net cash flow from operating activities was ₹ 877.02 million for the Financial Year 2019. While our profit before tax was ₹ 1,221.20 million for the Financial Year 2019, we had an operating profit before working capital changes of ₹ 1,385.72 million, primarily due to finance cost of ₹ 107.33 million and depreciation and amortization expense of ₹ 59.53 million. Our changes in working capital for Financial Year 2019 primarily consisted of an increase in trade and other receivables of ₹ 409.53 million and an increase in inventories of ₹ 198.96 million, which was partially offset by an increase in trade and other payables of ₹ 590.96 million.

Net cash flow from operating activities was ₹ 519.47 million for the Financial Year 2018. While our profit before tax was ₹ 763.07 million for the Financial Year 2018, we had an operating profit before working capital changes of ₹ 1,024.62 million, primarily due to finance cost of ₹ 118.05 million and depreciation and amortization expense of ₹ 50.13 million. Our changes in working capital for Financial Year 2018 primarily consisted of an increase in trade and other receivables of ₹ 1,236.70 million which was partially offset by an increase in trade and other payables of ₹ 861.16 million and a decrease in inventories of ₹ 43.59 million.

### Investing Activities

Net cash flow used in investing activities was ₹ 159.28 million for 6 months period ended September 2020, primarily comprising of purchase of fixed assets, including capital work-in-progress of ₹ 73.61 million, and purchase of long term/ current investments of ₹ 85.00 million.

Net cash flow used in investing activities was ₹ 520.39 million for the Financial Year 2020, primarily comprising of an increase in capital advance of ₹ 80.66 million and purchase of fixed assets, including capital work-in-progress of ₹ 398.23 million, and purchase of long term/ current investments of ₹ 35.00 million, which was partially offset by interest income of ₹ 5.11 million.

Net cash flow used in investing activities was ₹ 373.79 million for the Financial Year 2019, primarily comprising of an increase in capital advance of ₹ 121.12 million and purchase of fixed assets, including capital work-in-progress of ₹ 256.60 million, which was partially offset by interest income of ₹ 9.54 million.

Net cash flow used in investing activities was ₹ 246.86 million for the Financial Year 2018, primarily comprising of an increase in capital advance of ₹ 141.36 million and purchase of fixed assets, including capital work-in-progress of ₹ 141.90 million, which was partially offset by decrease in deposits with maturity of more than three months of ₹ 20.08 million and interest income of ₹ 16.17 million.

### Financing Activities

Net cash flow used in financing activities was ₹ 142.94 million for 6 months period ended September 2020, comprising of decrease in short-term and long-term borrowings of ₹ 50.60 million, dividends paid of ₹ 58.58 million and finance costs of ₹ 33.07 million

Net cash flow used in financing activities was ₹ 199.43 million for the Financial Year 2020, comprising of decrease in short-term and long-term borrowings of ₹ 67.95 million, dividends paid of ₹ 47.09 million and finance costs of ₹ 83.79 million.

Net cash flow used in financing activities was ₹ 411.35 million for the Financial Year 2019, comprising of decrease in short-term and long-term borrowings of ₹ 261.19 million, dividends paid of ₹ 47.08 million and finance costs of ₹ 103.08 million.

Net cash flow used in financing activities was ₹ 258.04 million for the Financial Year 2018, comprising of decrease in short-term and long-term borrowings of ₹ 82.70 million, dividends paid of ₹ 61.11 million and finance costs of ₹ 114.23 million.

#### Contingent Liabilities and Commitment (not provided for)

We have had the following contingent liabilities and commitments that had not been provided for:

(₹ in million)

Particulars	For the six months ended		For the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
<b>A. Claims against the Company not acknowledged as debts</b>					
Guarantees issued by bank	50.23	42.44	41.29	42.68	42.78
In respect of security provided to ABFL for loan availed by related party	315.00	344.17	335.42	-	-
Disputed excise duty / Custom duty demands	162.38	162.38	162.38	162.38	185.12
Disputed income tax liability	-	-	-	-	19.05
Disputed VAT liability - UP State	4.50	4.50	4.50	-	-
Export bill discounted with Bank	-	78.20	109.56	141.05	147.30
<b>B. Commitments</b>					
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance) i.e the amount payable for the undelivered capital expenditure items	63.81	75.59	171.52	86.69	78.92

#### Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for investments in property, plant and equipment for our manufacturing facilities and other intangible assets.

#### Historical Expenditures:

(₹ in million)

Particulars	For the six months ended		For the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Land and Building	217.62	324.44	324.44	-	-
Plant and Machinery	190.27	168.46	187.85	103.74	131.11
Other assets	10.34	10.10	12.82	5.00	1.19
<b>Total Capital Expenditure</b>	<b>418.23</b>	<b>503.00</b>	<b>525.11</b>	<b>108.74</b>	<b>132.30</b>

The acquisitions of new property, plant and equipment etc. during the last 3 financial years have been made by our Company for the purpose of expansion of the business, funded largely through internal accruals.

#### Indebtedness

The following table sets forth certain information relating to our outstanding indebtedness as of November 15, 2020:

(₹ in million)

Category of Borrowing	Outstanding amount as on November 15, 2020

<b>Secured</b>	
Working Capital loans from Banks	761.77
<b>Unsecured</b>	
Loan from Directors	0.00
Total	761.77

We have fund and non-fund based borrowings. Our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. For further information on conditions and covenants in our agreements governing our outstanding indebtedness, see “*Financial Indebtedness*” on page 295.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

#### **Related Party Transaction**

We enter into various transactions with related parties in the ordinary course of business including sale of goods, sale of fixed assets, royalty income received, rent paid, dividend paid, interest payable and receivable, commission paid, loans taken and repaid and security deposits. For further information relating to our related party transactions, see “*Related Party Transactions*” on page 204.

#### **Market Risks**

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates. In the normal course of business, we are exposed to certain market risks including foreign exchange rate risk and interest risk.

#### **Interest Rate Risk**

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. Our operations are funded to a certain extent by borrowings.

#### **Credit Risk**

We are exposed to the risk that our counterparties may not comply with their obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables. Our customer base majorly has creditworthy counterparties which limit the credit risk, however, there can be no assurance that our counterparties may not default on their obligations, which may adversely affect our business and financial condition.

#### **Liquidity risk**

Adequate and timely cash availability for our operations is the liquidity risk associated with our operations. We require substantial amounts of working capital for our business operations such as maintaining and operating our manufacturing facility, marketing and distributing our products, developing new products and enhance existing products and the failure to obtain such capital may adversely affect our growth prospects and future profitability.

#### **Foreign Currency Risk**

Changes in currency exchange rates influence our results of operations. We import certain raw materials, the prices of which are denominated in foreign currency, which is mostly the US dollar. Our export sales are denominated in currencies other than Indian Rupees. Although we selectively enter into hedging transactions to minimize our foreign currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the US dollar or other relevant foreign currencies.

#### **Inflation risk**

India has experienced high inflation in the recent past, which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs.

#### **Unusual or Infrequent Events or Transactions**

Except as described in this Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”

**Significant Dependence on a Few Customers and Suppliers**

We are not dependent on single or few suppliers or customers for our sales and purchases.

**Total Turnover of Each Major Industry Segment**

For details of the industry please refer to Chapter titled “*Industry Overview*” on page 105.

**Significant Economic Changes That Materially Affected or are Likely to Affect Income from Operations**

Other than as described in this section and the sections of this Prospectus entitled “*Our Business*”, “*Risk Factors*” and “*Industry Overview*” on pages 131, 28 and 105, there have been no significant economic changes that materially affected or are likely to affect our Company's income from operations.

**Known Trends or Uncertainties**

Other than as described in this Prospectus, particularly in the sections “*Risk Factors*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 28 and 268, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

**Future Relationship between Cost and Revenue**

Other than as described in “*Risk Factors*”, “*Our Business*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 28, 131 and 268, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

**Material Increases in Net Income and Sales**

Material increases in our Company's net income and sales are primarily due to the reasons described in the section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” above on page 268.

**New Products or Business Segments**

Other than as disclosed in this chapter and in “*Our Business*” on page 131, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

**Competitive Conditions**

We operate in a competitive environment. For further details see “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 131, 105 and 28, respectively.

**Seasonality of Business**

Our business is sensitive to seasonal fluctuations and climatic variations on account of monsoon.

**Significant Developments Subsequent to September 30, 2020 that may affect our Results of Operations**

To our knowledge, except as otherwise disclosed in this Prospectus, there is no subsequent development after the date of our financial statements contained in this Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2020, derived from Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Risk Factors" on pages 268, 206 and 28, respectively.

(₹ in million)

Particulars	Pre-Offer as at September 30, 2020	As adjusted for the Offer*
<b>Debt:</b>		
Short term debt	380.19	380.19
Long term debt	-	-
<b>Total Debt</b>	<b>380.19</b>	<b>380.19</b>
<b>Shareholders' Funds</b>		
Equity Share Capital	390.56	400.13
Reserves (Other Equity), as restated	3422.02	4012.45
Less: Revaluation Reserves	-	-
Less: Misc. Expenditure	-	-
<b>Total Shareholders' Funds</b>	<b>3812.58</b>	<b>4,412.58</b>
Long Term Debt/ Shareholders' Funds	-	-
Total Debt / Shareholders' Fund	0.10	0.09

\*As adjusted for the Offer column reflects changes in equity on account of proceeds from the Fresh Issue of ₹ 600million, out of which ₹ 9.57 million has been adjusted against the Equity Share capital and ₹ 590.43 million has been adjusted in Other Equity. Further, the other equity amount has not been adjusted for Offer related expenses.

## FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for meeting their working capital and business requirements. Our Company has obtained the necessary consents required under the relevant loan documentation for undertaking activities, such as among others, change in our board of directors, change in our capital structure, change in our shareholding pattern and change in our constitutional documents.

The shareholders have, pursuant to a resolution passed at the extra-ordinary general meeting held on July 9, 2018, in accordance with the Companies Act, 2013 authorized our Board to borrow monies from time to time, the borrowings of our Company shall not exceed ₹10,000 Million for the time being, including the money already borrowed by our Company.

The details of indebtedness of our Company as on November 15, 2020 is provided below:

### I. Secured Borrowings:

**Working Capital facility<sup>#</sup> of ₹1600 Million from Bank of Baroda (“BOB loan”) the details of which are as under:**

(₹ in million)

No.	Nature of Borrowing	Sanctioned Amount	Outstanding Amount
I	<i>Fund based</i>		
	Secured Borrowings		
A	Cash Credit	747.50	371.86
	<i>Sub limit:</i>		
	Working Capital Demand Loan (WCDL)	(500.00)	Nil
	FCNR (B) Loan*	(600.00)	(202.04)
B	Export Credit (Pre-shipment): PC/ PCFC	200.00	135.30
C	Export Credit (Post-shipment): FBP/ FBD/ FCBP/ FCBD/ PSDL	300.00	53.04
	<b>Total fund based (A+B+C)</b>	<b>1247.50</b>	<b>560.20</b>
II	<i>Non-fund based</i>		
D	Inland/ Foreign letter of credit and Inland/ Foreign Bank Guarantee (Performance/ Financial)	300.00	171.33
	<b>Total non-fund Based</b>	<b>300.00</b>	<b>171.33</b>
III	National credit exposure (at 5% forward contract limit of ₹1050 Millions)	52.50	30.24
	<b>Total [I+II+III]</b>	<b>1600.00</b>	<b>761.77</b>

Notes: The details above have been certified by N. S. Shetty & Co., Chartered Accountants pursuant to certificate dated December 7, 2020.

\*Indicates liabilities in foreign currency converted to Indian Rupees as per spot rate on November 17, 2020.

\*\* Includes \$1.62947 Millions and Rs. 49.92 Millions and liabilities in foreign currency converted to Indian Rupees as per spot rate on November 17, 2020 i.e. @ 74.5087, since the spot rate for 15th and 16th November is not available being Saturday and Sunday.

<sup>#</sup>Transfer of security :- The Bank of Baroda has taken over credit facilities availed by our Company from consortium of Union Bank (erstwhile Corporation Bank) and Canara Bank (erstwhile Syndicate bank) w.e.f. September 16, 2020. Our Company has created hypothecation charges on its current assets in favour of Bank of Baroda. However, it is under process to create charge on immovable assets and other collateral securities of our Company. Bank of Baroda has given 5 months' time to our Company from the date of first disbursement for creation and perfection of securities.

### Principal terms of the borrowings availed by us:

- Interest:** The interest rate for BOB Loan availed by us is typically tied to a base rate/ MCLR as specified by respective lenders with a yearly reset option. Presently, the interest rate on BOB Loan is as follows:
  - On Cash Credit: 1.75% over one (1) year MCLR i.e. 9.90% p.a., with monthly rest
  - On WCDL: 1.70% over tenor based MCLR plus strategic premium.
  - On Export Credit (Pre-shipment): PC/ PCFC - 1.00% over MCLR plus strategic premium, with monthly rest.
  - On Export Credit (Post-shipment): FBP/ FBD/ FCBP/ FCBD/ PSDL: 125 basis points over applicable LIBOR (as per tenure of export credit), with monthly rest.
- Penal Interest:** The terms of the facilities availed by us prescribe penalties for certain events, such as irregularities in cash credit account, non-submission/delay in submission of stock statement, non-payment/non-acceptance of demand/usance bills of exchange on presentment, default in payment of demand loan instalment, delay in the repayment of principal instalment, interest, charges or other monies due on the facility, non creation of security for the

respective facility, failure to create security for the respective facility within a stipulated timeframe etc. The penal interest is 2% per annum. These penalties are typically payable over and above the rate of interest applicable to the facilities.

3. **Tenor:** The tenor of BOB Loan availed by us is 12 months, subject to annual review.
4. **Repayment:** BOB Loan is repayable on demand.
5. **Security:** In terms of BOB Loan by us, we have provided security by way of:
  - i. first charge by way of hypothecation of entire current assets, including book debts, outstanding moneys, receivables, claims, bills, contracts, engagements, etc of our Company;
  - ii. charge on our all stocks of its raw materials, semi-finished goods and finished goods, both present and future;
  - iii. exclusive charge and/or equitable mortgages over certain immoveable properties of our Promoters, Sadashiv K. Shetty and Raghuram K Shetty and our Directors, Sujata S. Shetty, Vanita R. Shetty;
  - iv. exclusive charge and/or equitable mortgages over certain immoveable properties of our Company; and
  - v. security by way of hypothecation of movable plant and machinery, vehicles, cranes, crafts, consumable stores, spares, furniture, fixtures and fittings both present and future.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

6. **Guarantee:** Our Promoters and Directors, Sadashiv K. Shetty and Raghuram K Shetty and our Directors, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty, have provided personal guarantees as security for the BOB Loan.
7. **Restrictive Covenants:** Our Company, under the BOB Loan, requires the relevant lender's prior written consent for carrying out certain actions, including:
  - i. formulate any scheme of amalgamation with any other borrower or re-construction or acquire any borrower;
  - ii. declare dividend for any year except out of profit relating that year after making all due and necessary provisions provided that no default had occurred in any repayment obligation and permission of bank is obtained;
  - iii. assign, mortgage any of the fixed assets charged to banks;
  - iv. effect any change in constitution/ capital structure of our Company;
  - v. undertake guarantee obligation on behalf of any other company, firm or person (including group companies);
  - vi. allow the net level of working capital to come down from the projected level;
  - vii. pay commission/ brokerage/ fees, etc to guarantor/ or any other person for guaranteeing the facilities sanctioned to our Company;
  - viii. any trading activity other than the sale of products arising out of its own manufacturing operations or permitted as per business model;
  - ix. create any further charge, lien or encumbrance over the assets and properties of our Company to be charged to our lenders, in favour of any other bank, financial institution, company or person; and
  - x. raise in future loan from other banks/ financial institutions/ leasing company;

#### **Co-Borrower/Collateral Security provided by our Company:**

#### **Term loan of ₹350 Million to Insunt Trading Private Limited, our Group Company from Aditya Birla Finance Limited (the "ABFL Loan"), the details of which are as under:**

Our Group Company, Insunt Trading Private Limited has availed a ABFL Loan from Aditya Birla Finance Limited in which our Company along with another Group Company, Shakti Bio Science Limited have been named as the Co-Borrowers and have also provided certain collateral securities to secure the repayment of the ABFL Loan. The sanctioned amount of ABFL Loan is ₹350 million.

#### **Principal terms of the ABFL Loan:**

1. **Interest:** The interest rate for ABFL Loan availed by us is 11.75% which is tied with long term reference rate of ABFL
2. **Tenor:** ABFL Loan availed by us is for 60 months
3. **Repayment:** ABFL Loan is repayable within five (5) years on monthly basis.



4. **Penal Interest:** 2% p.a over and above the existing ROI on delay in repayment of principle/ interest charges.
5. **Security:** The following security has provided by our Company, some of our Group Companies and our Promoter, Sadashiv K. Shetty for the ABFL Loan:
  - i. exclusive first charge on all fixed assets of our Group Company, Shakti Bio Science Limited;
  - ii. exclusive charge and/or equitable mortgages over our Company's industrial property located at 2817/1, Sarigam, Industrial Estate, GIDC Industrial Area, Umbergaon, Dist Valsad, Gujarat, India;
  - iii. put option on our Company, if default happens;
  - iv. put option on our Insunt Trading Private Limited, if default happens;
  - v. lien on certain Aditya Birla Sunlife Mutual Fund units owned by our Company amounting to ₹75 million; and
  - vi. exclusive charge and/or equitable mortgages over certain immovable properties of our Promoter, Sadashiv K. Shetty;
  - vii. exclusive charge on all current assets of our Group company, Insunt Trading Private Limited;
  - viii. exclusive charge on on all current assets of our Group Company, Shakti Bio Science Limited;
  - ix. exclusive charge and/or equitable mortgages over commercial galas situated at Thakkar Shopping Mall, Borivali (West), Mumbai; and
  - x. subservient charge on all current and movable fixed assets of our Company.
6. **Guarantee:**  
Our Promoter and Director, Sadashiv K. Shetty & Raghuram K. Shetty, our Director, Sujata S. Shetty and members of our Promoter Group, Shriraj S. Shetty and Shreya S. Shetty have also provided personal guarantees to secure the repayment of the ABFL Loan.
7. **Events of default:**
  - i. rating down-grade for our Company by 2 notches from present CRISIL BBB+;
  - ii. any restriction of products of our Company comprising more than 10% of sales; and
  - iii. any deviation in the projections submitted, which is more than 15%
8. **Consequences in case of event of default:**
  - i. sell, call in, collect, convert into money or otherwise deal with or dispose of the assets or any part thereof on an instalment basis, and/or enforce, settle, compromise with any rights or claims relating thereto;
  - ii. exercise any and all powers, which a receiver could exercise under ABFL term loan arrangement or by law;
  - iii. appoint by writing any person or persons to be a receiver of all or any part of the assets, from time to time; and
  - iv. do all such acts and deeds to take possession of assets or future assets charged at the cost of security provider/ borrower.
9. **Restrictive Covenants:** Our Company, under the ABFL Loan, requires the relevant lender's prior written consent for carrying out certain actions, including:
  - i. conclude any fresh borrowing arrangement either secured or unsecured with any other bank or financial institutions, borrower or otherwise, not create any further charge over their fixed assets;
  - ii. undertake any expansion or fresh project or acquire fixed assets except normal expenditure;
  - iii. invest by way of share capital in or lend or advance to or place deposits with any other concern except normal trade credit or security deposit in the routine course of business or advances to employees;
  - iv. formulate any scheme of amalgamation with any other borrower or re-construction, acquire any borrower;
  - v. undertake any guarantee obligations on behalf of any other borrower or any third party;
  - vi. declare dividend for any year except out of profits relating to that year after making all the due and necessary provisions provided that no default had occurred in any repayment obligation and bank permission is obtained;
  - vii. make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from time to time; and
  - viii. make any change in our management set-up.

*Notes: The details above have been certified by N. S. Shetty & Co., Chartered Accountants pursuant to certificate dated December 7, 2020.*

## **II. Unsecured Borrowings:**

There are no unsecured borrowing of our Company as on November 15, 2020.

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Subsidiary, Directors, or Promoters (collectively, the “**Relevant Parties**”); (ii) outstanding actions taken by regulatory and statutory authorities involving the Relevant Parties; (iii) outstanding claims involving the Relevant Parties relating to any direct and indirect taxes (disclosed in a consolidated manner giving the total number of claims and total amount involved); and (iv) other pending litigation involving the Relevant Parties which are determined to be material by our Board, as per the policy on materiality (“**Materiality Policy**”) adopted by our Board vide its resolution dated September 9, 2020, in accordance with the SEBI ICDR Regulations. In terms of the Materiality Policy, for the purposes of disclosure, (i) all civil, criminal proceedings, statutory or regulatory actions, involving our Company, Promoter, or Director as the case may be shall be deemed to be material; (ii) all the matters pertaining to Section 138 of Negotiable Instruments Act filed by the Company to be disclosed in summary form; (iii) all pending litigations involving our Company, Promoter or Director, as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered ‘material’ where the monetary liability is not quantifiable, each such case involving our Company, Promoter or Director, or whose outcome would have a bearing on the business operations, prospects or reputation of our Company; (iv) all pending litigations involving our Group Companies whose outcome would have a bearing on the business operations, prospects or reputation of our Company; and (v) notices received by our Company, Promoter or Director, as the case may be, from third parties (excluding statutory / regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that our Company or Promoter or Director, as the case may be, are impleaded as parties in proceedings before any judicial forum.

Except as stated in this section, there are no other outstanding dues to material creditors of our Company. In terms of the Materiality Policy, the creditors of our Company to whom the outstanding amounts due by our Company exceed ₹212.41 million (being 10% of ₹2,124.68 million, i.e. the total trade payables as derived from the latest Restated Financial Statements), shall be considered as ‘material’. Accordingly, a creditor has been considered material if the amount due to such creditor exceeds ₹212.41 million as on March 31, 2020.

#### I. LITIGATION INVOLVING OUR COMPANY

##### A. Outstanding criminal proceedings against our Company

As on the date of this Prospectus, there are following criminal proceedings initiated against our Company.

1. Sushil Kumar (Insecticides Inspector-cum-Agriculture Developer Officer), Nawanshahar Dist, SBS Nagar (the “**Complainant**”), has filed a complaint bearing Regn No. COMA/30/2014 (the “**Complaint**”), against Khalsa Beej Bandar, Mohinder Pal Singh, Chudhri Niyasa Rao, Jagjeet Singh Dhaliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty (collectively, the “**Accused**”) before the Hon’ble Chief Judicial Magistrate (the “**CJM**”), SBS Nagar, under sections 3K(1),17,18 and 33 read with and punishable under section 29 of the Insecticides Act, 1968. The insecticides supplied by our Company were allegedly not conforming to the standard specifications with respect to its present active ingredient (Chlorpyrifos 20% EC) content requirements and hence the sample was alleged to be misbranded. The Complaint is pending before the Hon’ble CJM SBS Nagar and shall come up for hearing in the normal course.
2. Charanjit Singh (Insecticides Inspector), District Ferozpur (the “**Complainant**”) has filed a complaint bearing Regn No. COMA/78/2017 (the “**Complaint**”) against M/s. S.V. Kheti Store, Amininder Singh, CH Srinivasan Rao, our Company and one of our Promoter and Director, Raghuram K. Shetty (collectively, the “**Accused**”) before the Hon’ble Chief Judicial Magistrate (the “**CJM**”), Ferozepur, under sections 3K (1),17,18,27(5) and 33 read with and punishable under section 29 of the Insecticides Act,1968. The insecticides manufactured by our Company are alleged to be misbranded as the active ingredient (Carbedazim 46.27% SC) contents did not conform to the standard specifications in the active ingredient test requirement. Our Promoter and Director, Raghuram K. Shetty has filed a case bearing CRM-M/38334/2017 before the Hon’ble High Court of Punjab & Haryana, Chandigarh, for quashing the Complaint and the same is pending for hearing. The Complaint is pending before the CJM Ferozepur and the same will come up for hearing in due course.
3. Narayanrao Deshmukh, (Insecticides Inspector-cum-Sub-Divisional Agriculture Officer), Pachora District, Jalgaon (the “**Complainant**”), filed a complaint bearing Regn. No. SCC/516/2017 (the “**Complaint**”), against our Company through our zonal manager, Rajendra Chandulal Dubey and Paresh Krushi Kendra for Girish Damodar Rathi & Vijay Eknath Sinkar (collectively, the “**Accused**”), before Hon’ble Civil Judge Junior Division (the “**CJ**”), Pachora under section 3K (1),17,18,27(5) and 33 read with and punishable under section 29 of Insecticides Act,1968. The

insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Dichlorvos 76% (Dodak) contents did not conform to the standard specifications in the active ingredient test requirement. The Accused had filed an Application for discharge from Complaint which was rejected by the Hon'ble CJ, Pachora by order dated 19<sup>th</sup> November 2018. Thereafter, the Accused has filed Criminal Revision Application No.27 of 2019 for quashing the order dated 19th November 2018 before the Hon'ble City Civil & Session Court, Jalgaon and the same is pending. The Complaint is pending before the Hon'ble CJ, Pachora and will come up for hearing in the normal course.

4. The Deputy Director, Punjab (the "**Complainant**"), filed a complaint bearing Regn No. COMA/1575/2016 (the "**Complaint**"), against CH Srinivasan Rao, Jagjeet Singh Dhaliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty, (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate (the "**CJM**"), Bathinda under section 3(k)(1), 17, 18, 19, 29 and 33 of the Insecticides Act, 1968 read with Rule 27(5) of Insecticide Rules, 1971. Our Promoter and Director, Raghuram K. Shetty has filed case bearing Regn. No. CRM-M/22938/2015 before the Hon'ble High Court of Punjab and Haryana, for quashing the Complaint and the same is pending for hearing. The Complaint is pending before the Hon'ble CJM Bathinda and accordingly, shall come up for hearing in due course.
5. The Insecticides Inspector, Bathinda, Punjab (the "**Complainant**"), filed a complaint bearing Regn No. COMA/3404/2018 (the "**Complaint**"), against Jai Durga Pesticides, Gurdeep Singh, Ch. Shrinivas Rao, Jagjit Singh Dhaliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty, (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate (the "**CJM**"), Bathinda, u/s 3K(1),17,18 and 33 read with and punishable under section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Acetamiprid 20% SP) contents did not conform to the standard specifications in the active ingredient test requirement. Our Promoter and Director, Raghuram K. Shetty has filed a case bearing CRM-M/20087/2019 before the Hon'ble High Court of Punjab & Haryana, Chandigarh, for quashing the Complaint and the same is pending for hearing. The Complaint is pending before the Hon'ble CJM Bathinda and shall come up for hearing in normal course.
6. Harinder Singh (Insecticides Inspector), Baddowal, Ludhiana, Punjab (the "**Complainant**"), filed a complaint bearing Regn No. COMA/7625/2018 (the "**Complaint**"), against Mittal Agro Centre, Mittal Agro Service Centre, Ch. Shrinivas Rao, Jagjeet Singh Dahliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate (the "**CJM**"), Ludhiana under section 3K(1),17,18 and 33 read with and punishable under section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Acephate 75% SP) contents did not conform to the standard specifications in the active ingredient test requirement. Our Promoter and Director, Raghuram K. Shetty has filed a case bearing CRM-M/51196/2019 before the Hon'ble High Court of Punjab & Haryana, Chandigarh, for quashing the Complaint and the same is pending for hearing. The Complaint is pending before the Hon'ble CJM Ludhiana and would come up for hearing in the normal course.
7. Damanpreet Singh (Insecticides Inspector), Sunam, Punjab (the "**Complainant**"), filed a complaint bearing Regn. No. COMA/10/2018 (the "**Complaint**"), against Chuhar Ram & Sons, Ch. Shrinivas Rao, Jagjeet Singh Dahliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty, (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate, Taluka Court (the "**CJM**"), Sunam, under section 3K (1),17,18 and 33 read with and punishable under Section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Sulfosuluron 75% WG) contents did not conform to the standard specifications in the active ingredient test requirement. Our Promoter and Director, Raghuram K. Shetty has filed case bearing CRM-M/64517/2018 before the Hon'ble High Court of Punjab & Haryana, Chandigarh, for quashing the Complaint and the same is pending for hearing. The Complaint is pending before the Hon'ble CJM, Sunam and will come up for hearing in due course.
8. Jasbir Kaur (Insecticides Inspector), Golakpur, Ludhiana, Punjab (the "**Complainant**"), filed a complaint bearing Regn No. COMA/6505/2019 (the "**Complaint**"), against Pandher Enterprises, Gurinder Singh, Ch. Shrinivas Rao, Jagjeet Singh Dahliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty, (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate (the "**CJM**"), Ludhiana, under Section 3K(1),17,18 and 33 read with and punishable under section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Chlorpyrifos 20% EC) contents did not conform to the standard specifications in the active ingredient test requirement. The Complaint is pending before the Hon'ble CJM Ludhiana and shall come up for hearing in due course.

9. Manoj Kumar (Insecticides Inspector), Sardulgarh, Punjab (the "**Complainant**"), filed a complaint bearing Regn No. COMA/04/2019 (the "**Complaint**"), against Kissan Sales Agency, Sh. Joginderpal, Ch. Shrinivas Rao, Jagjeet Singh Dahliwal, our Company and one of our Promoter and Director, Raghuram K. Shetty, (collectively the "**Accused**"), before the Hon'ble Sub-Divisional Magistrate (the "**SDM**"), Sardulgarh under section 3K (1),17,18 and 33 read with and punishable under section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Cartap Hydrochloride 4% GR) contents did not conform to the standard specifications in the active ingredient test requirement. Our Promoter and Director, Raghuram K. Shetty has filed case bearing Regn. No. CRM-M/43365/2019 before the Hon'ble High Court of Punjab and Haryana for quashing the Complaint and the same is pending for hearing. The Complaint is pending before Hon'ble SDM Sardulgarh and will accordingly come up for hearing.
10. The Assistant Director of Agriculture (R), Salur (the "**Complainant**"), filed a complaint bearing Regn No. STC/2/2019 (the "**Complaint**"), against AP State Agro Industries Development Corporation Ltd represented by K. Shiva Shankara Rao (Sales Executive) and our Company represented by B. Srinivasan Rao (collectively, the "**Accused**"), before Hon'ble Additional Judicial Magistrate of First Class, Vizianagaram under Sections 18(i)(c) of the Insecticides Act, 1968. However, we have not received the summons or copy of the Complaint till date.
11. The State of Maharashtra, (the "**Complainant**"), filed a complaint bearing Regn No. CRIMA/197/2018 (the "**Complaint**"), against the Manager of our Company (the "**Accused**"), before Hon'ble Junior Division, Jath, Sangli. However, we have not received the summons and or copy of the Complaint till date.
12. The State of Maharashtra, (the "**Complainant**"), filed a complaint bearing Regn No. SCC/235/2018 (the "**Complaint**"), against our Company and Maharashtra Agro Agency (collectively, the "**Accused**"), before Hon'ble Judicial Magistrate of First Class, Akkalkot under Sections 17(1)(a)(c) of the Insecticides Act, 1968. However, we have not received the summons and or copy of the Complaint till date.
13. The State of Maharashtra through Anil Gopal Kagane, Agricultural Officer, (the "**Complainant**"), filed a complaint bearing Regn No. SCC/865/2017 (the "**Complaint**"), against our Company and Sai Agro Sales Shahada and Vanam Gopal Patel, (collectively, the "**Accused**"), before Hon'ble J.D. Judicial Magistrate of First Class, Shahada under the Insecticides Act, 1968. However, we have not received the summons and or copy of the Complaint till date.
14. The State of Uttar Pradesh (the "**Complainant**"), filed a complaint bearing Regn No. CrI case/545/2015 (the "**Complaint**"), against our Company (the "**Accused**") before Hon'ble Spl. Judicial Magistrate, under Sections 29(1) of the Insecticides Act, 1968. However, we have not received the summons and or copy of the Complaint till date.
15. The Divisional Forest Officer, Jambughodha, Gujarat (the "**Complainant**"), filed a complaint bearing No. CC/252/2019 (the "**Complaint**"), against our Company (the "**Accused**") and others, before Hon'ble Judicial Magistrate First Class (the "**JMFC**"), Jambughoda under Sections 27(1), 27(4), 29, 32 and 51 of the Wildlife Protection Act 1972 and 278, 284 and 114 of Indian Penal Code, 1860. The Complaint relates to wrongful disposal of hazardous & toxic chemical in forest area of Jambughodha. The Complaint is pending before the Hon'ble JMFC, Jambughodha.
16. The Gujarat Pollution Control Board (the "**Complainant**"), filed a complaint bearing Regn No. CC/1619/2019 (the "**Complaint**"), against our Company and our Promoters and Directors, Raghuram K Shetty and Sadashiv K. Shetty and our Directors, Sujata S. Shetty and Vanita R. Shetty and one of our employee Sachin Patil (collectively, the "**Accused**"), before the Hon'ble Chief Judicial Magistrate Court (the "**CJM**"), Vapi, under Section 7, 15, 16, 19 and 21 of Environment (Protection) Act 1986 read with Section 4 of the Water (Prevention and Control of Pollution) Act 1974 and Section 44 of Air (Prevention and Control of Pollution) Act 1981 (collectively "**Environmental Regulations**"). The Complaint relates to violation of certain Environmental Regulations by our Company. The Complaint is pending before the Hon'ble CJM, Vapi and would come up for hearing in the normal course.
17. The Gujarat Pollution Control Board (the "**Complainant**"), filed a complaint bearing Regn No. CC/1620/2019 (the "**Complaint**"), against our Company and our Promoters and Directors, Raghuram K Shetty and Sadashiv K. Shetty and our Directors, Sujata S. Shetty and Vanita R. Shetty and one of our employee, Madhav K. Raikar (collectively, the "**Accused**"), before the Chief Judicial Magistrate Court (the "**CJM**"), Vapi, under section 7, 15, 16, 19 and 21 of Environment (Protection) Act 1986 read with Section 4 of the Water (Prevention and Control of Pollution) Act 1974 and Section 44 of Air (Prevention and Control of Pollution) Act, 1981 (collectively "**Environmental Regulations**"). The Complaint relates to violation of certain Environmental Regulations by our Company. The Complaint is pending before the Hon'ble CJM, Vapi and will come up for hearing in due course.

18. B.Hussain Sab (Insecticides Inspector), Ballari (the "**Complainant**"), filed a complaint bearing Regn No. CC/585/2020 (the "**Complaint**"), against Nagabhushana & 2 others, Ravikanth N. Bhasutkal Distributing agency and our Company through our General Manager (collectively, the "**Accused**"), before Hon'ble Chief Judicial Magistrate (the "**JMFC**"), Ballari, under Section 3K(1),17,18 and 33 read with and punishable under Section 29 of the Insecticides Act, 1968. The insecticides manufactured by our Company were alleged to be misbranded as the active ingredient (Thiamethoxam 30% FS) contents did not conform to the standard specifications in the active ingredient test requirement. The Complaint is pending before the Hon'ble JMFC Ballari and shall come up for hearing in due course.

## **B. Outstanding criminal proceedings by our Company**

As on the date of this Prospectus, there are following criminal proceedings initiated by our Company. The details of which are as follows:

1. Our Company has filed 526 criminal complaints under section 138 of the Negotiable Instruments Act, 1881, for alleged dishonor of cheque/s issued by various entities for payment of consideration for goods supplied by our Company amounting to ₹ 270.73 million (₹ 27,07,32,000/-) before various Courts in India. These complaints are pending.
2. Our Company (the "**Appellant**"), has filed a Criminal Appeal 89/2017 (the "**Appeal**"), before the Bombay High Court (the "**High Court**"), against Augustin Joseph,(the "**Respondent**"), challenging the Acquittal Order dated 29.12.2016 passed by the 43rd Court of Id. Metropolitan Magistrate Court at Borivali, Mumbai in Criminal Case No.1561/SS/2009 filed under section 138 of Negotiable Instrument Act, wherein the outstanding amount payable by the Respondent to the Appellant is ₹ 0.85 million (₹ 8,52,834/-). The Appeal is pending before the Hon'ble High Court and shall come up for hearing in the normal course.

## **C. Outstanding civil proceedings against our Company**

As on the date of this Prospectus, there are following civil proceedings initiated by our Company.

1. Dalveer Singh (the "**Appellant**"), has filed an Appeal bearing No. A/47/2016 (the "**Appeal**"), against M/s. Veer Teja Khadi Bhandar, our Company, Insecticides India Limited, Rajasthan, Insecticides India Limited, Delhi and Nagarjun Fertilizers & Chemicals Limited (collectively, the "**Respondents**"), in complaint bearing no.207/2013 before the State Consumer Dispute Redressal Commission (the "**State Commission**"), Circuit Bench Bikaner, for recovery of alleged loss amounting to approximately ₹ 0.96 million (₹ 9,66,100), caused to the Appellant due to use of pesticides which is manufactured by our Company. The Appeal is pending before the Hon'ble State Commission Circuit Bench Bikaner and will be coming up for hearing in normal course.
2. M/s. Ganpati Enterprises (the "**Plaintiff**"), filed a civil suit bearing Regn No. CS/2987/2017 (the "**Suit**"), against one of our Promoter and Director, Raghuram K. Shetty, our Company and Jagjit Singh Dhaliwal (collectively the "**Defendants**"), before the Hon'ble Civil Judge, Junior Division, (the "**CJ**"), Jalandhar, under section 26 of the Code of Civil Procedure, 1908 and section 39 of the Specific Relief Act. The Suit is filed for rendition and settlement of accounts in respect of transaction carried out between the Plaintiff and Defendants and directing Defendants to collect the damaged materials and for compensation towards damages caused to the Plaintiff due to Defendants fault. The Suit is pending before the Hon'ble CJ, Jalandhar and shall come up for hearing in due course.

## **D. Outstanding civil proceedings by our Company**

As on the date of this Prospectus, there are following civil proceedings initiated by our Company.

1. Our Company (the "**Complainant**"), has filed a Consumer Complaint bearing no. CC/463/2019 (the "**Complaint**"), against ICICI Bank Ltd. (the "**Opposite Party**"), before the Consumer Redressal Forum (the "**Consumer Forum**"), Bandra, under section 12 of the erstwhile Consumer Protection Act 1986. The Complaint relates to recovery of an amount of ₹ 0.27 million (₹ 2,66,528/-) being wrongly debited from our Company's current account by the Opposite Party. The Complaint is pending before the Hon'ble Consumer Forum Bandra and shall accordingly come up for hearing in normal course.

2. Our Company (the "**Plaintiff**"), has filed a Civil Suit bearing No.202227/2019 (the "**Suit**"), before the Assistant Sessions Judge, Civil Court, Dindoshi (the "**Court**"), against Jeevan Kumar Bansal (the "**Defendant**"), for recovery of an amount of ₹ 0.23 million (₹ 2,25,521/-), towards the goods supplied to the Defendant.. The Suit is pending before the Hon'ble Court and shall come up for hearing in due course.
3. Our Company (the "**Plaintiff**"), has filed a Civil Suit bearing No. 202332/2019 (the "**Suit**"), before the Assistant Sessions Judge, Civil Court, Dindoshi (the "**Court**"), against Hiren Patel (the "**Defendant**"), for recovery of an amount of ₹ 0.24 million (₹ 2,43,686/-), towards the goods supplied to the Defendant. The Suit is pending before the Hon'ble Court and will come up for hearing in the normal course.
4. Our Company (the "**Plaintiff**"), has filed a Commercial Suit bearing No. 200337/2020 (the "**Suit**"), before the Assistant Sessions Judge, Civil Court, Dindoshi (the "**Court**"), against Ankit Gupta (the "**Defendant**"), for recovery of an amount of ₹ 0.64 million (₹ 6,35,690/-), towards the goods supplied to the Defendant. The Suit is pending before the Hon'ble Court and accordingly it will come up for hearing in normal course.
5. Our Company (the "**Plaintiff**"), has filed a Commercial Suit bearing No. 200338/2020 (the "**Suit**"), before the Assistant Sessions Judge, Civil Court, Dindoshi (the "**Court**"), against Sironj Food and Agro Pvt. Ltd. (the "**Defendant**"), for recovery of an amount of ₹ 0.32 million (₹ 3,20,745/-), towards the goods supplied to the Defendant.. The Suit is pending before the Hon'ble Court and shall come up for hearing in the normal course.
6. Our Company (the "**Plaintiff**"), has filed a Civil Suit bearing No. 202677/2013 (the "**Suit**"), before the ad hoc Judge, City Civil Court (the "**Court**"), Dindoshi, against Kuldeep Agarwal ("**Defendant**"), for recovery of an amount of ₹ 0.27 million (₹ 2,70,731/-), towards the goods supplied to the Defendant. The Suit is pending before the Hon'ble Court. and shall come up for hearing in due course.
7. Our Company (the "**Plaintiff**"), has filed a Short Cause Civil Suit bearing No.101427/2013 (the "**Suit**"), before the Additional Sessions Judge, City Civil Court, Mumbai (the "**Court**") against Rahul Organic Ltd. (the "**Defendant**"), for recovery of an amount of ₹ 1.09 million (₹ 10,89,269/-). The Suit is pending before the Hon'ble Court and shall come up for hearing in the normal course.
8. Our Company (the "**Petitioner**"), has filed a Writ Petition No.31852 of 2019 (the "**Writ Petition**"), before the Allahabad High Court, Lucknow (the "**High Court**"), against Uttar Pradesh Medical Supplies Corporation Limited (the "**Opposite Party**"), challenging & setting aside the tender procedure for the supply of Temophos 50% to Opposite Party, wherein the tender procedure carried out by the Opposite Party has been arbitrary, illegal and with malafide intentions. The Writ Petition is pending before the Hon'ble High Court and will come up for hearing in the due course.
9. Our Company (the "**Plaintiff**"), has filed a Commercial Suit bearing No.78/2020 (the "**Suit**"), before the City Civil Court, Dindoshi (the "**Court**"), against Mr. Deepak Chauhan (the "**Defendant**"), for recovery of an amount of ₹ 0.52 million (₹ 5,15,729/-), towards the goods supplied to the Defendant.. The Suit is pending before the Hon'ble Court and that shall come upon hearing in due course.
10. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the "**Act**") and for adjudication of penalty under section 454 of the Act. This matter relates to violation of section 203 of the Act in relation to appointment of Company Secretary and the matter is pending for hearing.
11. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the "**Act**") and for adjudication of penalty under section 454 of the Act. This matter relates to violation of section 63 of the Act in relation to bonus issue made by our Company May 28, 2014 and date of EGM in the resolution attached with the necessary form has been inadvertently mentioned as June 1, 2014 and the matter is pending for hearing.
12. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the "**Act**") and for adjudication of penalty under section 454 of the Act. This matter relates to violation of section 149 of the Act since our Company was not having optimum combination of independent and non-executive directors in terms of the Act and the matter is pending for hearing.

13. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under Section 441 of the Companies Act, 2013 (the “*Act*”) and for adjudication of penalty under section 454 of the Act. This matter relates to violation of section 177 and 178 of the Act since the composition of our Audit Committee was not as per the requirement of the Act and our Company has not formed Nomination and Remuneration Committee and the matter is pending for hearing.
14. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the “*Act*”) and for adjudication of penalty under Section 454 of the Act. This matter relates to violation of section 42 (6) of the Act since the monies received on application in relation to allotment of 53,500 Equity Shares to Sadashiv K. Shetty, 52,000 Equity Shares to Raghuram K. Shetty and 11,500 Equity Shares to Sujata S. Shetty on May 8, 2015 were inadvertently deposited the application money in the cash credit account of the Company. The matter is pending for hearing.
15. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the “*Act*”). This matter relates to violation of Section 135 the Act since our Company has failed to allocate and disburse the expenditure for CSR purposes. The matter is pending for hearing.
16. Our Company has filed a Compounding Application before the Registrar of Companies, Ahmedabad for compounding of offences under section 441 of the Companies Act, 2013 (the “*Act*”) and for adjudication of penalty under Section 454 of the Act. This matter relates to violation of section 138 of the Act since our Company was required to appoint an internal auditor as per Section 138 of the Companies Act, 2013 from April 1, 2014. However, our Company has complied with this requirement only in FY 2020-21. The matter is pending for hearing.

**E. Outstanding Actions initiated by regulatory and statutory authorities against our Company**

There have been no outstanding Actions initiated by regulatory and statutory authorities against our Company as on the date of this Prospectus except as disclosed below,

We have received 132 Show Cause Notices (the “SCNs”) from the Department of Agriculture of certain states under Section 3K (1), 17 and 18 of the Insecticides Act, 1968 for misbranding of insecticides and manufacturing & sale of these insecticides. Our Company has already replied to all the above SCNs. In respect of certain SCNs and our reply, the Department of Agriculture of some of these states have initiated proceedings before the relevant courts against our Company. For the details of the proceedings, please refer to “*Litigations involving our Company - Outstanding criminal proceedings against our Company*” as mentioned above.

**F. Disciplinary action including penalty imposed by SEBI or stock exchanges against our Company in the last five financial years including outstanding actions**

As on the date of this Prospectus, there are no disciplinary actions including penalty imposed by SEBI or stock exchanges against our Company in the last five financial years including outstanding actions.

**II. LITIGATIONS INVOLVING OUR SUBSIDIARY, CHANG ZHOU**

Our Subsidiary, Chang Zhou is not involved in any outstanding litigation.

**III. LITIGATIONS INVOLVING OUR PROMOTERS AND DIRECTORS**

**A. Outstanding criminal proceedings against our Promoters and Directors**

1. For the details of the certain cases filed against our Promoter and Director, Raghuram K. Shetty, please refer to “*Litigations involving our Company - Outstanding criminal proceedings against our Company*” as mentioned above.
2. The Income Tax Department (the “*Complainant*”), filed a case bearing No. SW/1418/2018 (the “*Complaint*”) against Nirmat Mercantile Private Limited, one of our Promoters and Director Sadashiv K. Shetty and Shiraj S. Shetty (collectively, the “*Accused*”), before the Hon’ble Chief Metropolitan Magistrate Court (the “*CMM*”), Ballard Pier, Mumbai under section 276C2, 278B and 278E of the Income Tax Act 1961. In respect of allegedly omitting/evading the payment of an amount of ₹ 24.69 million (₹ 2,46,85,570/-) tax for the assessment Year of 2014-2015. The Complaint is pending before the Hon’ble CMM and that shall come up for hearing in the normal course.

3. A.S. Joshi and Company (the "**Complainant**"), filed a criminal complaint bearing no. SS/2936/2016 (the "**Complaint**") before the Hon'ble Metropolitan Magistrate Court (the "**MM**"), Girgaon, Mumbai, against Shakti Bio Science Limited and others, including one of our Promoter and Director, Sadashiv K. Shetty and our Director, Sujata S. Shetty (collectively, the "**Accused**"), under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque issued by Shakti Bio Science Limited for payment of consideration in respect of aggregating to ₹ 1.13 million (₹ 11,35,604/-). The Complaint is pending before the Hon'ble MM Court and accordingly, will come up for hearing in due course.
4. Ganesh Kalyan Sundaram (the "**Complainant**"), proprietor of M/s. SKS Glochem filed a criminal complaint bearing No. M/746/2016 (the "**Complaint**"), before Hon'ble Metropolitan Magistrate (the "**MM**"), Mulund, Mumbai, against Shakti Bio Science Limited and others, including one of our Promoter and Director, Sadashiv K. Shetty (collectively, the "**Accused**"), under Section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration in respect of goods supplied by the Complainant, aggregating to ₹ 0.7 million (₹ 70,73,747/-). The Complaint is pending before the Hon'ble MM Court and that will come up for hearing in the normal course.
5. Rajesh Chandrakant Dhabale through M/s. Prarthana Chemicals (the "**Complainant**"), filed a Criminal Case bearing no. 27872/2014 (the "**Complaint**"), before the Civil Court, Vadodara (the "**Court**"), against one of our Promoter and Director, Sadashiv K. Shetty through Shakti Bio Science Limited (the "**Accused**"), under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for the goods supplied aggregating to ₹ 0.46 million (₹ 4,57,317/-). The Complaint is pending before the Court and that will accordingly come up for hearing in the normal course.
6. Rajesh Chandrakant Dhabale (the "**Complainant**"), filed a criminal complaint bearing no. 1139/2016 (the "**Complaint**"), before the Civil Court, Vadodara (the "**Court**"), against Shakti Bio Science Limited including one of our Promoter & Director Sadashiv K. Shetty (the "**Accused**"), under Section 138 of the Negotiable Instruments Act, 1881 for alleged dishonor of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹ 0.15 million (₹ 1,50,000/-). The Complaint is pending before the Court and that shall come up for hearing in due course.
7. Atul Thakkar ("**Complainant**") Director of Venus Petrochemical (Bombay) Private Limited has filed a criminal complaint bearing no. SS/96/2018 (the "**Complaint**"), before the Additional Chief Metropolitan Magistrate Court (the "**CMM**"), Vikhroli, against Shakti Bio Science Limited and one of our Promoters and Director, Sadashiv K. Shetty (collectively, the "**Accused**"), under Section 138 of the Negotiable Instruments Act, 1881. However, we have not received the summons and or copy of the Complaint till date.

Except the proceedings as mentioned hereinabove there are no other outstanding criminal proceedings involving our Promoters & Directors Sadashiv K. Shetty and Raghuram K. Shetty, our Directors Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty.

#### **B. Outstanding criminal proceedings filed by our Promoters and Directors**

For the details of the cases filed by our Promoter and Director, Raghuram K. Shetty, please refer to "*Litigations involving our Company - Outstanding criminal proceedings against our Company*" as mentioned above.

#### **C. Outstanding civil proceedings filed against our Promoters and Directors**

1. For the details of the case bearing Regn No. CS/2987/2017 filed against our Promoter and Director, Raghuram K. Shetty, please refer to "*Litigations involving our Company - Outstanding civil proceedings against our Company*" as mentioned above.
2. Mehta Petro Refineries Limited (the "**Plaintiff**"), filed a special Summary Suit bearing no. 1199/2015 (the "**Suit**"), before the City Civil Court, Borivali Division, Dindoshi, Goregaon (the "**Court**"), against Shakti Bio Science Limited including one of our Promoter and Director, Sadashiv K. Shetty and our Director, Sujata S. Shetty (collectively "**Defendants**"), for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹ 3.83 million (₹ 38,32,972/-) including interest at 18% p.a. The Suit is pending before the Hon'ble Court and will come up for hearing in the normal course.
3. Power Lubes (India) (the "**Plaintiff**"), filed a Special Civil Suit bearing no. S/240/2017 (the "**Suit**"), before the



Hon'ble Civil Judge (Senior Division), Daman (the "**Court**"), against Shakti Bio Science Limited and one of our Director S. S Shetty (the "**Defendant**"), for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹ 0.88 million (₹ 8,79,056/-). The Suit is pending before the Hon'ble Court and will come up for hearing in due course.

4. M/s. Bharat Steel House through its partner Kamlesh A. Jain (the "**Plaintiff**"), filed a Summary Suit bearing no. SMST-S/10/2016 (the "**Suit**"), before the Taluka Court, Vapi (the "**Court**"), against Shakti Bio Science Limited and one of our Promoter and Director, Sadashiv K. Shetty (the "**Defendants**"), for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹ 0.49 million (₹ 4,94,150/-). The Suit is pending before the Hon'ble Court and that shall come up for hearing in the normal course.
5. Chinmay Patel, the proprietor of M/s. Matrix Incorporation (the "**Plaintiff**"), filed a Commercial Civil suit bearing no. 202/2019 (the "**Suit**"), before the Hon'ble Civil Court, Vadodara (the "**Court**"), against Shakti Bio Science Limited, including one of our Promoter and Director, Sadashiv K. Shetty and our Director, Sujata S. Shetty (collectively, the "**Defendants**"), under section 9 of Code of Civil Procedure, 1908. However, we have not yet received the copy of summons and the plaint till date.

Except the proceedings as mentioned hereinabove there are no other outstanding civil proceedings involving our Promoters & Directors Sadashiv K. Shetty and Raghuram K. Shetty, our Directors Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty.

**D. Outstanding civil proceedings filed by our Promoters and Directors**

Nil

**E. Pending action by statutory or regulatory authorities against any of our Promoters and Directors**

As on the date of this Prospectus, there are no pending actions by any statutory or regulatory authorities against our Promoters and Directors.

**F. Disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters and Directors in the last five financial years including outstanding actions**

As on the date of this Prospectus, there are no disciplinary actions including penalty imposed by SEBI or stock exchanges against our Promoters and Directors in the last five financial years including outstanding actions except as disclosed below:

**IV. TAX PROCEEDINGS**

Nature of the Proceeding	Number of Proceedings	Amount involved (₹ in million)
<i>Company</i>		
Direct Tax	Nil	Nil
Indirect Tax*	5	134.26
<i>Directors (other than Promoters)</i>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<i>Promoters</i>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<i>Subsidiary</i>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Notes:

\*Total claim in relation to above indirect tax proceedings also includes a penalty of ₹ 42.12 million imposed by The Commissioner, Central Excise, Customs and Service Tax, Daman.

**V. OUTSTANDING DUES TO CREDITORS**

Our Board has, pursuant to its resolution dated September 9, 2020, approved that all creditors of our Company to whom the amount due by our Company exceeds 10% of trade payables of our Company being ₹212.41 million (being 10% of ₹2,124.68 million) as of March 31, 2020 as per the Restated Financial Information of our Company shall be considered "material" creditors of our Company.

The outstanding dues owed to small scale undertakings and other creditors, separately, giving details of number of cases and amounts for all dues as on March 31, 2020, is set out below:

<b>Material Creditors</b>	<b>Number of Proceedings</b>	<b>Amount involved (₹ in million)</b>
Small scale undertakings	Nil	Nil
Material Creditors	Nil	Nil
Other creditors	Nil	Nil

The details pertaining to outstanding dues towards our creditors are available on the website of our Company at [www.heranba.co.in](http://www.heranba.co.in). It is clarified that such details available on our website do not form a part of this Prospectus. Anyone placing reliance on any other source of information, including our Company's website, [www.heranba.co.in](http://www.heranba.co.in), would be doing so at their own risk.

## **VI. MATERIAL DEVELOPMENTS**

There have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole, or the value of our consolidated assets or our ability to pay our liabilities within the next twelve (12) months. For details in relation to dividend paid by our Company to our Shareholders and borrowings availed by our Company since the date of the last financial information disclosed in this Prospectus, see "*Dividend Policy*" and "*Financial Indebtedness*" on pages 205 and 295.

## GOVERNMENT AND OTHER APPROVALS

Our business and operations require various approvals, licenses, registrations and permits issued by relevant regulatory authorities of the jurisdictions in which we operate under applicable law. Set out below is a list of material and necessary approvals, licenses, registrations and permits obtained by our Company for the purposes of undertaking its business activities and operations. Other than as stated below, no further material approvals, licenses, registrations, or permits are required to undertake the Offer or continue our business activities or operations. Additionally, unless otherwise stated, these approvals, licenses, registrations and permits are valid as on the date of this Prospectus. Certain approvals, licenses, registrations and permits may expire periodically in the ordinary course of business and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

### I. Approvals for the Issue

For details in relation to approvals for the Issue, see “Other Regulatory and Statutory Disclosures” and “The Offer” on pages 311 and 65, respectively.

### II. Incorporation Details of our Company

- a. Certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli in our former name, being Heranba Industrial Chemicals Private Limited.
- b. Fresh certificate of incorporation dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli, consequent upon change of name on conversion to a public company in the name of Heranba Industrial Chemicals Limited.
- c. Fresh certificate of incorporation dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli consequent upon change of name to Heranba Industries Limited.

### III. Tax Approvals in relation to our Company

- a. The Permanent Account Number of our Company is AAACH3787Q.
- b. The Tax Deduction Account Number (TAN) of our Company is MUMH07158E for Maharashtra and SRTH01177B for Gujarat.
- c. The Importer-Exporter number of our Company is 0396018572.
- d. Registration certificate under The Central Goods and Services Tax Act, 2017 (GST) are detailed below:

GSTIN No.	State
06AAACH3787Q1ZY	Haryana
27AAACH3787Q1ZU	Maharashtra
19AAACH3787Q1ZR	West Bengal
18AAACH3787Q1ZT	Assam
03AAACH3787Q1Z4	Punjab
36AAACH3787Q1ZV	Telangana
29AAACH3787Q1ZQ	Karnataka
21AAACH3787Q1Z6	Odisha
22AAACH3787Q1Z4	Chhattisgarh
23AAACH3787Q1Z2	Madhya Pradesh
09AAACH3787Q1ZS	Uttar Pradesh
24AAACH3787Q1Z0	Gujarat
33AAACH3787Q1Z1	Tamil Nadu
08AAACH3787Q1ZU	Rajasthan
37AAACH3787Q2ZS	Andhra Pradesh

GSTIN No.	State
10ARLPS8233P1Z8	Bihar
01AAACH3787Q1Z8	Jammu and Kashmir

Our Company is required to register itself under various national and state specific tax laws such as the IT Act and GST Act. Our Company has obtained necessary licenses and approvals from the appropriate regulatory and governing authorities, in relation to such tax laws.

#### IV. Approvals obtained in relation to business operations

Our Company requires various approvals and/or licenses to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

- a. Registration and License to run a factory: We are required to obtain license under the Factories Act, 1948 in relation to our manufacturing facilities located at Unit I\*, Unit II and Sarigam Unit#. Our Company has obtained the factories licenses, all of them are valid till December 31, 2023, December 31, 2024, and December 31, 2023 respectively.
- b. Environmental registrations: We have obtained the relevant consents from the Gujarat Pollution Control Board for the establishment of our manufacturing facilities at Unit I\*, Unit II and Sarigam Unit#, under the Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution), Act, 1981 and authorization under Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008. Our consents for our manufacturing units viz. Unit I\*, Unit II and Sarigam Unit# are valid till December 28, 2024, December 18, 2024 and October 24, 2024 respectively. Further, we have also obtained provisional consolidated consent and authorization bearing number AWH-43702 for our manufacturing facilities at Sarigam under the Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution), Act, 1981 and authorization under Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008 which is valid till August 13, 2025.
- c. Shops and establishments legislations:
  - i. Our Corporate Office is registered as an establishment under the Maharashtra Shop and Establishments Act (Regulations of Employment and Conditions of Service) Act, 2017 vide the registration certificate bearing no. 820089669/ RC Ward/ Commercial II as dated December 27, 2019 issued by the office of the inspector.
  - ii. Our Administration Office is registered as an establishment under the Maharashtra Shop and Establishments Act (Regulations of Employment and Conditions of Service) Act, 2017 vide the registration certificate bearing no. 820089643/ RC Ward/ Commercial II as dated December 27, 2019 issued by the office of the inspector.
- d. Employment related registrations:
  - i. We have allotted a code under the Employees' State Insurance Act, 1948 in respect of our Unit I and Unit II
  - ii. We have been allotted a code under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
  - iii. We have obtained the registrations under the Contract Labour (Regulation and Abolition) Act, 1970 to engage more than twenty contract labourers for operations of our manufacturing facilities at Unit I, Unit II and Sarigam Unit.
- e. Sales permissions in relation to our depots: We have obtained sales permissions in relation to our 21 depots across 16 states and 1 union territory in our country from the agricultural departments of respective states.

#### V. Specific approvals obtained by our manufacturing units

##### Unit I\*

- a. License dated June 2, 1997 bearing no. 387 to manufacture Insecticides issued by the Directorate of Agriculture, Gujarat, Gandhinagar.
- b. License bearing no. P/HQ/GJ/15/1440(P11042) dated May 11, 2013 to import and store Petroleum (Class A) under the Petroleum Act, 1934 issued by the Deputy Chief Controller of Explosives, Vadodara, Gujarat is valid till December 31, 2021.
- c. License dated February 6, 2005, bearing no. 76 to store and use Solvents, C-9 and Hexane, issued by the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile), Order, 2000 is valid till December 31, 2021.
- d. License dated June 23, 2005, bearing no. S/HO/GJ/03/795(S5388) to store Nethylene Oxide, Isobutylene gas in pressure vessel or vessels under the Indian Explosives Act, 1884 issued by the Controller of Explosives, Vadodara is valid till September 30, 2022.
- e. License dated April 10, 2001, bearing no. 180/2001, to possess for sale and sell (*retail or wholesale*) Sodium-Cyanide-8MT 'License to Manufacture Insecticides' from the Additional District Magistrate, Valsad under the Poisons Act, 1919 which is valid till March 31, 2021.
- f. License dated April 1, 2007, bearing no. 19/2020-21, to purchase, possession and use methyl alcohol to manufacture Amino Methyl Phenyl Trilink from the Superintendent of Prohibition and Excise, Bulsar under the Bombay Prohibition Act, 1949 which is valid till March 31, 2021.
- g. Certificate for use of a Boiler issued on October 15, 2020 bearing registration no. GT-4969 by the Assistant Director of Boilers, Vapi, Gujarat is valid till October 9, 2021.
- h. Certificate for use of a Boiler issued on July 15, 2020 bearing registration no. GT-3531 by the Assistant Director of Boilers, Vapi, Gujarat is valid till July 1, 2021.
- i. License dated October 10, 2009, bearing No. P/HQ/GJ/15/5039 (P210030) to import and store 40 KL Petroleum (Class B) issued under the Petroleum Act, 1934 issued by the Deputy Chief Controller of Explosives, Vadodara, Gujarat which is valid till December 31, 2020.
- j. License bearing no. 129 to store and use Solvents, C-9 and Hexane, issued by the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile), Order, 2000 is valid till December 31, 2021.

**Notes:**

\*The Unit I approvals and licenses includes the approvals and licenses for unit situated at Plot No. 1503, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat which has been merged with Unit I for operational purposes.

**Unit II**

- a. License dated June 19, 2007, bearing No. 565 to manufacture Insecticides under the Insecticides Act, 1968 and the rules made thereunder issued by the Directorate of Agriculture (Pesticide), Gandhinagar, Gujarat,
- b. License dated June 28, 2006, bearing No. P/HQ/GJ/15/4777(P155521) to import and store 32 KL Petroleum (Class A) issued under the Petroleum Act, 1934 issued by the Deputy Chief Controller of Explosives, Vadodara, Gujarat which is valid till December 31, 2025.
- c. License dated April 1, 2007, bearing No. 215/07 to possess for sale and sell (*retail or wholesale*) under the Poisons Act, 1919 within the GIDC, Vapi, certain poisons as specified in the license issued by the Additional District Magistrate, Valsad is valid till March 31, 2021.
- d. License dated December 27, 2006 bearing no. 117 to store and use certain solvent / raffinate / slop, for process of manufacturing and as a fuel to run boiler and D.G. Set, from the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000 is valid till December 31, 2021.

- e. Certificate for use of a Boiler dated December 7, 2019 bearing registration no. GT-6987 from the Director of Boilers, Gujarat, Vapi is valid till December 5, 2020.

### **Unit III (Sarigam Unit) #**

- a. License to manufacture Insecticides dated September 30, 2019, bearing No. 1027 under the Insecticides Act, 1968 issued by the Directorate of Agriculture, Gandhinagar, Gujarat.
- b. License bearing no. P/WC/GJ/15/2729 (P444107) to store Petroleum (Class B) under the Petroleum Act, 1934 issued by the Joint Chief Controller of Explosives, Maharashtra, Navi Mumbai.

#### **Notes:**

#The Sarigam Unit approvals and licenses includes the approvals and licenses for unit situated at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District- Valsad, 396 195, Gujarat which has been merged with Sarigam Unit for operational purposes.

### **VI. Approvals applied for but not received**

- a. Our Company has made an application dated July 16, 2018 bearing no. 141069 to the Gujarat Pollution Control Board for granting a Consolidated Consent and Authorization for Unit I.
- b. Our Company has made an application dated July 15, 2018 bearing no. 141078 to the Gujarat Pollution Control for granting a Consolidated Consent and Authorization for Unit II.

### **VII. Approvals for which applications are yet to be filed by our Company**

Nil

### **VIII. Intellectual property related approvals**

Our Company has sixty-nine (69) trademarks which are registered under Class 5 with the Registrar of Trade Marks under the Trade Marks Act. Some of our registered trademarks are mentioned below:

“Jayam”, “Progress Plus”, “Param”, “Cypraplus”, “Dyken”, “Mantra”, “Astron”, “Signor”, “Prompt”, “Cypra”, “Heraban”, “Sarag”, “Alpha Shakti”, “Henoxa”, “Glory”, “Chakde”, “Heraquat”, “Zinta”, “Glory 71%”, “Shera”, “Pendant”, “Atria”, “Macamba”, “Sulphy”, “Mask”, “Silicon Plus”, “Propizole”, “Vintage”, “Exort”, “Tulip”, “Mandy”, “Silicon”, “Shado”, “Heraphon”, “Temper” and “Rat Kill” among others.

In the past three (3) years, our Company had applied for thirty (30) trade marks and received certain objections from the Trade Marks Registry under Section 11 of the Trade Marks Act, 1999 for being similar or identical to certain trademarks registered with the Trade Marks Registry. Our Company failed to file a response to these objections for nineteen (19) trademarks out of twenty (20) trademarks within the stipulated period of thirty (30) days and the nineteen (19) applications were considered to have been abandoned by our Company by the Trade Marks Registry for lack of prosecution. Out of the twenty (20) trademarks, eight (8) were applied in the year 2017 and 2018 which were either refused, opposed or abandoned in the year 2018, 2019 and 2020. Our Company recently made fresh applications for these nineteen (19) trademarks. One of these twenty (20) trademark applications received objections from the Trade Marks Registry for which hearing is pending before the trademark registry.

Out of the 19 trademarks filed by our Company, the Trade Marks Registry responded with objections to fourteen (14) trademarks applications. Our Company has replied to the objections raised by the Trade Mark Registry and are now pending before the Trade Marks Registry for hearing. In the event our Company is unsuccessful in obtaining the registration of the (twenty) 20 applied trademarks, new applications with new names will be made by our Company.

Further, our Company has recently filed applications for ten (10) new trademarks out of which for seven (7) trademarks applications the Trade Marks Registry has issued objections which have also been responded by our Company.

Our Company has not suffered any repercussions from any third party in the last three (3) years in respect of infringement or passing off of any trade-marks

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board has, pursuant to its resolution dated September 9, 2020, authorized the Offer, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013.
- Our Equity Shareholders have, pursuant to a resolution dated September 16, 2020, under Section 62(1)(c) of the Companies Act, authorized the Offer.
- Our Board has, pursuant to its resolution dated September 23, 2020 approved the DRHP.
- Our Board has, pursuant to its resolution dated February 10, 2021 approved by the RHP.
- Our Board has, pursuant to its resolution dated February 27, 2021 approved by this Prospectus.

#### Other Approvals

- Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated November 10, 2020 and November 23, 2020, respectively.
- The Offer for Sale has been authorized by Sadashiv K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; Raghuram K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; SAMS Industries Limited (Selling Shareholder) by its consent letter dated September 8, 2020; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 8, 2020. The Selling shareholders specifically confirm that the Equity Shares being offered by them in the Offer have been held by them for a period of at least one year prior to the filing of this Prospectus with SEBI, calculated in the manner as set out under Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.

The number of Equity Shares offered by Selling Shareholders is as follows:

No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1.	Sadashiv K. Shetty	58,50,000
2.	Raghuram K. Shetty	22,72,038
3.	SAMS Industries Limited	8,12,962
4.	Babu K. Shetty	40,000
5.	Vittala K. Bhandary	40,000

The Selling Shareholders have confirmed that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

### Prohibition by SEBI, the RBI or other Governmental Authorities

None of our Company, our Promoters, the members of our Promoter Group, our Directors, our Group Entities and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities.

The Selling shareholders specifically confirm that they have not been prohibited or debarred from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory and governmental authority.

Neither our Promoters, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. Further, there has been no violation of any securities law

committed by any of them in the past and no such proceedings are currently pending against any of them.

Further, the Selling Shareholders specifically confirm that there have been no violation of any securities law committed by them in the past and no such proceedings are currently pending against them.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

### **Prohibition with respect to Wilful Defaulter**

Neither our Company, nor our Promoters, relatives (as defined under the Companies Act, 2013) of our Promoters, Directors and Group Companies have been identified as a Wilful Defaulter as on the date of this Prospectus. One of our Group Companies, Shakti Bio Science Limited (“**Shakti Bio**”) was declared as “Wilful Defaulter” by The Cosmos Co-op Bank Limited (“**Cosmos Bank**”) for the period June 30, 2016 to December 31, 2017. Cosmos Bank had initiated an arbitration proceeding under Section 84(4) of Multi-State Co-operative Societies Act, 2002 against Shakti Bio, one of our Promoters Sadashiv K. Shetty and our Promoter Group members, Sujata S. Shetty, Shreya S. Shetty, seeking an award for outstanding dues of ₹ 485.79 million along with further interest for the financial facilities extended by the Cosmos Bank to Shakti Bio. The parties filed consent terms dated April 19, 2018 in the arbitration proceedings and it was agreed between the parties that an amount of ₹ 367.90 million, being the full principal amount, will be paid in thirteen (13) instalments last being due on or before March 31, 2019. The entire amount payable under the consent terms has been paid and Cosmos Bank has also issued a “no dues certificate” dated August 31, 2019.

Except as disclosed above, the Selling Shareholders specifically confirm that they have not been declared as a Wilful Defaulter.

### **Association with Securities Market**

None of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against him/her in the five years preceding the date of this Prospectus.

### **Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, Promoters, members of the Promoter Group, and each of the Selling Shareholders, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable, as on the date of this Prospectus.

### **Eligibility for this Offer**

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the Restated Financial Statements, prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- Our Company has had net tangible assets of at least ₹30 million calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a minimum average operating profit of ₹150 million calculated on a restated basis, during the three most profitable years out of the immediately preceding three years;
- Our Company has a net worth of at least ₹10 million calculated on a restated basis, in each of the three preceding full years (of 12 months each);
- Our Company has not changed its name in the last one year. For details of changes in the name of our Company, see “*History and Certain Corporate Matters*” on page 167.

Our Company’s average operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Financial Statements included in this Prospectus as at, and for the last three years ended March 31, 2020, 2019 and 2018 are set forth below:

(₹ in million)

Particulars	As of and for the Financial Year ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Net tangible assets, as restated (i)	3092.56	1967.22	1377.09



Particulars	As of and for the Financial Year ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Monetary assets, as restated (ii)	31.94	209.65	117.77
Monetary assets, as restated as a % of net tangible assets, as restated (iii)	1.03%	10.66%	8.55%
Operating profit/ (loss), as restated (iv)	3292.48	3131.58	2374.99
Net worth, as restated (v)	3208.49	2281.76	1573.18

i) *Net tangible assets = Net block of property, plant and equipment + capital work-in-progress + non-current loans + other noncurrent financial assets + Other non-current assets + total current assets (excluding investments) – total non-current liabilities –total current liabilities;*

ii) *Monetary assets = Cash in hand + balance with bank in current and deposit accounts (net of bank deposits having restrictive use);*

iii) *'Monetary assets as restated as a percentage of the net tangible assets' means monetary assets as restated divided by net tangible assets, as restated, expressed as a percentage.*

iv) *'Operating profit', has been calculated as profit before tax increased by depreciation and amortisation expenses, finance cost and decreased by other income. The average restated operating profit of our Company for the preceding three Fiscals is ₹2933.02 million;*

v) *Net worth has been defined as the aggregate of equity share capital and other equity (excluding amalgamation reserves)*

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000; the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and applicable law.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- a) None of our Company, our Promoters, members of our Promoter Group, our Directors, or the Selling Shareholders, are debarred from accessing the capital markets by the SEBI.
- b) None of our Promoters or Directors is a promoter or director of companies which are debarred from accessing the capital markets by the SEBI.
- c) None of our Company, our Promoters or Directors is a Wilful Defaulter.
- d) None of our Directors or individual Promoters have been declared a fugitive economic offender (in accordance with Section 12 of the Fugitive Economic Offenders Act, 2018).
- e) There are no outstanding convertible securities or any rights which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus.

Each of the Selling Shareholders confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS BEING, EMKAY GLOBAL FINANCIAL SERVICES LIMITED AND BATLIVALA & KARANI SECURITIES INDIA PRIVATE HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 23, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS ALSO DOES NOT ABSOLVE SELLING SHAREHOLDERS FROM ANY LIABILITY TO THE EXTENT THE STATEMENTS MADE BY EACH OF THEM WITH RESPECT TO THE RESPECTIVE EQUITY SHARES BEING OFFERED BY THEM UNDER THE OFFER FOR SALE, UNDER SECTIONS 34 OR 36 OF THE COMPANIES ACT, 2013**

*All legal requirements pertaining to the Offer have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32 and 33(1) and 33(2) of the Companies Act, 2013.*

**CAUTION – Disclaimer from our Company, our Directors, the Selling shareholders and the Book Running Lead Managers**

Our Company, its Directors, the Selling shareholders and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, [www.heranba.co.in](http://www.heranba.co.in), would be doing so at his or her own risk.

It is clarified that the Selling Shareholder, accepts no responsibility for any statements made or undertakings provided, other than those made specifically by the respective Selling Shareholder, in relation to themselves and to the Equity Shares offered by such Selling shareholders through the Offer.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the MOU / Offer Agreement entered into between the Book Running Lead Managers and our Company dated September 23, 2020 and the Underwriting Agreement dated February 27, 2021 entered into between the Underwriters, Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling shareholders and the Book Running Lead Managers to the Applicants and public 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 collection centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for (i) any failure in downloading the Bids due to faults in any software/ hardware system or otherwise. (ii) the blocking of application amount by RIIs bank on receipt of instruction from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI mechanism.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

**Note:**

**Investors who apply in the Offer were required to confirm and have been deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our**

**Company. Our Company, the Underwriters 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 Equity Shares of our Company.**

#### **Disclaimer in Respect of Jurisdiction**

This Offer was made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, Alternative Investment Fund, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and Insurance funds set up and managed by the Department of Posts, India, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company this Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company, our Group Companies or the Selling shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares were being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Bidders were advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

#### **Disclaimer Clause of BSE**

BSE Limited (“the Exchange”) has given vide its letter dated November 10, 2020 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document 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: -

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c) 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 offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/820 dated November 23, 2020 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Listing**

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications have been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. BSE Limited will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

#### **Stock Market Data of Equity Shares**

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, Western Regional Office, Panchvati 1st Lane, Gulbai Tekra Road, Ahmedabad - 380006, Gujarat, India. and electronically on the SEBI intermediary portal at <https://siportal.sebi.gov.in> provided by SEBI in terms of the SEBI circular number (SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 have been delivered for registration to the RoC and a copy of this Prospectus shall be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380 013.

#### **Consents**

Consents in writing of the Directors, Promoters, Chief Financial Officer, Company Secretary & Compliance Officer, the Statutory Auditor, the Banker to the Company, the Selling Shareholders, the Book Running Lead Managers, Registrar to the Offer, Banker to the Offer, Legal Advisor to the Offer have been obtained; and consents in writing of the Syndicate Member(s) and Underwriter to the Offer to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

#### **Expert to the Offer**

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

Our Company has received written consent dated December 3, 2020 from our Statutory Auditors namely, N. S. Shetty & Co., Chartered Accountants, to include its name as required under section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports of the Statutory Auditors on the Restated Financial Information dated December 4, 2020 and the Statement of Special Tax Benefits in this Prospectus dated December 7, 2020, and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has also received a written consent from B.V. Anjaria, Chartered Engineer & Consultant to include their name as required under Section 26(5) of the Companies Act, 2013 in this Prospectus and as an “Expert” as required under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect to the assessment of capacity utilisation of our manufacturing facilities and the certificate issued by him to our Company and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U. S. Securities Act.

#### **Particulars regarding Public or Rights Issues during the last five years**

Except as disclosed in “*Capital Structure –Share capital history of our Company*” on page 75, there have been no public or rights issues undertaken by our Company during last five years, preceding the date of this Prospectus.

#### **Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares in last five years**

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares.

#### **Capital issue during the last three years by our Company, our listed group companies, subsidiaries or associate entities**

Except as disclosed in “*Capital Structure –Share capital history of our Company*” on page 75, there have been no public or rights issues undertaken by our Company during the three years, preceding the date of this Prospectus. The securities of our group companies or subsidiary or associate entity are not listed on any stock exchange as on the date of this Prospectus.

#### **Performance vis-à-vis objects –Public/ rights issue of our Company**

Except as disclosed in “*Capital Structure –Share capital history of our Company*” on page 75, our Company has not undertaken any public or rights issue in the five years preceding the date of this Prospectus.

#### **Performance vis-à-vis objects –Public/ rights issue of the listed subsidiaries/listed Promoter of our Company**

The securities of our group companies or subsidiary or associate entity are not listed on any stock exchange as on the date of this Prospectus.

#### **Statement on Price Information of Past Issues handled by Book Running Lead Managers:**

##### **A. Emkay Global Financial Services Limited**

1. *Price information of past public issues (during current financial year and two financial years preceding the current financial year) handled by Emkay Global Financial Services Limited:*

Sr. No.	Issuer Name	Issue Size (Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]-30 <sup>th</sup> calendar		+/- % change in closing price, [+/- % change in closing benchmark]-90 <sup>th</sup> calendar		+/- % change in closing price, [+/- % change in closing benchmark]-180 <sup>th</sup>	
						price, [+/- % change in closing benchmark]	price, [+/- % change in closing benchmark]	price, [+/- % change in closing benchmark]	price, [+/- % change in closing benchmark]		

						days from listing	days from listing	calendar days from listing
	Nil	Nil	Nil	Nil	Nil	NA	NA	NA
						NA	NA	NA

2. Summary statement of price information of past issues (during the current Financial Year and two financial Years preceding the current Financial Year) handled by Emkay Global Financial Services Limited

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in Mn.)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 180 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20	Nil	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2018-19	Nil	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2017-18	Nil	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

#### B. Batlivala & Karani Securities India Private Limited

1. Price information of past public issues (during current financial year and two financial years preceding the current financial year) handled by Batlivala & Karani Securities India Private Limited:

Sr. No.	Issuer Name	Issue Size (Million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark] 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] 180 <sup>th</sup> calendar days from listing
1.	Neogen Chemicals Limited	1323.50	215	May 08, 2019	251	18.36%	22.20%	45.85%
						4.61%	(2.88)%	6.29%

#### Notes

- BSE Sensex is considered as the benchmark index.
  - % change in closing price is calculated based on closing price on listing day vs closing price on 30th/ 90th / 180th calendar day from listing day. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day
  - 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180<sup>th</sup> calendar day is a holiday, in which case closing price on the BSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered
2. Summary statement of price information of past issues (during the current Financial Year and two financial Years preceding the current Financial Year) handled by Batlivala & Karani Securities India Private Limited

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in Mn)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day	Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day	Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day	Nos. of IPOs trading at premium - 180 <sup>th</sup> calendar day from listing day

			<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>
2019-20	1	1323.50	-	-	-	-	-	1	-	-	-	-	1	-
2018-19	Nil	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2017-18	Nil	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

### Track records of past issues handled by Book Running Lead Managers

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI; please see the websites of the BRLMs as set forth in the table below:

S. No.	Name of BRLMs	Website
1.	Emkay Global Financial Services Limited	www.emkayglobal.com
2.	Batlivala & Karani Securities India Private Limited	www.bksec.com

### Mechanism for Redressal of Investor Grievance

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, Bid cum Application Form number, the Bidder's, DP ID, Client ID, UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), PAN, date of the Bid cum Application Forms, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole/ first Bidder, Anchor Investor Form number, DP ID, Client ID, PAN, date of the Anchor Investor Form, address of the Anchor Investor, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Form and the name and address of the BRLMs where the Anchor Investor Form was submitted by the Anchor Investor.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days

Our Company has not received any investor complaint during the three years preceding the date of this Prospectus. Further, no investor complaints are pending against our Company as on date of this Prospectus.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Our Company has obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Abdul Latif, Company Secretary as the Compliance Officer for the Offer. For details, see “*General Information*” on page 67.

The Selling Shareholders have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of their respective portion of the Offered Shares.

There are no listed companies under the same management as our Company.

We have constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board vide resolution passed at the Board Meeting held on August 31, 2018. For further details, refer to the chapter titled “*Our Management*” beginning on page 172.



## SECTION VIII – OFFER RELATED INFORMATION

### TERMS OF THE OFFER

The Equity Shares offered and Allotted pursuant to the Offer will be subject to the provisions of the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and this Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the Abridged Prospectus and other terms and conditions as maybe incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

### Ranking of Equity Shares

The Equity Shares being offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company. For more information, see “*Main Provisions of the Articles of Association*” on page 344.

### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer will be received by the Allottees, who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For more information, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 205 and 344, respectively.

### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price is ₹ 627 per Equity Share. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ 626 and the Cap Price of the Equity Shares is ₹ 627, being the Price Band. The Anchor Investor Offer Price is ₹ 627 per Equity Share.

The Price Band and the minimum Bid Lot size in the Offer were decided by our Company and Selling Shareholders, in consultation with the BRLMs and was published at least two Working Days prior to the Bid/Offer Opening Date, advertised in all editions of the Financial Express, all editions of Jansatta and the Valsad edition of Samna Dainik which are widely circulated English, Hindi and Gujarati daily newspapers respectively (Gujarati being the regional language of Gujarat where our Registered Office is located), and were made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price were required to be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

### The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 94.

### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our AoA, our equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;

- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI LODR, Regulations and our MoA and AoA and other applicable laws.

For a detailed description of the main provisions of our AoA relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation and splitting, see “*Main Provisions of Articles of Association*” on page 344.

### **Joint Holders**

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

### **Market Lot and Trading Lot and Allotment of securities in dematerialised form**

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form. In this context, tripartite agreements had been signed among the Company, the respective Depositories and Bigshare Services Private Limited.

- Agreement dated March 19, 2012, amongst NSDL, our Company and the Registrar to the Offer;
- Agreement dated May 28, 2018, amongst CDSL, our Company and the Registrar to the Offer

Since trading of the Equity Shares will only be in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of 23 Equity Shares subject to a minimum Allotment of 23 Equity Shares. For the details of basis of allotment, see “*Offer Procedure*” on page 329.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

### **Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), will be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of such Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Shares in the event of his or her death during the minority. A nomination will stand cancelled, or varied by any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 will upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses, interests or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder would prevail. If the Bidders wish to change the nomination, they are requested to inform their respective Depository Participant.

## Bid/Offer Period

BID/OFFER OPENED ON*	FEBRUARY 23, 2021 <sup>(1)</sup>
BID/OFFER CLOSED ON**	FEBRUARY 25, 2021

(1) The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date i.e., February 22, 2021, in accordance with the SEBI ICDR Regulations..

An indicative timetable in respect of the Offer is set out below:

EVENT	INDICATIVE DATE
FINALIZATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE	On or about March 2, 2021
INITIATION OF REFUNDS (IF ANY, FOR ANCHOR INVESTORS)/UNBLOCKING OF FUNDS FROM ASBA ACCOUNT*	On or about March 3, 2021
CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF ALLOTTEES	On or about March 4, 2021
COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGES	On or about March 5, 2021

\* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

**This above timetable is indicative in nature and does not constitute any obligation or liability on our Company, the respective Selling Shareholders or BRLMs or the members of the Syndicate.**

**While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.**

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

### Submission of Bids (other than Bids from Anchor Investors)

Except in relation to Anchor Investors, Bids and any revision in Bids were accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centres, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids were accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

On the Bid/Offer Closing Date, the Bids were uploaded until:

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs and the Sponsor Bank or the full Bid Amount is not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Prospectus is Indian Standard Time. Bidders were cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None of our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book vis -a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### **Minimum Subscription**

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchange for the Equity Shares so offered under the Red Herring Prospectus, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days, our Company and our Directors, who are officers in default, shall pay interest at the rate of fifteen per cent. per annum. Subject to applicable law, a Selling Shareholder shall not be responsible to pay interest for any delay, unless such delay has been caused solely by such Selling Shareholder. The requirement for minimum subscription is not applicable to the Offer for Sale. In the event that insufficient bids are received, after meeting the minimum subscription of 90% of the Fresh Issue, the balance allotment will be met through the Offered Shares offered by the Selling Shareholders on a pro rata basis to their respective shareholding.

In the event of under-subscription in the Offer, the Equity Shares will be Allotted in the following order:

- (i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;
- (ii) next, all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted; and
- (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by the Company that the balance 10% of the Fresh Issue portion is also subscribed.

Under-subscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

### **Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of pre-Offer Equity Share capital of our Company, Minimum Promoters' Contribution and Anchor Investor lock-in in the Offer, as provided in "*Capital Structure*" on page 75 and except as provided in our Articles of Association as detailed in "*Main provisions of Articles of Association*" on page 344, there are no restrictions on transmission of Equity Shares. Further, there are other restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see "*Main provisions of Articles of Association*" on page 344.

## Withdrawal of the Offer

Our Company and the Selling Shareholders severally and not jointly, in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue, and each Selling Shareholder, severally and not jointly, reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall instruct the SCSBs and the Sponsor Bank, as applicable, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such instruction and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

If our Company and/or the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

## Authority for the Offer

This Offer has been authorized by a resolution of the Board passed at their meeting held on September 9, 2020 subject to the approval of shareholders through a special resolution to be passed pursuant to section 62 (1) (c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62 (1) (c) of the Companies Act, 2013 passed at the meeting of shareholders of the Company held on September 16, 2020.

The Offer for Sale has been authorized by Sadashiv K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; Raghuram K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; SAMS Industries Limited (Selling Shareholder) by its consent letter dated September 8, 2020; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 8, 2020; and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 8, 2020.

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1.	Sadashiv K. Shetty	58,50,000
2.	Raghuram K. Shetty	22,72,038
3.	SAMS Industries Limited	8,12,962
4.	Babu K. Shetty	40,000
5.	Vittala K. Bhandary	40,000

The Selling shareholders have confirmed that the Equity Shares offered and sold in the Offer are eligible in term of SEBI ICDR Regulations and that they have not been prohibited from dealing in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling shareholders have also confirmed that they are the legal and beneficial owner of the Equity Shares being offered by them under the Offer for Sale.

## OFFER STRUCTURE

Initial public offering of 99,71,937\* Equity Shares for cash at price of ₹ 627 per Equity Share (including a premium of ₹ 617 per Equity Share) aggregating to ₹ 6,252.40\* million comprising a Fresh Issue of 9,56,937\* Equity Shares aggregating to ₹ 600\* millions by our Company and Offer for Sale of 90,15,000\* Equity Shares aggregating to ₹ 5,652.40\* million by the Selling Shareholders. The Offer will constitute 24.92% of the post-Offer paid-up Equity Share capital of our Company.

*\*Subject to finalisation of Basis of Allotment.*

The face value of Equity Shares is ₹10 each. The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
<b>Number of Equity Shares available for Allotment/Allocation*<sup>(2)</sup></b>	Not more than 49,85,968* Equity Shares	Not less than 14,95,791* Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 34,90,178* Equity Shares available for allocation or Offer less allocation to QIBs Bidders and Non-Institutional Bidders
<b>Percentage of Offer Size available for allotment / allocation</b>	Not more than 50% of the Offer was made available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) was made available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion was made available for allocation to other QIBs.	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and RIBs was made available for allocation	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non- Institutional Bidders was made available for allocation.
<b>Basis of Allotment/Allocation if respective category is oversubscribed*</b>	Proportionate as follows (excluding the Anchor Investor Portion):  (a) 99,773* Equity Shares were made available for allocation on a proportionate basis to Mutual Funds only; and  (b) 18,95,674* Equity Shares were made available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above  (c) 29,90,520 Equity Shares were allocated on a discretionary basis	Proportionate	The allotment to each Retail Individual Bidder was not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, were allotted on a proportionate basis subject to minimum Bid Lot. For details, see “Offer Procedure” beginning from page 329



Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
	to Anchor Investors of which one-third was made available for allocation to Mutual Funds only.		
<b>Minimum Bid</b>	Such number of Equity Shares in multiples of 23 Equity Shares that the bid amount exceeds ₹2,00,000	Such number of Equity Shares in multiples of 23 Equity Shares that the bid amount exceeds ₹2,00,000	23 Equity Shares
<b>Maximum Bid</b>	Such number of Equity Shares in multiple of 23 Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of 23 Equity Shares not exceeding the size of the Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares in multiple of 23 Equity Shares so that the Bid Amount does not exceed ₹200,000
<b>Mode of Bidding</b>	Through ASBA process only (except Anchor Investors)		
<b>Bid Lot</b>	23 Equity Shares and in multiples of 23 Equity Shares thereafter		
<b>Allotment Lot</b>	A minimum of 23 Equity Shares and in multiples of one Equity Shares thereafter		
<b>Mode of Allotment</b>	Compulsorily in Dematerialized Form		
<b>Trading Lot</b>	One Equity Share		
<b>Who can apply<sup>(3)</sup></b>	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and systemically important non-banking financial companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts and family offices which are re-categorised as category II FPI and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
<b>Terms of Payment</b>	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the Bid</p>		

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
	cum Application Form at the time of submission of the Bid cum Application Form, or by the Sponsor Bank through the UPI mechanism (only for Retail Individual Investors)		

\*Subject to finalisation of Basis of Allotment.

(1) Our Company and the Selling Shareholders in consultation with the BRLMs have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see “Offer Procedure” on page 329.

(2) Subject to valid Bids having been received at or above the Offer Price. This Offer was made in accordance with Rule 19(2)(b) of the SCRR in compliance with Regulation 6(1) of the SEBI ICDR Regulations.

(3) In case of joint Bids, the Bid cum Application Form could contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.

(4) Full Bid Amount was payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price was payable by the Anchor Investor pay-in-date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see General Information Document.

Bidders were required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to Bid and acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion was met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. For further details, see “Terms of the Offer” on page 321.



## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (“UPI Circular”) has proposed to introduce an alternate payment mechanism using Unified Payment Interface (“UPI”) and consequent reduction in the timelines for listing in phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“UPI Phase I”), until June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid / Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in all editions of the English national daily newspaper, Financial Express, all editions of the Hindi national daily newspaper, Jansatta, Valsad edition of the Gujarati national daily newspaper, Samna Dainik (Gujarati being the regional language of Gujarat, where our Registered Office is located) on or prior to the Bid / Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

Further, Our Company, the Selling shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Company, the Selling Shareholders and the Members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

### Book Building Procedure

The Offer has been made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer was made available for allocation on a proportionate basis to QIBs, provided that our Company (through the IPO Committee) in consultation with the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which

one-third was available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares were added to the Net QIB Portion. Further, 5% of the Net QIB Portion was available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price.

Under-subscription, if any, in any portion except in the QIB Portion, was allowed to be met with spill-over from any other portion or combination of portions, at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange and subject to applicable laws. Under-subscription, if any, in the QIB Portion, was allowed to be met with spill-over from any other category or a combination of categories. In case of an under-subscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms that do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID as applicable, and PAN and UPI ID (for RIBs using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

#### **Phased implementation of UPI Mechanism**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIIs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

For further details, please refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

#### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus were available with the Designated Intermediaries at relevant Bidding Centers and at our Registered Office. The Bid cum Application Form was also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Anchor Investor Application Form was available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) were mandatorily required to use the ASBA process to participate in the Offer. Anchor Investors were not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) were required to provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that did not contain such details are liable to be rejected.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) were required to bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) without mentioning the UPI ID were liable to be rejected. Retail Individual Investors Bidding using the UPI Mechanism could also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

Further, ASBA Bidders were required to ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp were liable to be rejected. Bidders, using the ASBA process to participate in the Offer, were required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein.

The prescribed colour of the Bid cum Application Form for the various categories was as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, RIIs and Eligible NRIs applying on a non-repatriation basis^	White
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions^	Blue
Anchor Investors (Anchor Investors Application forms will be made available only at the Office of the BRLMs)	White

\*Excluding electronic Bid cum Application Form

^Electronic Bid cum Application forms and the Abridged Prospectus were made available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

The relevant Designated Intermediaries were required to upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) were required to submit/deliver the Bid cum Application Forms (except Bid cum Application Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and not to any non-SCSB bank or any Escrow Bank. For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds.

Stock Exchanges were required to validate the electronic bids with the records of the depository for DP ID/Client ID and PAN, on a real time basis through API integration and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges were required to allow modification of either DP ID/Client ID or PAN ID (but not both), bank code and location code in the Bid details already uploaded.

#### **Participation by Promoters, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to Promoter, Promoter Group, BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members were not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members could have purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, were required to be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any “person related to the Promoters/ Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor was deemed to be an “associate of the BRLMs” if: (i) either of them controlled, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercised control over the other; or (iii) there was a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoter and members of the Promoter Group could not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged with the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund were not be treated as multiple Bids, provided that such Bids clearly indicated the scheme for which the Bid has been submitted.

No Mutual Fund scheme could 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% was 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.

### **Bids by Eligible NRIs**

Eligible NRIs could obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange were considered for Allotment. Eligible NRIs applying on a repatriation basis were required to authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External Accounts (“**NRE Account**”), or Foreign Currency Non-Resident Accounts (“**FCNR Account**”), and Eligible NRIs bidding on a non-repatriation basis were required to authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“**NRO**”) accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer was subject to the FEMA regulations.

Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non- Residents (Blue in colour).

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (White in colour).

For details of restrictions on investment by NRIs, see “*Offer Procedure*” beginning from page 329.

### **Bids by HUFs**

Bids by Hindu Undivided Families or HUFs were required to be made in the individual name of the Karta. The Bidder/Applicant was required to specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying

through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs were considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (“**SEBI FPI Regulations**”), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control) shall be below 10% of our post-Offer Equity Share capital.

Further, in terms of the FEMA Rules the total holding by each FPI or an investor group, cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate holdings of all the FPIs, including any other direct and indirect foreign investments in our Company, shall not exceed 24 % of the total paid-up Equity Share capital on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations was required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer were advised to use the Bid cum Application Form for Non-Residents (Blue in colour).

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the capital of the company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100%). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
- (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
- (iii) such offshore derivative instruments are issued after compliance with the ‘know your client’ norms as specified by SEBI; and
- (iv) such other conditions as may be specified by SEBI from time to time.

An FPI was required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (i) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (i) to (iv)) and (ii) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids received from FPIs bearing the same PAN were treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as “**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear

the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids were be rejected.

The FPIs who wish to participate in the Offer were advised to use the Bid cum Application Form for non-residents. Participation of FPIs in the Offer was subject to the FEMA Rules.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations). All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission. Our Company, the Selling Shareholder or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee was required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "Banking Regulation Act"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking companies could not exceed the investment limits prescribed for them under the applicable laws.

### **Bids by SCSBs**

SCSBs participating in the Offer were required to comply with the terms of the SEBI circulars (No. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs were required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA was required to be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“IRDA Investment Regulations”), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders were advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws were required to be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and Selling Shareholders in consultation with the BRLMs, may deem fit.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), were required to be attached to the Bid-cum Application Form.

Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof. Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time. The investment limits for Systemically Important Non-Banking Financial Companies shall be as prescribed by RBI from time to time.

**The above information is given for the benefit of the Bidders. Our Company, the Selling shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders were advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus when filed.**

**In accordance with RBI regulations, OCBs cannot participate in the Offer.**

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their bids to the relevant Designated Intermediaries through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Further, Retail Individual Investors using the UPI Mechanism must also mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;
4. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
5. Retail Individual Investors Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. Retail Individual Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Investors using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
9. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
10. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI linked bank account holder, as the case may be). Bidders (except Retail individual Investors Bidding using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. Retail Individual Investors Bidding using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;
11. Retail Individual Investors not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
12. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
13. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
14. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;



15. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
16. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated no. MRD/DoP/Cir-20/2008 June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
18. Ensure that the Demographic Details are updated, true and correct in all respects;
19. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
20. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper uploading of your Bid in the electronic Bidding system of the Stock Exchanges;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
24. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;
25. Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
26. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor shall be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;
27. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;

28. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner;
29. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices which are re-categorised as category II FPI and registered with SEBI for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer; and
30. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
5. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
6. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
7. Anchor Investors should not Bid through the ASBA process;
8. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
9. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
12. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date
14. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
15. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
16. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;
17. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
18. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

19. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
20. Do not submit more than one Bid cum Application Forms per ASBA account;
21. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
22. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository).
23. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;
24. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism)

**The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, are not complied with.**

**Grounds for technical rejection:**

1. Bids submitted without instruction to the SCSB to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
4. Bids submitted by Retail Individual Investors using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by Retail Individual Investors using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. Bids submitted without the signature of the First Bidder or Sole Bidder;
7. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
8. ASBA Form by the Retail Individual Bidders by using third party bank accounts or using third party linked bank account UPI IDs;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
10. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
11. Bids accompanied by cheques, demand drafts, stock invest, money order, postal order or cash;
12. Bids by OCBs; and
13. Bids by HUFs not mentioned correctly as provided in paragraph titled “*Offer Procedure - Bids by HUFs*” on page 332;
14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Offer Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid/Offer Closing Date, unless extended by the Stock Exchanges.

### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer to public may be made for the purpose of making Allotment in minimum lots.

The Allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum bid lot, subject to the availability of Equity Shares in Retail Individual Bidder category, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.

### **Payment into Escrow Account for Anchor Investors**

Our Company in consultation with the BRLMs, in its absolute discretion, decided the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names have been notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account were required to be drawn in favour of:

In case of resident Anchor Investors: "HERANBA INDUSTRIES LIMITED – IPO – ANCHOR INVESTOR – R"

In case of Non-Resident Anchor Investors: "HERANBA INDUSTRIES LIMITED – IPO – ANCHOR INVESTOR – NR"

Anchor Investors were required to note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company, after registering the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) All India editions of English national newspaper Financial Express; (ii) All India editions of Hindi national newspaper Jansatta; and (iii) Valsad edition of the Gujarati newspaper Samna Dainik, each with wide circulation.

In the pre-Offer advertisement, we stated the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, was in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

**The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders/applicants were advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Signing of the Underwriting Agreement and the RoC Filing**

- a. Our Company, the Selling shareholders and the Syndicate have entered into an Underwriting Agreement.
- b. After signing the Underwriting Agreement, an updated Red Herring Prospectus is being filed with the RoC in accordance with applicable law, which is termed as the 'Prospectus'. This Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and is complete in all material respects.

## **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among the Company, the respective Depositories and Big Share Services Private Limited:

- Agreement dated March 19, 2012, among NSDL, the Company and Registrar to the Offer
- Agreement dated May 28, 2018, among CDSL, the Company and Registrar to the Offer

## **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

**"Any person who:**

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or**
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or**
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Undertakings by our Company**

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;
- that funds required for making refunds/unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked in the ASBA Accounts within 6 days from the Bid/Offer Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act, 2013 and the SEBI ICDR Regulations for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 6 days from the Bid/ Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;
- that if our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the

pre Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investors;
- that if our Company and the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company or the Selling Shareholders subsequently decides to proceed with the Offer;
- that our Company shall not have any recourse to the proceeds of the Fresh Issue until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received;
- the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time.

#### **Undertakings by the Selling Shareholders**

Each Selling Shareholder undertakes the following severally and not jointly in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares offered by it in the Offer for Sale that:

- the Equity Shares offered for sale by it in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- it is the legal and beneficial owner of and holds clear and marketable title to its respective portion of the Offered Shares, which are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions, and shall be in dematerialized form, at the time of transfer;
- it is not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any authority or court;
- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;
- it shall not have recourse to the proceeds of the Offer until final approvals for listing and trading of the Equity Shares from the Stock Exchanges have been received.
- that they shall provide all reasonable cooperation as requested by our Company in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the requisite extent of the Equity Shares in case of Anchor Investors, offered by them pursuant to the Offer;
- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by them and being offered pursuant to the Offer; and
- it shall, severally and not jointly, reimburse our Company for expenses incurred, on behalf of such Selling Shareholder, in relation to their respective portion of the Offered Shares pursuant to the Offer in the manner agreed to amongst the Selling Shareholders and our Company, upon successful completion of the Offer and in accordance with applicable laws.

The decisions with respect to (i) the Price Band and revision of the Price Band will be taken by our Company and Selling Shareholders in consultation with the BRLMs, and (ii) the minimum Bid lot, and Offer Price, will be taken by our Company and Selling Shareholders in consultation with the BRLMs.

Only the statements and undertakings in relation to the Selling Shareholders and their portion of the Equity Shares offered in the Offer for Sale which are confirmed or undertaken by the Selling Shareholders in this Prospectus, shall be deemed to be “statements and undertakings made or confirmed” by the Selling Shareholders. No other statement in this Prospectus will be deemed to be “made or confirmed” by a Selling Shareholder, even if such statement relates to such Selling Shareholder.

## Utilisation of Fresh Issue Proceeds

Our Board of Directors certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

The Company and Selling Shareholders, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in subsection 3 of Section 40 of the Companies Act, 2013.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES, IF ANY

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 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. Under the Industrial Policy, 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. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as Department of Industrial Policy and Promotion) (“DPIIT”), issued the Consolidated FDI Policy Circular of 2017 (“FDI Policy”), 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 27, 2017. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

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 are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs were not permitted to participate in this Offer.

**The Equity Shares offered in the Offer have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated August 28, 2017. These investment restrictions shall also apply to subscribers of offshore derivative instruments.**

**SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

THE COMPANIES ACT, 2013  
(COMPANY LIMITED BY SHARES)  
ARTICLES OF ASSOCIATION  
OF  
HERANBA INDUSTRIES LIMITED

<b>Sr. No</b>	<b>Particulars</b>	
<b>1.</b>	No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.	<b>Table F Applicable.</b>
	<b>Interpretation Clause</b>	
<b>2.</b>	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
	(a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.	<b>Act</b>
	(b) “These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.	<b>Articles</b>
	(c) “Auditors" means and includes those persons appointed as such for the time being of the Company.	<b>Auditors</b>
	(d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	<b>Capital</b>
	(e) * <b>“The Company” shall mean HERANBA INDUSTRIES LIMITED</b>	
	(f) “Executor” or “Administrator” means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.	<b>Executor or Administrator</b>
	(g) "Legal Representative" means a person who in law represents the estate of a deceased Member.	<b>Legal Representative</b>
	(h) Words importing the masculine gender also include the feminine gender.	<b>Gender</b>
	(i) "In Writing" and “Written" includes printing lithography and other modes of representing or reproducing words in a visible form.	<b>In Writing and Written</b>
	(j) The marginal notes hereto shall not affect the construction thereof.	<b>Marginal notes</b>
	(k) “Meeting” or “General Meeting” means a meeting of members.	<b>Meeting or General Meeting</b>
	(l) "Month" means a calendar month.	<b>Month</b>
	(m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	<b>Annual General Meeting</b>
	(n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.	<b>Extra-Ordinary General Meeting</b>
	(o) “National Holiday” means and includes a day declared as National Holiday by the Central Government.	<b>National Holiday</b>
	(p) “Non-retiring Directors” means a director not subject to retirement by rotation.	<b>Non-retiring Directors</b>
	(q) "Office” means the registered Office for the time being of the Company.	<b>Office</b>
	(r) “Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto by Section 114 of the Act.	<b>Ordinary and Special Resolution</b>



<b>Sr. No</b>	<b>Particulars</b>	
	(s) "Person" shall be deemed to include corporations and firms as well as individuals.	<b>Person</b>
	(t) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
	(u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.	<b>Register of Members</b>
	(v) "Seal" means the common seal for the time being of the Company.	<b>Seal</b>
	(w) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	<b>Singular number</b>
	(x) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
	(y) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	<b>These presents</b>
	(z) "Variation" shall include abrogation; and "vary" shall include abrogate.	<b>Variation</b>
	(aa) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.	<b>Year and Financial Year</b>
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	<b>Expressions in the Act to bear the same meaning in Articles</b>
	<b>CAPITAL</b>	
<b>3.</b>	The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.	<b>Authorized Capital.</b>
<b>4.</b>	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.	<b>Increase of capital by the Company how carried into effect</b>
<b>5.</b>	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	<b>New Capital same as existing capital</b>
<b>6.</b>	The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.	<b>Non Voting Shares</b>
<b>7.</b>	Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.	<b>Redeemable Preference Shares</b>
<b>8.</b>	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.	<b>Voting rights of preference shares</b>
<b>9.</b>	On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:	<b>Provisions to apply on issue of Redeemable Preference Shares</b>

Sr. No	Particulars	
	<p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p>	
10.	<p>The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>	<b>Reduction of capital</b>
11.	<p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.</p>	<b>Debentures</b>
12.	<p>The Company may exercise the powers of issuing sweat equity shares conferred by Section 54of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.</p>	<b>Issue of Sweat Equity Shares</b>
13.	<p>The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.</p>	<b>ESOP</b>
14.	<p>Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.</p>	<b>Buy Back of shares</b>
15.	<p>Subject to the provisions of Section 61of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting</p>	<b>Consolidation, Sub-Division And Cancellation</b>

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	may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	
16.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.	<b>Issue of Depository Receipts</b>
17.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.	<b>Issue of Securities</b>
<b>MODIFICATION OF CLASS RIGHTS</b>		
18.	(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting. Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.	<b>Modification of rights</b>
	(b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.	<b>New Issue of Shares not to affect rights attached to existing shares of that class.</b>
19.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.	<b>Shares at the disposal of the Directors.</b>
20.	The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.	<b>Power to issue shares on preferential basis.</b>
21.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	<b>Shares should be Numbered progressively and no share to be subdivided.</b>
22.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person	<b>Acceptance of Shares.</b>

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	who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.	
23.	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.	<b>Directors may allot shares as full paid-up</b>
24.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.	<b>Deposit and call etc. to be a debt payable immediately.</b>
25.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.	<b>Liability of Members.</b>
26.	Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.	<b>Registration of Shares.</b>
	<b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b>	
27.	The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act	
	<b>CERTIFICATES</b>	
28.	(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be	<b>Share Certificates.</b>

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	<p>entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>	
29.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf. The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>	<b>Issue of new certificates in place of those defaced, lost or destroyed.</b>
30.	<p>(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.</p>	<b>The first named joint holder deemed Sole holder.</b>
	<p>(b) The Company shall not be bound to register more than three persons as the joint holders of any share.</p>	<b>Maximum number of joint holders.</b>
31.	<p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.</p>	<b>Company not bound to recognise any interest in share other than that of registered holders.</b>
32.	<p>If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.</p>	<b>Installment on shares to be duly paid.</b>
	<b>UNDERWRITING AND BROKERAGE</b>	
33.	<p>Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or</p>	<b>Commission</b>



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	agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.	
34.	The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.	<b>Brokerage</b>
	<b>CALLS</b>	
35.	(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.	<b>Directors may make calls</b>
36.	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.	<b>Notice of Calls</b>
37.	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.	<b>Calls to date from resolution.</b>
38.	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.	<b>Calls on uniform basis.</b>
39.	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	<b>Directors may extend time.</b>
40.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.	<b>Calls to carry interest.</b>
41.	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.	<b>Sums deemed to be calls.</b>
42.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who	<b>Proof on trial of suit for money due on shares.</b>

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	made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	
43.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.	<b>Judgment, decree, partial payment motto proceed for forfeiture.</b>
44.	<p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.</p>	<b>Payments in Anticipation of calls may carry interest</b>
	<b>LIEN</b>	
45.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares	<b>Company to have Lien on shares.</b>
46.	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.	<b>As to enforcing lien by sale.</b>

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47.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	<b>Application of proceeds of sale.</b>
<b>FORFEITURE AND SURRENDER OF SHARES</b>		
48.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.	<b>If call or installment not paid, notice maybe given.</b>
49.	The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.	<b>Terms of notice.</b>
50.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.	<b>On default of payment, shares to be forfeited.</b>
51.	When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.	<b>Notice of forfeiture to a Member</b>
52.	Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.	<b>Forfeited shares to be property of the Company and maybe sold etc.</b>
53.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.	<b>Members still liable to pay money owing at time of forfeiture and interest.</b>
54.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.	<b>Effect of forfeiture.</b>
55.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in	<b>Evidence of Forfeiture.</b>



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	accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.	
56.	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.	<b>Title of purchaser and allottee of Forfeited shares.</b>
57.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.	<b>Cancellation of share certificate in respect of forfeited shares.</b>
58.	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.	<b>Forfeiture may be remitted.</b>
59.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	<b>Validity of sale</b>
60.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.	<b>Surrender of shares.</b>
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
61.	(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.	<b>Execution of the instrument of shares.</b>
62.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange;	<b>Transfer Form.</b>
63.	The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of	<b>Transfer not to be registered except on production of instrument of transfer.</b>

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	the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.	
64.	Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register— (a) any transfer of shares on which the company has a lien. That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;	<b>Directors may refuse to register transfer.</b>
65.	If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.	<b>Notice of refusal to be given to transferor and transferee.</b>
66.	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.	<b>No fee on transfer.</b>
67.	The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.	<b>Closure of Register of Members or debentureholder or other security holders..</b>
68.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.	<b>Custody of transfer Deeds.</b>
69.	Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.	<b>Application for transfer of partly paid shares.</b>
70.	For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.	<b>Notice to transferee.</b>
71.	(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares. (b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.	<b>Recognition of legal representative.</b>

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72.	The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.	<b>Titles of Shares of deceased Member</b>
73.	Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.	<b>Notice of application when to be given</b>
74.	Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.	<b>Registration of persons entitled to share otherwise than by transfer. (transmission clause).</b>
75.	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.	<b>Refusal to register nominee.</b>
76.	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.	<b>Board may require evidence of transmission.</b>
77.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.	<b>Company not liable for disregard of a notice prohibiting registration of transfer.</b>
78.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place	<b>Form of transfer Outside India.</b>

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	where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.	
79.	No transfer shall be made to any minor, insolvent or person of unsound mind.	<b>No transfer to insolvent etc.</b>
	<b>NOMINATION</b>	
80.	<p>i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>	<b>Nomination</b>
81.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</p> <p>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>	<b>Transmission of Securities by nominee</b>
	<b>DEMATERIALIZATION OF SHARES</b>	
82.	Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.	<b>Dematerialisation of Securities</b>
	<b>JOINT HOLDER</b>	
83.	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.	<b>Joint Holders</b>
84.	(a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.	<b>Joint and several liabilities for all payments in respect of shares.</b>
	(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a	<b>Title of survivors.</b>

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	deceased joint holder from any liability of shares held by them jointly with any other person;	
	(c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and	<b>Receipts of one sufficient.</b>
	(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.	<b>Delivery of certificate and giving of notices to first named holders.</b>
<b>SHARE WARRANTS</b>		
<b>85.</b>	The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.	<b>Power to issue share warrants</b>
<b>86.</b>	<p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p>	<b>Deposit of share warrants</b>
<b>87.</b>	<p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>	<b>Privileges and disabilities of the holders of share warrant</b>
<b>88.</b>	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.	<b>Issue of new share warrant coupons</b>
<b>CONVERSION OF SHARES INTO STOCK</b>		
<b>89.</b>	<p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>	<b>Conversion of shares into stock or reconversion.</b>
<b>90.</b>	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	<b>Transfer of stock.</b>
<b>91.</b>	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be	<b>Rights of stock holders.</b>



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	conferred by an amount of stock which would not, if existing in shares , have conferred that privilege or advantage.	
92.	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.	<b>Regulations.</b>
	<b>BORROWING POWERS</b>	
93.	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.	<b>Power to borrow.</b>
94.	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.	<b>Issue of discount etc. or with special privileges.</b>
95.	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.	<b>Securing payment or repayment of Moneys borrowed.</b>
96.	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.	<b>Bonds, Debentures etc. to be under the control of the Directors.</b>
97.	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	<b>Mortgage of uncalled Capital.</b>
98.	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.	<b>Indemnity may be given.</b>
	<b>MEETINGS OF MEMBERS</b>	
99.	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.	<b>Distinction between AGM &amp; EGM.</b>

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100.	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members	<b>Extra-Ordinary General Meeting by Board and by requisition</b>
	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.	<b>When a Director or any two Members may call an Extra-Ordinary General Meeting</b>
101.	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.	<b>Meeting not to transact business not mentioned in notice.</b>
102.	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.	<b>Chairman of General Meeting</b>
103.	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.	<b>Business confined to election of Chairman whilst chair is vacant.</b>
104.	<p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	<b>Chairman with consent may adjourn meeting.</b>
105.	In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.	<b>Chairman's casting vote.</b>
106.	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.	<b>In what case poll taken without adjournment.</b>
107.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	<b>Demand for poll not to prevent transaction of other business.</b>
<b>VOTES OF MEMBERS</b>		
108.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.	<b>Members in arrears not to vote.</b>
109.	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every	<b>Number of votes each member entitled.</b>

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	Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.	
110.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	<b>Casting of votes by a member entitled to more than one vote.</b>
111.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	<b>Vote of member of unsound mind and of minor</b>
112.	Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.	<b>Postal Ballot</b>
113.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	<b>E-Voting</b>
114.	<p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	<b>Votes of joint members.</b>
115.	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles	<b>Votes may be given by proxy or by representative</b>
116.	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.	<b>Representation of a body corporate.</b>
117.	(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.	<b>Members paying money in advance.</b>
	(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.	<b>Members not prohibited if share not held for any specified period.</b>
118.	Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may	<b>Votes in respect of shares of deceased or insolvent members.</b>



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	be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.	
119.	No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.	<b>No votes by proxy on show of hands.</b>
120.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time forholding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	<b>Appointment of a Proxy.</b>
121.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	<b>Form of proxy.</b>
122.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.	<b>Validity of votes given by proxy notwithstanding death of a member.</b>
123.	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.	<b>Time for objections to votes.</b>
124.	Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	<b>Chairperson of the Meeting to be the judge of validity of any vote.</b>
<b>DIRECTORS</b>		
125.	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution	<b>Number of Directors</b>
126.	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.	<b>Qualification shares.</b>
127.	<p>(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to</p>	<b>Nominee Directors.</b>

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	<p>them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>	
128.	The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.	<b>Appointment of alternate Director.</b>
129.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.	<b>Additional Director</b>
130.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.	<b>Directors power to fill casual vacancies.</b>
131.	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.	<b>Sitting Fees.</b>
132.	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.	<b>Travelling expenses Incurred by Director on Company's business.</b>
<b>PROCEEDING OF THE BOARD OF DIRECTORS</b>		
133.	<p>(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.</p> <p>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<b>Meetings of Directors.</b>
134.	<p>a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.</p> <p>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.</p>	<b>Chairperson</b>
135.	Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.	<b>Questions at Board meeting how decided.</b>
136.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for	<b>Continuing directors may act notwithstanding any vacancy in the Board</b>

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	the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	
137.	Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.	<b>Directors may appoint committee.</b>
138.	The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.	<b>Committee Meeting show to be governed.</b>
139.	a) A committee may elect a Chairperson of its meetings. b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	<b>Chairperson of Committee Meetings</b>
140.	a) A committee may meet and adjourn as it thinks fit. b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.	<b>Meetings of the Committee</b>
141.	Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.	<b>Acts of Board or Committee shall be valid notwithstanding defect in appointment.</b>
<b>RETIREMENT AND ROTATION OF DIRECTORS</b>		
142.	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.	<b>Power to fill casual vacancy</b>
<b>POWERS OF THE BOARD</b>		
143.	The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	<b>Powers of the Board</b>
144.	Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say	<b>Certain powers of the Board</b>
	(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company	<b>To acquire any property , rights etc.</b>

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	carrying on the business which this Company is authorised to carry on, in any part of India.	
(2)	Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.	<b>To take on Lease.</b>
(3)	To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.	<b>To erect &amp; construct.</b>
(4)	At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.	<b>To pay for property.</b>
(5)	To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	<b>To insure properties of the Company.</b>
(6)	To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.	<b>To open Bank accounts.</b>
(7)	To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.	<b>To secure contract sby way of mortgage.</b>
(8)	To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.	<b>To accept surrender of shares.</b>
(9)	To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.	<b>To appoint trustees for the Company.</b>
(10)	To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.	<b>To conduct legal proceedings.</b>
(11)	To act on behalf of the Company in all matters relating to bankruptcy insolvency.	<b>Bankruptcy &amp; Insolvency</b>
(12)	To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.	<b>To issue receipts &amp; give discharge.</b>

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	(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.	<b>To invest and deal with money of the Company.</b>
	(14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;	<b>To give Security by way of indemnity.</b>
	(15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.	<b>To determine signing powers.</b>
	(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.	<b>Commission or share in profits.</b>
	(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.	<b>Bonus etc. to employees.</b>
	(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.	<b>Transfer to Reserve Funds.</b>
	(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and	<b>To appoint and remove officers and other employees.</b>



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	for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.	
	(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.	<b>To appoint Attorneys.</b>
	(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.	<b>To enter into contracts.</b>
	(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.	<b>To make rules.</b>
	(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.	<b>To effect contracts etc.</b>
	(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.	<b>To apply &amp; obtain concessions licenses etc.</b>
	(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.	<b>To pay commissions or interest.</b>
	(26) To redeem preference shares.	<b>To redeem preference shares.</b>
	(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.	<b>To assist charitable or benevolent institutions.</b>
	(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.	
	(30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or	

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	<p>contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p>	
	<p>(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>	
	<b>MANAGING AND WHOLE-TIME DIRECTORS</b>	
145.	<p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A</p>	<b>Powers to appoint Managing/Wholetime Directors.</b>

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	Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.	
146.	The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.	<b>Remuneration of Managing or Wholetime Director.</b>
147.	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-today management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>	<b>Powers and duties of Managing Director or Whole-time Director.</b>
	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>	
148.	<p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.</p>	<b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b>



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	<b>THE SEAL</b>	
<b>149.</b>	<p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.</p>	<b>The seal, its custody and use.</b>
<b>150.</b>	The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.	<b>Deeds how executed.</b>
	<b>Dividend and Reserves</b>	
<b>151.</b>	<p>(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p> <p>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	<b>Division of profits.</b>
<b>152.</b>	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.	<b>The company in General Meeting may declare Dividends.</b>
<b>153.</b>	<p>a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	<b>Transfer to reserves</b>
<b>154.</b>	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	<b>Interim Dividend.</b>
<b>155.</b>	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	<b>Debts may be deducted.</b>
<b>156.</b>	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.	<b>Capital paid up in advance not to earn dividend.</b>

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157.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.	<b>Dividends in proportion to amount paid-up.</b>
158.	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.	<b>Retention of dividends until completion of transfer under Articles .</b>
159.	No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.	<b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b>
160.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	<b>Effect of transfer of shares.</b>
161.	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.	<b>Dividend to joint holders.</b>
162.	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	<b>Dividends how remitted.</b>
163.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	<b>Notice of dividend.</b>
164.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.	<b>No interest on Dividends.</b>
<b>CAPITALIZATION</b>		
165.	<p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p>	<b>Capitalization.</b>

Sr. No	Particulars	
	(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.	
<b>166.</b>	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>	<b>Fractional Certificates.</b>
<b>167.</b>	<p>(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.</p>	<b>Inspection of Minutes Books of General Meetings.</b>
<b>168.</b>	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.</p>	<b>Inspection of Accounts</b>
<b>FOREIGN REGISTER</b>		
<b>169.</b>	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.	<b>Foreign Register.</b>
<b>DOCUMENTS AND SERVICE OF NOTICES</b>		
<b>170.</b>	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.	<b>Signing of documents &amp; notices to be served or given.</b>
<b>171.</b>	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.	<b>Authentication of documents and proceedings.</b>
<b>WINDING UP</b>		

Sr. No	Particulars	
172.	<p>Subject to the provisions of Chapter XX of the Act and rules made thereunder—</p> <p>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p> <p>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>	
<b>INDEMNITY</b>		
173.	<p>Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.</p>	<b>Directors' and others right to indemnity.</b>
174.	<p>Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.</p>	<b>Not responsible for acts of others</b>
<b>SECURITY</b>		
175.	<p>(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>	<b>Secrecy</b>
	<p>(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the</p>	<b>Access to property information etc.</b>

Sr. No	Particulars	
	<p>Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.</p>	

## SECTION X – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which were attached to the copy of the Red Herring Prospectus which has been delivered to the RoC for registration and will also be attached to the copy of this Prospectus which shall be filed with the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, were provided for inspection at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/Offer Closing Date.

#### Material Contracts

1. Offer Agreement dated September 23, 2020 between our Company, the Selling Shareholders and the Book Running Lead Managers.
2. Agreement between Bigshare Services Private Limited and our Company dated September 23, 2020 appointing them as the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated February 10, 2021 entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer Bank(s), Refund Bank(s) and the Sponsor Bank.
4. Share Escrow Agreement dated February 10, 2021 entered into among the Selling Shareholders, our Company and the Share Escrow Agent.
5. Underwriting Agreement dated February 27, 2021 between our Company, the Selling shareholders and Underwriters.
6. Syndicate Agreement dated February 10, 2021 between our Company, the Selling Shareholders, Book Running Lead Managers and Syndicate Members.
7. Tripartite agreement between NSDL, our Company and Registrar to the Offer dated March 19, 2012.
8. Tripartite agreement between CDSL, our Company and Registrar to the Offer dated May 28, 2018.

#### Material Documents

1. Certificate of Incorporation of our Company dated March 17, 1992, issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
2. Fresh certificate of incorporation consequent upon change of name from '*Heranba Industrial Chemicals Private Limited*' to '*Heranba Industrial Chemicals Limited*' dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
3. Fresh certificate of incorporation consequent upon change of name from '*Heranba Industrial Chemicals Limited*' to '*Heranba Industries Limited*' dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
4. Certified true copy of the Memorandum and Articles of Association of our Company, as amended.
5. Resolution passed at the meeting of the Board of Directors held September 9, 2020 authorizing the Offer.
6. Special resolution of the Shareholders passed at the Extra-ordinary General Meeting dated September 16, 2020 authorizing the Offer.
7. Resolution of the Board dated September 23, 2020 approving the Draft Red Herring Prospectus, resolution of the Board dated February 10, 2021 approving the Red Herring Prospectus and resolution of the Board dated February 27, 2021 approving the Prospectus..

8. Consent letter dated September 8, 2020 by Sadashiv K. Shetty (Selling Shareholder); consent letter dated September 8, 2020 by Raghuram K. Shetty (Selling Shareholder); consent letter dated September 8, 2020 by SAMS Industries Limited (Selling Shareholder); consent letter dated September 8, 2020 by Babu K. Shetty (Selling Shareholder); and consent letter dated September 8, 2020 by Vittala K. Bhandary (Selling Shareholder) authorising the Offer for Sale.
9. Statement of Tax Benefits dated December 7, 2020 issued by our Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants.
10. Report of our Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants on Restated IND AS Financial Statements dated December 4, 2020, included in this Prospectus.
11. Industry report titled “India Pyrethroids Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025” dated March, 2020, prepared by The International Market Analysis Research and Consulting Group.
12. Copies of annual reports of our Company for Fiscal 2020, 2019 and 2018.
13. Copy of the agreement dated July 24, 2020 for the appointment of Sadashiv K. Shetty as the Chairman & Executive Director.
14. Copy of the agreement dated July 24, 2020 for the appointment of Raghuram K. Shetty as the Managing Director.
15. Copy of the agreement dated July 24, 2020 for the appointment of Sujata S. Shetty as the Whole-time Director.
16. Copy of the agreement dated July 24, 2020 for the appointment of Vanita R. Shetty as the Whole-time Director.
17. Copy of the agreement dated July 24, 2020 for the appointment of Raunak R. Shetty as the Whole-time Director.
18. Copy of personal guarantee issued by our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty and our Directors and members of our Promoter Group, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty dated June 16, 2020 in favour of Bank of Baroda.
19. Copy of personal guarantee issued by our Promoters, Sadashiv K. Shetty & Raghuram K. Shetty and Director and member of our Promoter Group, Sujata S. Shetty and other members of our Promoter Group, Shriraj S. Shetty & Shreya S. dated March 27, 2019 in favour of Aditya Birla Finance Limited.
20. Copy of report of the Expert Committee under the Chairmanship of Dr. Anupam Verma dated November 9, 2015.
21. Consents of Selling Shareholders, Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Independent Peer Reviewed Auditor, Legal Advisor to the Offer, Banker to our Company, the Book Running Lead Managers, Registrar to the Offer, Underwriters, Bankers to the Offer, to act in their respective capacities.
22. Consent from the Bank of Baroda, being the lender of our Company.
23. Consent of the Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants to include its name as required under Section 26(5) of the Companies Act, 2013 in the Red Herring Prospectus and in this Prospectus and as “expert” as defined under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect of the report of the Statutory Auditor on the Restated Financial Statements, and the statement of tax benefits included in the Red Herring Prospectus and in this Prospectus.
24. Consent dated February 27, 2021 of the Statutory Auditor for incorporating the Auditor Examination Report dated December 4, 2020 in this Prospectus.
25. Consent of B.V. Anjaria, Chartered Engineer & Consultant to include their name as required under Section 26(5) of the Companies Act, 2013 in this Prospectus and as an “Expert” as required under Section 2(38) of the Companies Act, 2013 read with SEBI ICDR Regulations, in respect to the assessment of capacity utilisation of our manufacturing facilities and the certificate issued by him to our Company.
26. Due Diligence Certificate dated September 23, 2020 from the Book Running Lead Managers to SEBI.

27. Copy of in-principle approval from BSE Limited *vide* letter dated November 10, 2020 and National Stock Exchange of India Limited *vide* letter dated November 23, 2020 to use their name in offer document for listing of Equity Shares.
28. Final observation letter dated November 27, 2020 from SEBI.

Any of the contracts or documents mentioned in this Prospectus 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, the undersigned, hereby declare that, all the relevant provisions of the Companies Act, and the guidelines/ regulations issued by the Government of India or the guidelines and regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct.

### SIGNED BY DIRECTORS OF OUR COMPANY

<b>Name and Designation</b>	<b>Signature</b>
<b>Sadashiv K. Shetty</b> <i>Chairman and Executive Director</i>	Sd/-
<b>Raghuram K. Shetty</b> <i>Managing Director</i>	Sd/-
<b>Sujata S. Shetty</b> <i>Whole-time Director</i>	Sd/-
<b>Vanita R. Shetty</b> <i>Whole-time Director</i>	Sd/-
<b>Raunak R. Shetty</b> <i>Whole-time Director</i>	Sd/-
<b>Kaushik H. Gandhi</b> <i>Independent Director</i>	Sd/-
<b>Mulky V. Shetty</b> <i>Independent Director</i>	Sd/-
<b>Anil Kumar M. Marlecha</b> <i>Independent Director</i>	Sd/-
<b>Ganesh V. Vanmali</b> <i>Independent Director</i>	Sd/-
<b>Nimesh S. Singh</b> <i>Independent Director</i>	Sd/-

**Signed by the – Chief Financial Officer**

Sd/-  
**Maheshwar V. Godbole**  
*Chief Financial Officer*

Place: Mumbai

Date: February 27, 2021

## **DECLARATION BY SELLING SHAREHOLDER**

Sadashiv K. Shetty certifies and confirms that all statements and undertakings made or confirmed by him in this Prospectus specifically in relation to himself and the Equity Shares offered by him in the Offer for Sale are true and correct. Sadashiv K. Shetty assumes no responsibility for any other statements or undertakings including statements or undertakings made or confirmed by the Company or any other persons(s) in this Prospectus.

**Signed by the – Selling Shareholder**

**Sd/-  
Sadashiv K. Shetty**

Place: Mumbai

Date: February 27, 2021

### **DECLARATION BY SELLING SHAREHOLDER**

Raghuram K. Shetty certifies and confirms that all statements and undertakings made or confirmed by him in this Prospectus specifically in relation to himself and the Equity Shares offered by him in the Offer for Sale are true and correct. Raghuram K. Shetty assumes no responsibility for any other statements or undertakings including statements or undertakings made or confirmed by the Company or any other persons(s) in this Prospectus.

**Signed by the – Selling Shareholder**

**Sd/-  
Raghuram K. Shetty**

Place: Mumbai

Date: February 27, 2021

## **DECLARATION BY SELLING SHAREHOLDER**

SAMS Industries Limited certifies and confirms that all statements and undertakings made or confirmed by it in this Prospectus specifically in relation to itself and the Equity Shares offered by it in the Offer for Sale are true and correct. SAMS Industries Limited assumes no responsibility for any other statements or undertakings including statements or undertakings made or confirmed by the Company or any other persons(s) in this Prospectus.

**Signed by the – Selling Shareholder**

For and on behalf of **SAMS Industries Limited**

**Sd/-**

**Raghuram K. Shetty**

Place: Mumbai

Date: February 27, 2021

## **DECLARATION BY SELLING SHAREHOLDER**

Babu K. Shetty certifies and confirms that all statements and undertakings made or confirmed by him in this Prospectus specifically in relation to himself and the Equity Shares offered by him in the Offer for Sale are true and correct. Babu K. Shetty assumes no responsibility for any other statements or undertakings including statements or undertakings made or confirmed by the Company or any other persons(s) in this Prospectus.

**Signed by the – Selling Shareholder**

**Sd/-  
Babu K. Shetty**

Place: Mumbai

Date: February 27, 2021

## **DECLARATION BY SELLING SHAREHOLDER**

Vittala K. Bhandary certifies and confirms that all statements and undertakings made or confirmed by him in this Prospectus specifically in relation to himself and the Equity Shares offered by him in the Offer for Sale are true and correct. Vittala K. Bhandary assumes no responsibility for any other statements or undertakings including statements or undertakings made or confirmed by the Company or any other persons(s) in this Prospectus.

**Signed by the – Selling Shareholder**

**Sd/-  
Vittala K. Bhandary**

Place: Mumbai

Date: February 27, 2021