HATSUN AGRO PRODUCT LIMITED

Our Company was incorporated as a private limited company under the Companies Act, 1956 as "Hatsun Foods Private Limited" vide a certificate of incorporation dated March 4, 1986 issued by the Registrar of Companies, Tamil Nadu at Chennai (the "**RoC**"). Subsequently, the name of our Company was changed to "Hatsun Milk Food Private Limited" and a fresh certificate of incorporation was issued on August 7, 1995. The name of our Company was further changed to "Hatsun Milk Food Limited" and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. The name of our Company was further changed to "Hatsun Agro Product Limited" pursuant to a fresh certificate of incorporation issued by the RoC on April 7, 1998. For details of the changes in the address of the registered office, please see the section entitled "*General Information*" on page 36.

Registered Office: No.41 (49), Janakiram Colony Main Road, Janakiram Colony, Arumbakkam, Chennai - 600 106; **Telephone**: +91 44 4365 9999
Corporate Office: Plot No. 14, TNHB, TN Housing Board, 'A' Road, Sholinganallur, Chennai – 600 119**; Telephone**: +91 44 2450 1622
Contact Person: G. Somasundaram, Company Secretary and Compliance Officer
E-mail: secretarial@hap.in; **Website**: www.hap.in
Corporate Identification Number: L15499TN1986PLC012747

OUR PROMOTER: CHANDRAMOGAN R.G.

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

ISSUE OF UP TO 71,85,444 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 419 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 418 PER EQUITY SHARE) AGGREGATING UP TO ₹ 30,107.02* LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 30 (THIRTY) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON DECEMBER 8, 2022 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE THE SECTION ENTITLED "TERMS OF THE ISSUE" ON PAGE 180.

**Assuming full subscription*

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company, our Promoter nor Directors are categorized as Wilful Defaulters or Fraudulent Borrowers.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" on page 14 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated November 29, 2022, and November 30, 2022, respectively. Our Company will also make applications to NSE and BSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER	REGISTRAR TO THE ISSUE
Axis Capital Limited 1st Floor, Axis House C-2, Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India **Telephone:** + 91 22 4325 2183 **E-mail:** hap.rights@axiscap.in **Investor grievance E-mail:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact person:** Pratik Pednekar **SEBI Registration No.:** INM000012029	**Link Intime India Private Limited** C 101, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Telephone**: +91 810 811 4949 **E-mail**: hatsunagro.rights@linkintime.co.in **Investor Grievance e-mail**: hatsunagro.rights@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Sumeet Deshpande **SEBI Registration Number**: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION *	ISSUE CLOSES ON**
Monday, December 19, 2022	Tuesday, January 3, 2023	Monday, January 9, 2023

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

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

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TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI Listing Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in the sections entitled "Summary of Letter of Offer", "Financial Statements", "Statement of Special Tax Benefits", "Outstanding Litigation and Defaults", "Terms of the Issue" on pages 12, 80, 54, 164 and 180 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

Term	Description
Articles of Association or Articles	Articles of Association of our Company, as amended
"Our Company", "the Company", "the Issuer", "We" or "our" or "Us" or "Hatsun"	Hatsun Agro Product Limited, a public limited company incorporated under the companies Act, 1956 and having its registered office at No.41 (49), Janakiram Colony Main Road, Janakiram Colony, Arumbakkam, Chennai – 600 106.
Annual Financial Statements	The audited financial statements of our Company as at and for the financial years ended March 31, 2022 (along with comparative financial statements for the year ended March 31, 2021) prepared in accordance with applicable accounting standards, which comprises the balance sheet as at March 31, 2022 (along with comparative balance sheet as at March 31, 2021) and the statement of profit and loss, including other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details, please see the section entitled "*Financial Statements*" on page 80.
Board of Directors or Board	Board of directors of our Company
Corporate Office	Plot No. 14, TNHB, TN Housing Board, 'A' Road, Sholinganallur, Chennai – 600 119
Director(s)	The directors on the Board of our Company, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹1 each of our Company
Executive Director(s)	Executive directors of our Company, unless otherwise specified
Financial Statements	Annual Financial Statements and Unaudited Financial Results. For details, please see the section entitled "*Financial Statements*" on page 80
Independent Director(s)	Independent directors on the Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For details, see "*Our Management"* on page 75.
Materiality Threshold	Materiality threshold adopted by our Company in relation to the disclosure of civil and tax proceedings involving our Company of an amount equivalent to or exceeding 1% of the profit after tax of our Company for the year ended March 31, 2022 as per the Audited Financial Statements; or in excess of 1% of the net worth of our Company as on March 31, 2022 as per the Audited Financial Statements, whichever is lower, solely for the purpose of the Issue, being ₹ 217.91 lakhs, which is 1% of the profit after tax of our Company for the year ended March 31, 2022 and ₹ 1,108. 77 lakhs, which is 1% of the net worth of our Company as on March 31, 2022, respectively. Accordingly, ₹ 217.91 lakhs, which is 1% of the profit after tax of our Company for the year ended March 31, 2022, has been considered as the Materiality Threshold for identification of material litigation involving our Company.

Term	Description
Memorandum of Association or Memorandum	Memorandum of Association of our Company, as amended
Non-Executive Director(s)	A Director, not being an Executive Director of our Company
Promoter	The promoter of our Company being Chandramogan R.G.
Promoter Group	Promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, comprising Sathyan C., Lalitha C., Deviga Suresh, Vivin Srinesh, Dolly Sathyan and Vismita Sathyan.
Registered Office	The registered office of our Company situated at No.41 (49), Janakiram Colony Main Road, Janakiram Colony, Arumbakkam, Chennai – 600 106
Statutory Auditors	Statutory auditors of our Company namely, Deloitte Haskins & Sells LLP
Unaudited Financial Results	The unaudited financial results of our Company as at and for the six-month period ended September 30, 2022 (along with comparative unaudited financial results for our Company as at and for the six-months period ended September 30, 2021)

Issue Related Terms

Term	Description
Abridged Letter of Offer/ ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment/ Allot/ Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Account Banks	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, Axis Bank Limited
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted Rights Equity pursuant to Issue
Applicant(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application i.e., ₹419 per Rights Equity Share in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Applicant/ ASBA Investor	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Banker to the Issue/ Escrow Collection Banks	Collectively, Escrow Collection Bank, Allotment Account Bank and Refund Bank, in this case being Axis Bank Limited.
Banker to the Issue Agreement	Agreement dated December 3, 2022 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/ Investors and providing such other facilities and services as specified in the agreement.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in

Term	Description
	consultation with the Designated Stock Exchange in this Issue, as described in the section entitled “*Terms of the Issue*” on page 180.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Designated Branches	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, please see the section entitled “*Notice to Investors*” on page 7
Equity Shareholder(s) / Shareholders	Holder(s) of the Equity Shares of our Company
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, Axis Bank Limited.
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, i.e. December 8, 2022 and the Renouncee(s)
Issue	This issue of up to 71,85,444 Rights Equity Shares for cash at a price of ₹419 per Rights Equity Share **(**including a premium of ₹418 per Rights Equity Share**)** aggregating up to ₹30,107.02* Lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1(one) Rights Equity Share for every 30(thirty) fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date. **Assuming full subscription*
Issue Agreement	Issue agreement dated December 3, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	Monday, January 9, 2023
Issue Opening Date	Monday, December 19, 2022
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 419 per Rights Equity Share
Issue Proceeds / Gross Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to 71,85,444 Rights Equity Shares for cash at a price of ₹419 per Rights Equity Share **(**including a premium of ₹418 per Rights Equity Shares**)** aggregating up to ₹ 30,107.02* Lakhs **Assuming full subscription*
Lead Manager	Axis Capital Limited
Letter of Offer	This letter of offer dated December 3, 2022 filed with the Stock Exchanges and SEBI
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency Agreement	Agreement dated December 3, 2022 between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see the section entitled “*Objects of the Issue*” on page 46
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before Tuesday, January 3, 2023.
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them

Term	Description
	through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being Thursday, December 8, 2022
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited
Registrar Agreement	Agreement dated December 3, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Company / Registrar and Share Transfer Agent	Integrated Registry Management Services Private Limited
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Rights Entitlement / RE	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 1 (one) Rights Equity Share for every 30 (thirty) Equity Shares held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements. The Rights Entitlements with a separate ISIN: INE473B20019 will be credited to the respective demat account of Eligible Equity Shareholder before the date of opening of the Issue, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
Rights Issue Committee	Rights Issue Committee of the Board constituted for the Issue
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed *i.e.* BSE and NSE
Transfer Date	The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter or Fraudulent Borrower	Company or person, as the case may be, categorised as a wilful defaulter or fraudulent borrower by any bank or financial institution (as defined under the Companies Act) or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by RBI.
Working Days	In terms of Regulation 2(1)(mmm) of the SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rs. Or Rupees or INR	Indian Rupee
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CIN	Corporate Identification Number
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable

Term/Abbreviation	Description/ Full Form
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made thereunder
CY	Calendar Year
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EPS	Earnings per share
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / FY	Period of 12 months ending March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FSS Act	Food Safety and Standards Act, 2006
FSSAI	Food Safety and Standards Authority of India
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International securities identification number
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net asset value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of 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
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	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
p.a.	Per annum
PAN	Permanent account number
RBI	Reserve Bank of India
RoC	Registrar of Companies, Tamil Nadu at Chennai
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000

Term/Abbreviation	Description/ Full Form
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PIT Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022, and any other circular issued by SEBI in this regard.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
State Government	Government of a State of India
U.S./USA/United States	United States of America, including the territories or possessions thereof

Industry Related Terms

Term/Abbreviation	Description/ Full Form
ABCs	Active Bulk Coolers
CRISIL Report	The report entitled “Dairy Outlook” dated July 2022 prepared by CRISIL Limited
HMBs	Hatsun Milk Banks
Horeca	Hotels, restaurants and catering
Kgs.	kilograms
L	litres
LLPD	Lakh litres per day
PET	Polyethylene terephthalate
TVAP	Traditional value-added products

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlement and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other materials relating to Issue will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar to the Issue, the Lead Manager and the Stock Exchanges.

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

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any offering materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer or the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the section entitled "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" on page 177.

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

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

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

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

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) 'India' are to the Republic of India and its territories and possessions; and (ii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Financial Statements. Our Company's Fiscal commences on April 1 of each calendar year and ends on March 31 of the following calendar year. For details of the financial statements, please see the section entitled "*Financial Statements*" on page 80. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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

Non-GAAP Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA and total expenses have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer, including in "*Risk Factors*", "*Industry Overview*" and "*Our Business"* on pages 14, 60 and 66, has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Further, the information has also been derived from report entitled "*Dairy Outlook*" dated July, 2022 (the "**CRISIL Report**") prepared by CRISIL Research. The CRISIL Report has been prepared and issued by CRISIL Research only for the purposes of confirming our understanding of the Indian dairy industry in connection with the Issue, for an agreed fees.

The CRISIL Report is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Hatsun Agro Product Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made solely on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Currency of Presentation

All references to

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of the Republic of India
- ‘US$’, ‘USD’, ‘$’ and ‘U.S. dollars’ are to the legal currency of the United States of America

Please note:

- One billion is equal to 1,000,000,000 or 10,000 lakhs
- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of September 30, 2022 (in ₹)	As of September 30, 2021 (in ₹)	As of March 31, 2022 (in ₹)	As of March 31, 2021 (in ₹)
1.	1 USD	81.55	74.26	75.81	73.50

(Source: www.fbil.org.in*)*

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as, 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

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

- reduced sales, product liability and damage to our reputation on account of real or perceived product spoilage, tampering or adulteration of our products;
- disruption or shutdown of our production and manufacturing operations or under-utilisation of our processing and manufacturing facilities or our failure to commission our new facilities successfully;
- inability to procure adequate amounts of good quality raw milk, at competitive prices;
- failure to maintain and enhance our brand and reputation, consumers' recognition of our brands; and
- highly competitive market for the dairy industry.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*" and "*Our Business*" on pages 14 and 66, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the 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 Letter of Offer, including, the sections entitled "*Objects of the Issue*", "*Our Business*", "*Outstanding Litigation and Defaults*" and "*Risk Factors*" beginning on pages 46, 66, 164 and 14, respectively.

Primary Business of the Issuer

We are a dairy company based in south India. Our business model in India consists of procurement, processing, distribution and marketing operations of dairy products. We procure raw milk from the farmers and manufacture various dairy based products. We also manufacture cattle feed.

Objects of the Issue

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

(in ₹ lakhs)

Particulars	Estimated amount (up to)
Repayment or pre-payment, in full or part, of certain outstanding borrowings availed by our Company	28,579.87
General corporate purposes*	1,000.00
Total Net Proceeds**	**29,579.87**

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

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

For further details, please see the section entitled *"Objects of the Issue"* on page 46.

Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement

Our Promoter and members of our Promoter Group, have confirmed to (a) subscribe to the full extent of their Rights Entitlement and not renounce their Rights Entitlement; and (b) subscribe to, any Rights Entitlement renounced in their favour or additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations.

The Promoter has confirmed that such acquisition of Equity Shares will not result in a change of control or the management of our Company, and any such acquisition shall be subject to the aggregate shareholding of the Promoter and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue.

Any participation by our Promoter and Promoter Group, over and above the Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

As on date of the Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and defaults

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

Nature of Cases	Number of Cases		Amount Involved* (₹ Lakhs)
	By our Company	Against our Company	
Proceedings involving issues of moral turpitude or criminal liability	-	2	-
Proceedings involving material violations of statutory regulations	-	7	-
Proceedings involving an amount exceeding the Materiality	4	-	125.75

Nature of Cases	Number of Cases		Amount Involved* (₹ Lakhs)
	By our Company	Against our Company	
Threshold or where the amount is not quantifiable or is below the Materiality Threshold, but which materially and adversely affects the operations or the financial position of our Company			
Other criminal matters initiated by our Company (under Section 138 of the Negotiable Instruments Act, 1881**)**	47	-	90.87
Tax proceedings			
- Direct Tax	-	3	4,241.06
- Indirect Tax	1	6	1,597.54
Nature of Cases	**Number of Cases**		**Amount Involved* (₹ Lakhs)**
Action initiated by SEBI against the entities operating in the Securities Market with which Directors are associated	4		-

**To the extent quantifiable*

For further details, please see section entitled "*Outstanding Litigation and Defaults*" and "*Other Regulatory and Statutory Disclosures*" on pages 164 and 171, respectively.

Risk Factors

For details, please see the section entitled "*Risk Factors*" on page 14. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities, please see the section entitled "*Financial Statements*" on page 80.

Related party transactions

For details regarding our related party transactions, please see the section entitled "*Financial Statements*" on page 80.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information disclosed in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are those that we consider to be most significant to our business, cash flows, results of operations and financial conditions as of the date of this Letter of Offer. However, they are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, cash flows, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Our Business", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 66, 80 and 147 respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, cash flows, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of the value of your investment. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For further information, see "Forward Looking Statements" on page 11.

Our financial year ends on March 31 of each year, and references to a 'Fiscal' are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements, included in this Letter of Offer. For further information, see "Financial Statements" on page 80.

INTERNAL RISK FACTORS

1. ***Real or perceived product spoilage, tampering or adulteration of our products could result in reduced sales, product liability and damage to our reputation, and subject us to regulatory action which may adversely affect our business prospects, results of operations and financial condition.***

We produce a range of dairy products from raw milk, including curd, ghee, butter, paneer, ice-cream, yoghurt, skimmed milk powder, lassi, butter milk, cheese spread, and dairy whitener. Each such dairy product has a specific shelf life which is dependent on temperatures and other conditions of storage depending on the nature of the product. In the event that the procured raw milk or our dairy products are not appropriately processed, stored, handled and transported under specific temperatures and other food safety conditions, the quality of such raw milk and dairy products may be affected, resulting in spoilage or delivery of products of sub-standard quality. Any accident or negligence in the procurement, production or storage of our products under sub-optimal conditions may result in non-compliance with applicable regulatory standards or quality standards and storage conditions specified by our customers for such products. Any sale of such non-compliant product may be harmful to the health of end consumers of our dairy products, and any such event may expose us to liabilities and claims which could adversely affect our brand image and reputation. Any such event may have a material and adverse effect on our business prospects, results of operations and financial condition.

We are subject to various regulations relating to product liability, including in particular relating to food safety of our products. We sell products for human consumption, which involves risks such as product spoilage, product tampering and adulteration, especially as milk is a perishable product. Although we conduct various tests before procurement of raw milk, there can be no assurance that such testing and verification on quality of the raw milk checks conducted by us will be accurate at all times. If our products are found to be deteriorated or reported to be associated with any such incidents due to product spoilage, product tampering and adulteration, our reputation, business, prospects, financial condition and results of operations could be materially and adversely affected. There can be no assurance that we will succeed in avoiding any such incident during the production and transportation of our products in the future. In addition to product liability claims, if our products are found to be contaminated, we may be subject to regulatory actions. Furthermore, the mere allegations that our milk or milk products contain or have contained any contaminants could damage our reputation and have a material adverse effect on our business, regardless of whether these reports have any factual basis. For instance, our Company has received multiple notices from FSSAI alleging misbranding, adulteration and licensing of our products. For further details regarding outstanding matters, please refer to section "*Outstanding Litigation and Defaults – Proceedings involving material violations of statutory regulations by our Company*" beginning on page 164.

There can be no assurance that our retail customers, or unrelated third parties, will not bring claims against us in the future that may result in adverse publicity. In case of any such product liability claims, there can also be no assurance that any product liability insurance will be sufficient to indemnify us against such liabilities. Any such product liability claim or incidents arising due to product spoilage, product tampering and other adulteration of our products may adversely affect business prospects, results of operations and financial condition.

2. A disruption or shutdown of our production and manufacturing operations or under-utilisation of our processing and manufacturing facilities or our failure to commission our new facilities successfully or a shortage or non-availability of fuel, electricity, or water could have an adverse effect on our business, financial condition and results of operations.

Our business is highly dependent upon our ability to manage our 19 processing and manufacturing facilities that are located in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra. Our production and manufacturing facilities are subject to operational risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant Government authorities. Our business is dependent upon our ability to manage our manufacturing facilities effectively, which are subject to various operating risks, including those beyond our control. We also depend on heavy and expensive machinery for manufacture of our products and any breakdown in the machinery may lead to halt in our manufacturing process thus adversely affecting our business and results of operations. Although we have not experienced any material malfunction or delay in the past which would have materially impacted our financial performance, any significant malfunction or breakdown of our machinery may entail high 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 them. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. Our capacity utilisation is also affected by the product requirements by our distributors, suppliers and our institutional customers. For details on capacity utilisation of our production and manufacturing facilities in respect of products, for Fiscals 2022 and 2021 and the period ended September 30, 2022 and September 30, 2021, see "*Our Business – Capacity and Capacity Utilisation*" on page 72. Under-utilisation of our production and manufacturing capacities over extended periods, or significant under-utilisation in the short term, could materially and adversely impact our business, growth prospects and future financial performance.

3. Our operations are dependent on the continuous supply of large amounts of milk, and our inability to procure adequate amounts of good quality raw milk, at competitive prices, may have an adverse effect on our business, results of operations and financial condition.

Our manufacturing operations are dependent on the continuous supply of large amounts of raw milk, which is the primary raw material used in the manufacture of all our dairy products. As on September 30, 2022, we have 19 processing and manufacturing plants located in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra, and our supply chain network includes procurement from milk farmers across the aforementioned States through more than 9,304 Hatsun Milk Banks ("**HMBs**") and 1,304 Active Bulk Coolers ("**ABCs**"). We do not have any formal arrangements with our milk farmers. Our average daily milk procurement for the financial year 2022, and 2021 was approximately 29.94 LLPD and 29.02 LLPD, respectively.

Since we do not have any formal arrangements with milk farmers they are not obligated to supply their milk produce to us and they may choose to sell the raw milk to our competitors. Also, the amount of raw milk procured and the price at which we procure such supplies, may fluctuate from time to time in the absence of a formal supply arrangement. The availability and price of raw milk is subject to a number of factors beyond our control including seasonal factors, environmental factors, general health of cattle in India and Government policies and regulations. For instance, the volume and quality of milk produced by cows is dependent upon the quality of nourishment provided by the cattle feed and could be adversely affected during periods of extreme weather. Further, any disease or epidemic affecting the health of cows in India, especially within our procurement regions, could significantly affect our ability to procure adequate amounts of raw milk. Furthermore, any change in the policies of the Government or the respective State Governments where our operations are based, including those affecting the use or ownership of agricultural land or the dairy industry in general, could adversely affect our business and results of operations.

We cannot assure you that we will be able to procure all of our raw milk requirements at prices acceptable to us, or at all, or that we may be able to pass on any increase in the cost of milk to our customers. Any inability on our part to procure sufficient quantities of raw milk and on commercially acceptable terms, could lead to a decline in our production and sales volumes and value, which could have an adverse effect on our business, results of operations and financial condition.

4. The success of our business strategy depends upon our ability to enhance our brands. Further, if we fail to maintain and enhance our brand and reputation, consumers' recognition of our brands, and trust in us, our products, and are unable to maintain and grow our brand image, our business may be materially and adversely affected.

We primarily market milk and curd under our brand names "Arokya" and "Hatsun" and ice creams under our brand name "Arun". Further, we operate our own outlets under our brand name "IBACO" to sell ice-creams, ice-cream cakes and chocolates. Additionally, we selectively retail milk and other milk products such as curd, ghee, butter, paneer, ice-cream, yoghurt, skimmed milk powder, lassi, butter milk, cheese spread, and dairy whitener in various markets through our retail outlet "HAP Daily". We also manufacture and sell cattle feed under the brand "Santosa" to farmers through our procurement network. Consumers in existing or new markets are likely to be unfamiliar with our brand and products and we may need to build or increase brand awareness in the relevant markets by increasing investments in advertising and promotional activities than we originally planned. We may also face competition with the established brands in the new markets we intend to enter.

We have incurred, and may continue to incur in the future, significant expenditures for advertising and marketing campaigns in an effort to build brand awareness and preference over other public and private label products. In Fiscal 2022 and 2021 and the six-month period ended September 30, 2022 and September 30, 2021, we have incurred ₹ 11,937.09 lakhs, ₹ 8,447.12 lakhs, ₹ 8,330.26 lakhs and ₹ 5,779.87 lakhs, respectively, towards advertising and marketing of our products through the media viz. television serials/soaps, sports, newspapers, banners and hoardings on arterial roads and railway stations. In the event these advertisements and marketing campaigns are poorly executed, or our customers lose confidence in us for any reason, it could harm our ability to attract and retain customers. We may not be successful in our efforts to expand our brand presence and we cannot guarantee that our advertising and marketing campaigns will result in customer or consumer acceptance of our brands.

Our business depends significantly on the strength of our brand and reputation in marketing and selling our products. We believe that continuing to develop awareness of our brand, through focused and consistent branding and marketing initiatives is important for our ability to increase our sales volumes and our revenue, grow our existing market share and expand into new markets. Consequently, product contaminations and defects, consumer complaints, or negative publicity or media reports involving us, or any of our products could harm our brand and reputation and may dilute the impact of our branding and marketing initiatives and adversely affect our business and prospects. Negative media coverage regarding the safety, quality or nutritional value of our products, and the resulting negative publicity, could materially and adversely affect the level of consumer recognition of, and trust in, us and our products. In addition, adverse publicity about any regulatory or legal action against us could damage our reputation and brand image, undermine our consumers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations. Additionally, any delinquent publicity of India's dairy industry relating to food safety, including contamination, due to adulterated supplies of raw materials and inadequate enforcement of food-safety regulations and inspection procedures, which may not have a direct connection with us, may negatively influence consumer perception and demand for our products, which in turn could adversely affect our results of operations. For instance, an individual had begun a campaign in a private television channel in May, 2017 alleging, amongst others, that products of private milk producers contained preservatives or chemicals. Our Company along with other dairy companies, suffered reputational and financial damages as a direct consequence of the allegations made by the individual in television channels and other media against the milk and milk products. As a result, our Company along with other dairy companies filed a plaint in July, 2017 against the individual before the High Court of Judicature at Madras, praying for damages and a permanent injunction against any further allegations. On October 20, 2017, the Madras High Court passed an order directing us to subject our milk and milk products for voluntary test analysis in accredited laboratories once every three months. For further details regarding the matter, please refer to the section "*Outstanding Litigation and Defaults – Proceedings involving an amount exceeding the Materiality Threshold or where amount is not quantifiable or is below the Materiality Threshold but which materially and adversely affect the operations or the financial position of our Company*" on page 165.

Our success in marketing our products also depends on our ability to adapt to a rapidly changing marketing and media environment, including our increasing reliance on direct marketing initiatives. The impact of our marketing initiatives may not be as effective as we anticipate. If we do not successfully maintain, extend and expand our reputation and brand image, then our brands, product sales, financial condition and results of operations could be materially and adversely affected.

Our brand and reputation are among our most important assets and we believe our brands serve in attracting customers to our products in preference over those of our competitors. We believe that continuing to develop awareness of our brands, through focused and consistent branding and marketing initiatives, among retail consumers and institutional customers, is important for our ability to increase our sales volumes and our revenue, grow our existing market share and expand into new markets. Consequently, any adverse publicity involving us, or any of our products may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business and our prospects.

5. The supply of raw milk is subject to seasonal factors and does not necessarily match the seasonal change in demand for our products. Consequently, our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations and financial condition.

The supply of raw milk is subject to seasonal factors. Cows and buffalos generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region. In contrast, the demand for our products such as curd is higher in the first half of the financial year during summer months and the demand for *ghee* is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful and should not be relied upon as accurate indicators of our performance.

Further, while we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Each of our products has a specific shelf life and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

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

Apart from raw milk, we require sugar, cashew nuts, pista nuts, cocoa products, fruit pulp, curd culture and packaging materials for our manufacturing operations. The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We usually do not enter into long term supply contracts with any of the raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers. Our business may also be significantly affected if there are any temporary or permanent closure of operations of such suppliers. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

Further, absence of any contractual exclusivity with respect to our business arrangements with such raw material suppliers poses a threat on our ability to be able to continue to supply our products in the future, if we are unable to procure these raw materials from alternate vendors/sources on time. Any change in preference of our products and end-use customers due to any existing peer or entry of any new peer may have a material adverse effect on our business, financial condition and results of operations.

7. We operate in a highly competitive industry. An inability to maintain our competitive position may adversely affect our business, prospects and future financial performance.

We operate in India's dairy product industry and face strong competition. Competitive factors in the dairy product industry include product quality, taste, price, brand awareness among consumers, advertising and promotion, innovation of products, variety, nutritional content, product packaging and package design. We also face competition from dairy cooperatives which compete on the basis of grants, financial assistance from local and state governments, which a common feature of the Indian milk ecosystems. Some of our competitors may have greater financial resources, wider distribution tie-ups, larger product portfolio, technology, research and development capability, and greater market penetration. They may also have the ability to spend more aggressively on marketing and distribution initiatives and may have more flexibility to respond to changing business and economic conditions than we do. Further, our competitors in certain regional markets may also benefit from raw material sources or manufacturing facilities that are closer to these markets. Our ability to compete largely depends upon our direct marketing initiatives, promotional tie ups, quality and taste of our products, as well as leveraging and engaging through our distribution network.

We cannot assure you that our current or potential competitors will not provide products comparable or superior to those we provide or adapt more quickly than we do to evolving industry trends, changing consumer preferences or changing market requirements, at prices equal to or lower than those of our products. Increased competition may result in our inability to differentiate our products from those of our competitors, which may lead to loss of market share. Accordingly, our failure to compete effectively with our competitors may have an adverse impact on our business, results of operations, financial condition and future prospects.

8. If we are unable to effectively implement our business and growth strategies, our business prospects, results of operations and financial condition may be adversely affected.

Our future success will depend, in large part, on our ability to effectively implement our business and growth strategies, including our strategy to further expand our product portfolio by introducing value added milk products. In particular, we intend to significantly increase our focus on our retail consumer products business and build out an effective distribution and retail network. We believe this will involve a significant increase in our marketing expenditure as we focus on penetrating the retail market, strengthen our existing brands including 'Arokya' and 'Hatsun', and introduce new products and brands to leverage our large and advanced production capabilities and capitalize on the growing consumer demand for higher margin products. We intend to focus on increasing the depth of our distribution network in our existing markets and further expand our distribution network to new markets and regions across India. The majority of our revenues comprise revenues from the sale of our products in Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra. Further, for the Fiscal 2022, we derived approximately 55%, 12%, 12%, 9% and 4% of our revenues from operations from the sale of our products in Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra, respectively. We also intend to further expand our direct milk procurement network to increase cost efficiencies and improve quality of raw milk procured, further increase our production capacities, introduce production lines for new products to enable optimal production planning, and continue to focus on improving capacity utilization and operational efficiencies. As we expand our business to new product lines, we may encounter regulatory, personnel, technological and other difficulties that may increase our expenses, delay commencement of commercial production or expansion of our distribution network or require us to comply with applicable regulatory requirements. We may also find it difficult to find customers for our new products. In addition, we may not be able to replicate brand recognition, management experience and business success we have experienced in our current product offerings.

Our Company sold the assets of its ready-to-eat business ("**RTE Business**") carried on under the 'Oyalo' brand on March 9, 2022 pursuant to memorandum of understanding entered into with M/s Naga Limited. We cannot assure you that we will not be susceptible to such product discontinuation in the future which could have an adverse effect on our results of operations and financial condition.

In addition, our expansion into new product lines may adversely affect our risk profile due to market competition, and rapidly changing market and industry conditions. As we further expand our retail consumer business, the change in profile of customers also affects our credit risks, as the distributors and/or customers involved in the retail consumer products business may require longer credit periods under current market practice.

Further, there is also a substantial risk that any new markets to which we introduce our products may not accept, or be as receptive to, our products. Our success depends on our ability to anticipate the tastes and dietary habits of consumers and to market our products in ways that would appeal to the consumers in these new markets. This may affect our relationships with consumers, suppliers, distributors and regulators and could have a material adverse effect on our business.

There can be no assurance that we will be able to implement our business strategies in a timely manner or at all or that we will meet the expectations of our customers and other stakeholders. We believe that our business and growth strategies will place significant demands on our senior management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, implementation of these growth strategies may require us to incur additional indebtedness. There can be no assurance that we will be able to implement our business strategies, and such failure may materially impact our ability to grow our business and have an adverse effect on our business prospects, results of operations and financial condition.

9. Our processing plants, procurement operations in relation to procurement of raw milk and distribution operations are primarily concentrated in southern India and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition.

As on the date of this Letter of Offer, we own and operate 19 processing and manufacturing plants located in the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra and we procure raw milk from these states. For Fiscal 2022, we derived approximately 88% of our revenue from operations from the sale of milk and dairy based products in southern India. Any significant social, political or economic disruption, or natural calamities or civil disruptions in southern India, or changes in the policies of the state or local government of the region or the Government of India, could require us to incur significant capital expenditure, change our business structure or strategy, which could have an adverse effect on our business, results of operations, cash flows and financial condition.

10. There have been certain instances of clerical errors or discrepancies in regulatory filings and shareholding pattern of our Company filed with the Stock Exchanges in the past.

There have been certain instances of clerical errors or discrepancies in the regulatory filings and shareholding patterns of our Company filed with the Stock Exchanges in the past due to certain inadvertent errors. For instance, the shareholding pattern filed by our Company with the Stock Exchanges for quarter ending March 31, 2020 and for the quarter ending September 30, 2022, in addition to Chandramogan R.G., i.e., our Promoter, certain of our Promoter's relatives who are members of our Promoter Group namely, Sathyan C., Lalitha C., Deviga Suresh, Vivin Srinesh, Dolly Sathyan and additionally Vismita Sathyan (only for the quarter ending September 2022) have been inadvertently classified as the promoters of our Company. Further, in a filing made under Regulation 7(2) of SEBI PIT Regulations on November 13, 2020, Sathyan C. has been identified as a "Promoter and Director" instead of "Promoter Group", due to certain limitations of accurate identification of a director and member of promoter group in the available format for online filing of the relevant form of the Stock Exchanges. Additionally, with respect to the annual filings made with the Registrar of Companies in form MGT 7 in the past, we have included the details of Promoter Group (*i.e.*, their shareholding in our Company) under 'Promoter' category instead of showing our Promoter only in the disclosure of names and shareholdings for the promoters, since we were unable to include the details of our Promoter Group separately.

Accordingly, pursuant to the board resolution dated November 21, 2022, our Company acknowledged these inadvertent errors in the regulatory forms and shareholding patterns filed with the Stock Exchanges and subsequently took on record that Chandramogan R.G. is the Promoter of our Company, the other members *viz.* Sathyan C., Lalitha C., Deviga Suresh, Vivin Srinesh, Dolly Sathyan and Vismita Sathyan are the members of the Promoter Group in compliance of the provisions under Companies Act and SEBI ICDR Regulations. Subsequently, the Board approved the filing of the shareholding pattern with the correct categorization of the individuals as Promoter and Promoter Group for the quarter ended September 30, 2022 and filed it with the Stock Exchanges, which was in line with the categorization of the promoter and members of the promoter group as indicated in the shareholding pattern filed by our Company with the Stock Exchanges for quarter ending June, 2022.

While no regulatory actions have been initiated by any regulatory authority against our Company or Promoter in relation to such inadvertent factual errors, we could be subjected to action or investigation in the future, the financial impact or punitive action as a consequence of that cannot be ascertained at this stage.

11. The loss, shutdown or slowdown of operations at any of our facilities or the under-utilization of any such facilities may have a material adverse effect on our results of operations and financial condition.

Our business and results of operations are dependent on our ability to effectively plan our production processes and on our ability to optimally utilize our production capacities for the various dairy products we manufacture. Any disruption to our production process or the operation of our processing and manufacturing facilities may result from various factors beyond our control, including, among others, the following:

- utility supply disturbances, particularly power and water supply;
- forced close down or suspension of our processing and manufacturing facilities due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility

obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and industrial accidents;

- severe weather condition;

- interruption of our information technology systems that facilitate the management of our processing and manufacturing facilities; and

- other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our processing and manufacturing facilities have not experienced any material disruption in the past, there can be no assurance that there will not be any material disruption to our operations in the future. For instance, our Company had leased a parcel of land for commercial purposes. The leasehold rights of our Company on a portion of such leased land has been disputed and an FIR has been lodged against the lessor and our Company under Sections 447 and 427 of Indian Penal Code, 1860 ("**IPC**") alleging that the lessor has trespassed on a government land and given the land on lease to our Company for commercial purposes. The dispute impacts our ability to capitalise on the resources invested and usage of the disputed portion of the leased land for the purpose of our commercial operations. For further details regarding the disputed leased land, please refer to the section "*Outstanding Litigation and Defaults - Proceedings involving issues of moral turpitude or criminal liability on part of our Company*" on page 164.

If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially and adversely affected. Further, we depend upon our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of our facilities, plant and machinery. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honour the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business and results of operations.

12. The coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets.

The global impact of the COVID-19 pandemic has rapidly evolved and public health officials and governmental authorities had responded by taking measures, including in India where our operations are primarily based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown beginning March 25, 2020. Further, India experienced a severe second wave of COVID-19 between March 2021 and June 2021. While the lockdown does not remain in force, in case the lockdown is reintroduced, it could result in subdued growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect our business, prospects, results of operations and financial condition. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- a decrease in sales of our products primarily because of the migration of our retail customers to their base home town, restriction on workmen being employed in the production and manufacturing facilities and offices;

- an adverse impact on our sales to commercial establishments on account of shut down of shops and restriction on movement of consumers accessing the shops as per government directions; and

- increased risks emanating from process changes being implemented, such as increased reliance on technology, increased work-from-home measures.

The FSSAI issued a guidance note on 'Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic' dated April 15, 2020, as amended from time to time ("**FSSAI Covid Guidelines**") with an intent to provide guidance to businesses engaged in the food industry, including for personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/food packages. We were required to adopt precautionary measures, including social distancing, zero-touch interactions and stringent sanitization of our workplaces. The FSSAI COVID Guidelines also mandate strict adherence to General Hygiene Practices specified under Schedule 4 of FSS (Licensing and Registration of Food Businesses) Regulation, 2011. The schedule set out multiple compulsory measures to be adopted by food business operators in the interest of human nutrition, safety and hygiene, which may result in increased costs. Although we are currently in compliance with the FSSAI Covid Guidelines, any failure in the future to fully comply or adhere to the measures and guidelines set out in the FSSAI Covid Guidelines or any other similar guidelines could lead to the imposition of penalties, fines or other sanctions, which could have an adverse impact on our business. Compliance with such mandates may disrupt our normal operations and reduce our revenue or increase our health and safety expenses and other costs. While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time.

Further, an outbreak of monkey pox was recognized as a pandemic by the WHO on July 23, 2022. In response to the monkey pox outbreak WHO is focusing on case counting, contact tracing, laboratory investigations, clinical management and isolation and implementation of infections and prevention and control measures. Currently, the public health risk at the global level is assessed as moderate.

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 globally, 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. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this section.

13. The profit after tax of our Company in Fiscal 2022 decreased in excess of 10% in comparison to our profit after tax in Fiscal 2021.

The profit after tax of our Company decreased by 11.55% from ₹24,635.06 lakhs for Fiscal 2021 to ₹21,790.94 lakhs for Fiscal 2022. This was due to increase in the procurement price of raw milk and other expenses including, salaries, advertisement, conveyance, repairs and maintenance of our plants, and power and fuel. Further, there was an increase in depreciation on account of capitalisation of the assets in the Govindpur and Uthiyur plants. Our business and financial operations will be adversely affected if this downward trend continues in future and our financial position may accordingly be perceived adversely by external parties such as customers, bankers, suppliers, which may affect our reputation and business operations.

14. Industry and market data included in this Letter of Offer has been obtained or derived from publicly available information and from an industry report. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

We have obtained and derived certain industry and market data used in this Letter of Offer, from certain publicly available sources and the report titled "*Dairy Outlook*" dated July, 2022 issued by CRISIL Research. These sources and reports are subject to various limitations and based upon certain assumptions that are subjective in nature. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the industry information, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer.

15. Failure to effectively manage our future growth and expansion may have a material adverse effect on our business prospects and future financial performance.

Our future growth depends, amongst other factors, on expanding our operations domestically and internationally by way of organic and inorganic growth by establishing new processing plants. Our ability to achieve growth will be subject to a range of factors, including:

- Setting up of new processing plants in a timely manner;
- competing with existing companies in our markets;
- establishing our presence in new territories;
- strengthening our existing relationships with our distributors;
- expanding our sales network;
- continuing to exercise effective quality control;
- hiring and training qualified personnel; and
- maintaining our high food-safety standards.

Our future growth also depends on expanding our sales and distribution network to enter new markets in new geographies, through different sales channels. We face increased risks when we enter new markets, either India or abroad. We are also subject to various policies of the countries or jurisdictions, relating to the quantity, quality, characteristics and variety of the products sold to such countries, which may be required to be upgraded or changed from time to time. We may find it more difficult to hire, train and retain qualified employees. As a result, the products we introduce in new markets may be more expensive to produce and/or distribute and may take longer to reach expected sales and profit levels than in our existing markets, which could affect the viability of these operations or our overall profitability.

16. An inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business.

As we increase our focus on our retail consumer business, an inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business. We sell our own branded retail dairy consumer products to retail customers through our 3,491 HAP Daily stores, and the competition for distributors is intense in our industry in India as many of our competitors are expanding their distribution networks. We may not be able to compete successfully against our competitors for our existing distributors or additional distributors in the future. In addition, we may not be able to successfully manage our relationship with various retail chains. There can be no assurance that we will not lose any of our distributors or retail chains in the future, which may cause us to lose some or all of our arrangements with such distributors or retail chains and may even result in the termination of our relationships with other distributors or retail chains. While we do not believe that we are substantially dependent upon any individual distributor, finding distributor replacement could be time-consuming and any resulting delay may be disruptive and costly to our business. If our competitors offer distributors and retailers more favourable terms or have more products available to meet their needs or utilize the leverage of broader product lines sold through the channel, those distributors and retailers may de-emphasize or decline to distribute our products. In addition, our distributors could change their business practices, such as inventory levels, or seek to modify their contractual terms, such as payment terms. Inability of our distributors to meet our payment schedules or unexpected changes in inventory levels, payment terms or other practices by our distributors or other sales channel partners could negatively impact our business, operating cash flows and financial condition.

We rely on our distributors to provide us with timely and accurate information about their inventory levels as well as sale of our retail consumer products, and we use this information as one of the factors in our forecasting process to plan future production and sales levels, which in turn influences our financial forecasts. If we do not receive this information on a timely and accurate basis, our results of operations and financial condition may be adversely impacted.

Further, in order to expand the sales volume of our products, it is essential that we continue to expand the density as well as the geographic reach of our existing distribution network and ensure that our products reach every market segment and customer base. If we are unable to continue to expand our distribution network, our business will be adversely affected. In addition, we may not be able to effectively manage our distributors or expand our network, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. Furthermore, the performance of our distributors and the ability of our distributors to sell our products, uphold our brand, expand their businesses and their sales network are crucial to the future growth of our business and would directly affect our sales volume and profitability. If any of our distributors fails to distribute our products in a timely manner or according to the terms of individual distribution agreement, or at all, or if our distribution agreements are suspended, terminated or otherwise expire without renewal, our retail consumer business and our profitability may be materially and adversely affected.

17. Our inability to manage our inventory and foresee accurate demand for our products for a future period may adversely affect our reputation, business, results of operation and our financial performance.

The estimations on demands of our products are typically based on our projections, inventory levels at our distribution networks, our understanding of the anticipation of consumption and spending by our consumers. In relation to delivery of our products to our customers, we rely on orders placed by our customers on a daily basis. If we overestimate demand for our products, we may face difficulty on storage of such products due to lower shelf life and complications with respect to storage of perishable products. Further, if we are unable to provide our products to our consumers due to any disruptions of our manufacturing facilities or shortage of raw materials, we may incur the risk of losing certain of our valuable consumers. While we closely monitor our inventory requirements for our products on a weekly basis, we may be exposed to various risks including the aforementioned risks. While we have faced certain interruptions due to COVID-19, in order to avoid near term loss of customers, we have ensured adequate inventory to ensure that the supply of our raw materials are not impacted. All of these factors could adversely affect our reputation, business, results of operation and our financial performance.

18. Any disruption in transportation arrangements may adversely affect our results of operations.

We rely on third party logistic providers to transport milk to our processing and manufacturing facilities and our finished products to customers, distributors and a large number of retail outlets. We may be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner, or at all, our business, results of operations and financial condition may be adversely affected. Transportation of raw milk and dairy products require specially insulated and refrigerated vehicles. Raw milk and dairy products may be lost, damaged or subject to spoilage and may result in or delivery of products of sub-standard quality, if specific transportation conditions, including specified temperatures, are not maintained by such transportation providers. Any delay in delivery of raw milk and dairy products may also affect our business adversely. We cannot assure that contamination and deterioration of our products or raw materials will not occur during the transportation, and distribution due to ineffective storage facilities or any other reasons including factors unknown to us or beyond our control. If our products or raw materials are found to be amongst others, spoilt, contaminated, adulterated, tampered with, incorrectly labelled or reported to be associated with any such incidents, we may be forced to recall our products from the market and we could incur criminal or civil liability for any adverse medical condition or other damage resulting from consumption of such products by consumers which we may not be able to fully recover from our suppliers or insurance coverages. In the past, the FSSAI has initiated action against our Company alleging that the vegetarian logo was not as per the specifications prescribed before the Additional District Magistrate, Vidisha, Madhya Pradesh. We may be also be subject to liabilities arising out of such violations under the provisions of the Food Safety and Standards Act, 2006 ("**FSS Act**") along with relevant rules and regulations, in the future.

Factors like disruption of transportation services due to weather-related problems, strikes, accidents, or as a result of COVID-19 lockdown etc., inadequacies in the transportation infrastructure, or any such other reasons could impair the ability of our suppliers to deliver raw materials to us and our ability to deliver our processed products to our consumers in a timely manner. Our raw materials and finished products may be lost, damaged or subject to spoilage and contamination due to improper handling, negligence, transport strike or accidents or any other *force majeure* events which may not be within our control. We may be subject to various risks in relation to packaged food products due to lack of modern retail infrastructure. We cannot assure you that we will not experience disruptions in our operations or have an adverse impact on the quality of our biscuits and bakery products and delay in supplying our products due to any such reasons in the future.

Further, the third party logistics provider or our Company can terminate the agreement entered with the other party for transport of milk to our processing and manufacturing facilities and our finished products to customers, distributors and a large number of retail outlets. There are a limited number of such specialized transportation providers and an inability to ensure adequate and appropriate transportation facilities in a timely manner, or at all, could adversely affect our business operations. Further, our third-party transportation providers may not carry adequate insurance coverage and therefore, any losses that may arise during the transportation process may have to be claimed under our transit insurance policy, or marine insurance policy. We cannot assure that we will receive compensation for any such claims in full amount in a timely manner or at all, and consequently, any such loss may adversely affect our business, financial condition and results of operations.

19. We may not be able to adequately protect our intellectual property that is material to our business.

We have registered , , , , , , as our trademarks under several classes. While 768 trademarks that are currently operational are already registered by us in our name, we made fresh applications but not yet obtained registration with respect to certain our trademarks. Our applications for registration of such trademarks may be rejected by the concerned authorities. If we are unable to obtain the registration of the trademarks applied for, such rejection may have an adverse effect on our business and our goodwill.

Our ability to compete effectively depends in part upon protection of our rights in trademarks, copyrights and other intellectual property rights that we own. Further, other entities may pass off their products as ours by imitating our brand name or packaging material. Our use of contractual provisions, confidentiality procedures and agreements, trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property may not be adequate.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or our use of intellectual property infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, copyright or other intellectual property infringement against us could prevent us from providing our products, which could harm our business, financial condition or results of operations. In addition, a breakdown in our internal policies and procedures may lead to an unintentional disclosure of our proprietary, confidential or material non-public information, which could in turn harm our business, financial condition or results of operations. Further, we may, in the future, face allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors or non-practicing entities, for passing off. Our name and trademarks are significant to our business and operations. We believe that several of our trade names have significant brand recognition in their respective industries. We have filed multiple suits regarding infringement of our trademarks, including "AROKYA", "ARUN I-BAR" and "HATSUN" against various parties. For further details regarding outstanding matters, please refer to section "*Outstanding Litigation and Material Developments – Proceedings involving material violations of statutory regulations by our Company*" beginning on page 164. Any adverse decision by the adjudicating authority may prevent us from registering and using such trademarks and therefore may affect our business, financial condition and results of operations.

20. If we fail to anticipate and respond to changes in consumer preferences, demand for our dairy products could decline.

The success of our business operations, particularly in our retail consumer business, depends on our ability to anticipate, identify, interpret and react to the evolving tastes, dietary habits and nutritional needs of consumers and to offer products that appeal to them. Sales of our products could be affected by nutritional and health-related concerns about our products, such as fat, cholesterol, calorie, sodium, lactose, sucrose, bacteria and other ingredients contained in the products. Consumer trends in the dairy industry are constantly changing and our failure to anticipate, identify, interpret and react to these changes, or our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for and/or price reductions of our products. In addition, medical and other studies released from time to time raise health concerns over cow milk in the human diet, which may result in a decrease in demand for dairy products. Such developments may have an adverse effect on consumer preferences and our results of operations and financial condition.

Even if we are successful in anticipating, identifying, interpreting and reacting to evolving consumer trends, there can be no assurance that we will be able to successfully compete in these new businesses; that demand for these new products will grow to the extent that we expect; or that these new businesses and products will provide the returns that we expect. If we are unable to respond to changes in consumer preferences in a timely manner or at all, or if our competitors are able to address these developments more effectively or efficiently, our business, results of operations and financial condition could be materially and adversely affected.

21. Certain of our old corporate records submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable.

We are unable to trace copy of the Form 2 filing made by our Company with the RoC in relation to allotment of 3,900 equity shares of ₹100/- each on September 3, 1986. In accordance with the Companies Act, 1956 and the rules framed thereunder, a company was required to preserve copies of annual returns and all certificates and documents for a period of 8 years from the date of filing such documents with the registrar of companies. In order to retrieve the aforesaid form filing, our Company has made physical inspection of records at Registrar of Companies, Chennai through S Dhanapal & Associates, a practising company secretary firm. Despite having conducted an extensive search in the records of the RoC, our Company has not been able to retrieve the aforementioned documents. We believe that this shall not have any material impact on the long-term operations of our Company or its shareholders.

22. Our indebtedness and the conditions and restrictions imposed by our financing arrangements may limit our ability to grow our business and adversely impact our business. Further, we may require additional funding to finance our operations, for which financing may not be available on terms acceptable to us or at all.

As at September 30, 2022, we had outstanding secured and unsecured borrowings aggregating to ₹155,293.39 lakhs. All borrowings availed by us have been utilised for purposes authorised under the Memorandum of Association, and for such purposes for which the borrowings were advanced to us. Many of our financing agreements include various conditions and covenants that require us to obtain consents from lenders prior to carrying out certain activities and entering into certain transactions such as altering the Memorandum and Articles of Association, effecting any change in our capital structure and issuing any fresh capital. Our Company has received consent from its lender to undertake the Offer and related activities, as applicable.

There are restrictive covenants in agreements entered into by our Company with certain banks and financial institutions for short-term loans and long-term borrowings. These restrictive covenants require us to seek the prior consent of these banks and financial institutions for various activities, including effecting any changes to our capital structure or shareholding pattern, raising fresh capital or any term loans or debentures; undertaking any merger, amalgamation or restructuring, utilizing loans for purposes other than those set out in the financing agreement, taking actions that result in a change of control over us, making investments in other concerns and effecting any amendments in our memorandum and articles of association. We cannot assure investors that we will receive necessary approvals in a timely manner or at all. In the event our lenders refuse to grant the requisite approvals, or impose onerous conditions in the approvals granted, our business or corporate strategies may be adversely impacted.

We are dependent on financing facilities to run our business and may continually require debt funding for expansion and capital expenditure. For instance, we have financed, and will continue to finance the installation of active bulk coolers, chilling centres and milk collection centres through loans. We have created security interests in favour of our creditors who have extended financing to us by way of hypothecation and mortgages. We are required, on a continual basis to service these loans, including interest owed on the loans. In the event we fail to service our debt obligations in a timely manner, we run the risk of our creditors repossessing our assets hypothecated or mortgaged to them towards recovery of monies due from us. If our lenders take any enforcement action with respect to our assets, we may not be able to utilise such assets. Our financial condition and revenue may therefore be adversely affected as a result of any such action.

Any failure to comply with the requirements, conditions or covenants of any of our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross-default provisions under certain of our other financing agreements, and may materially and adversely affect our ability to conduct our business and operations or implement our business plans. Further, we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest. Any default and the consequences thereof may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment. Any action initiated by a lender may result in the price of the Equity Shares being adversely affected along with our ability to obtain further financing from banks and financial institutions. Moreover, our ability to borrow and the terms of our borrowings depends on our financial condition, the stability of our cash flows and our capacity to service debt in a fluctuating interest rate environment. As a result, our business and financial condition may significantly and adversely be impacted.

23. A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from Axis Bank Limited, which is an affiliate of the Lead Manager.

We may repay certain loans obtained from Axis Bank Limited, from the Net Proceeds as disclosed in "*Objects of the Issue*" on page 46. Axis Bank Limited is an affiliate of our Lead Manager, Axis Capital Limited and is not an associate of our Company in terms of the SEBI (Merchant Bankers) Regulations, 1992. Loans and facilities sanctioned to our Company by Axis Bank Limited is a part of its normal commercial lending activity and we do not believe that there is any conflict of interest under the SEBI (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. However, the amount of Net Proceeds utilized towards such repayment or prepayment to Axis Bank Limited, will not be available for use in our business for any other purposes. For details, see "*Objects of the Issue*" on page 46.

24. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the proceeds of the Issue in a timely or an efficient manner, it may affect our business and results of operations. For details, see "*Objects of the Issue*" on page 46.

25. There are outstanding legal proceedings involving our Company. Any adverse outcome in such legal proceedings may affect our business, results of operations and financial condition.

There are outstanding legal proceedings involving our Company which are pending at various levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert management time and attention and consume financial resources in their defense or prosecution. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and result of operations.

The list of such outstanding legal proceedings as on the date of this Letter of Offer is set out below:

Nature of Cases	**Number of Cases**		**Amount Involved* (₹ Lakhs)**
	By our Company	**Against our Company**	
Proceedings involving issues of moral turpitude or criminal liability	-	2	-
Proceedings involving material violations of statutory regulations	-	7	-
Proceedings involving an amount exceeding the Materiality Threshold or where the amount is not quantifiable or is below the Materiality Threshold, but which materially and adversely affects the operations or the financial position of our Company	4	-	125.75
Other criminal matters initiated by our Company (under Section 138 of the Negotiable Instruments Act, 1881**)**	47	-	90.87
Tax proceedings			
- Direct Tax	-	3	4,241.06
- Indirect Tax	1	6	1,597.54
Nature of Cases	**Number of Cases**		**Amount Involved* (₹ Lakhs)**
Action initiated by SEBI against the entities operating in the Securities Market with which Directors are associated	4		-

**To the extent quantifiable*

We cannot assure you that any of these matters will be settled in favour of our Company or that no additional liability will arise out of these proceedings. For further details, see "*Outstanding Litigation and Defaults*" and "*Other Regulatory and Statutory Disclosures*" beginning on pages 164 and 171, respectively.

26. Our ability to adopt new technology to respond to new and enhanced products poses a challenge in our business. The cost of implementing new technologies for our operations could be significant and any failure of our information technology systems could adversely affect our business, results of operations, cash flows and financial condition.

The industry in which we operate is subject to significant technological changes, with the constant introduction of new and enhanced equipment and machineries. We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse effect to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation

Our success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our technological infrastructure, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our business, results of operations, cash flows and financial condition.

27. We are required to obtain licenses and approvals under several legislations. Our inability to obtain or renew such approvals and licenses in the ordinary course of our business may adversely affect our business, financial condition and results of operations.

We are required to obtain and renew various licenses and approvals under several legislations from time to time including the FSS Act and the relevant rules and regulations, and the shops and establishment legislations under various states. These approvals, licenses, registrations and permits are subject to several conditions which are required to be complied with throughout the period of the license and are primarily valid for a specific period. For example, licenses granted the FSS Act for our processing and manufacturing facilities are typically granted for a period of up to five years and we are required to renew such licenses after such period. However, in some cases, these licenses could have been granted for shorter period as well. We cannot assure you that we will be able to obtain or renew such licenses or be able to continuously meet such conditions specified in such licenses or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant consents/ permits/ licenses/ approvals. Any such failure or delay in obtaining such consents, approvals, permits, licenses and accreditations may affect our ability to continue our operations, which may in turn have an adverse effect on our business, financial condition and results of operations

The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

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

As of September 30, 2022, we had a workforce of 11,165 personnel which included 5,353 whole time employees and 5,812 contract employees. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

29. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business and our results of operations.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel who have the necessary and required experience and expertise. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

30. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of insurance coverage includes motor vehicle insurance, boiler and pressure facility insurance, standard fire and perils insurance, machinery breakdown insurance, directors and officers liability insurance, burglary first loss insurance, money insurance, public liability insurance and product liability insurance. Further, we also hold group personal accident insurance and workmen's compensation insurance which covers employees working for our Company. As of March 31, 2022, our Company has obtained insurance for property, plant and equipment, inventories and cash in hand, the percentage of assets covered under insurance vis-à-vis total book value of these assets of our Company was 100%.While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses.

31. Any loss of business or potential adverse publicity resulting from spurious or imitation products, could result in loss of goodwill for our products leading to loss of sales, and adversely affect our business, prospects, results of operations and financial condition.

We are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including spurious or imitation products. For example, products imitating our brands and packaging material selling spurious products may adversely affect sale of our products, resulting in a decrease in market share resulting from a decrease in demand for our products. Such imitation or spurious products may not only result in loss of sales but also adversely affect the reputation of our products and consequently our future sales and results of operations. The proliferation of spurious and imitation products in our territories and sub-territories, and the time and resources utilized in taking action against such spurious products, defending claims and complaints regarding these spurious products, and in initiating appropriate legal proceedings against offenders who infringe our intellectual property rights, could result in lower sales, and adversely affect our results of operations and may have a material and adverse effect on our reputation, business, prospects, results of operations and financial condition. For instance, we have filed multiple suits regarding infringement of our trademarks, including "AROKYA", "ARUN I-BAR" and "HATSUN" against various parties. For further details regarding outstanding matters, please refer to section "*Outstanding Litigation and Material Developments – Proceedings involving material violations of statutory regulations by our Company*" beginning on page 164.

32. Certain properties occupied by us are not owned by us and we have only leasehold rights. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected.

We have entered into lease agreements with third parties for certain of our premises including our Registered Office. We may also enter into such transactions with new third parties in the future. Further, the lease period, for some of the premises taken on lease ranges from 3 to 10 years.

While we renew these lease agreements and deeds periodically in the ordinary course of business, we cannot assure you that we will be able to renew these leasing arrangements at commercially favourable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting of our offices, all of which may adversely affect our operations and financial condition. In addition, any regulatory non-compliance by the landlords or adverse development relating to the landlords' title or ownership rights to such properties may entail significant disruptions to our operations, especially if we are forced to vacate leased spaces following any such developments, and expose us to reputational risks. For instance, our Company had leased a parcel of land for commercial purposes. The leasehold rights of our Company on a portion of such leased land has been disputed and an FIR has been lodged against the lessor and our Company under Sections 447 and 427 of Indian Penal Code, 1860 ("**IPC**") alleging that the lessor has trespassed on a government land and given the land on lease to our Company for commercial purposes. The dispute impacts our ability to capitalise on the resources invested and usage of the disputed portion of the leased land for the purpose of our commercial operations. For further details regarding the disputed leased land, please refer to the section "*Outstanding Litigation and Defaults – Proceedings involving issues of moral turpitude or criminal liability on part of our Company*" on page 164. Further, if our sales do not increase in line with our rent and costs, our profitability, cash flows and results of operations could be adversely affected.

33. We have entered into certain transactions with related parties in the past and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have entered into certain transactions with related parties, including our Promoter and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and contain commercial terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

Further, the Companies Act has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors, and shareholders for certain related party transactions. The transactions we have entered into and any future transactions with our related parties could potentially involve conflict of interests. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. While we have not entered into any related party transactions for the fiscal year ended March 31, 2022, it is likely that we will enter into related party transactions in the future.

34. We have in the past and may in the future restrict exporting our products.

In the past, we exported our products to customers in various countries. However, due to various economic reasons including export and import laws, exchange fluctuations we had to reduce our exports business. While we currently export our products to four countries, we cannot assure you that whether any external reasons that may impact our export in these countries or new countries where we may begin exporting our products in future and such development will not adversely affect our business prospects and results of operations.

35. We are exposed to foreign currency exchange rate fluctuations may have an adverse effect on our results of operations and value of the Equity Shares.

Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations. The exchange rate between the Indian Rupee and the USD and other foreign currencies has changed considerably in recent years and may fluctuate substantially in the future. Our market valuation could be seriously harmed by the devaluation of the Rupee, if United States or other non-resident investors analyze our value based on the USD equivalent of our financial condition and results of operations.

EXTERNAL RISK FACTORS

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

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

- the Government of India has implemented a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (One hundred and first Amendment) Act, 2016 enables the Government of India and state governments to introduce GST. While the Government of India and certain state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we cannot assure you as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions;

- Further, the Government of India has announced the union budget for the Fiscal 2023, and the Finance Bill, 2022 ("**Finance Bill**") was introduced in Lok Sabha on February 1, 2022. Subsequently, the Finance Bill received the assent from the President of India on March 30, 2022, and became the Finance Act, 2022 ("**Finance Act**"). There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition, future cash flows and results of operations.

- Furthermore, we are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits. Our full-time employees are employed by us and are entitled to statutory employment benefits. In addition to our full-time employees, we use agencies for our outsourcing requirements and engage persons on a contractual basis. A change of law that requires us to increase the benefits to the employees from the benefits currently provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work or increase the number of mandatory casual leaves, which can all affect the productivity of the employees. A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. Moreover, our failure to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, could adversely affect our business, financial condition and results of operations. For example, in September 2020, the Government of India implemented a new legislation relating to social security and wages, the Code for Social Security, which took effect beginning April 1, 2021 (the "**Social Security Code**"). The Social Security Code impacts overall employee expenses which, in turn, could impact our profitability. The Social Security Code has introduced the novel concept of deemed remuneration, such that where an employee receives more than half (or such other percentage as may be notified by the Government of India) of such employee's total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly added to wages for the purposes of the Social Security Code, and the compulsory contribution made towards the employees provident fund. As an immediate consequence, the Social Security Code could increase the financial burden on the employer and could impact profitability.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

37. Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging markets.

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China. We are incorporated in India, and our operations are located in India and other emerging markets across the world. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally. For example, the recent hostilities between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency;
- instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or the emerging markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

38. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our operations and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

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

The Audited Financial Information included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

40. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.

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

41. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. Majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 ("**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

RISKS RELATING TO THE ISSUE

42. Our Company will not distribute the Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer/Abridged Letter of Offer and CAF ("**Offering Materials**") to the Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, the recently notified Section 20 of the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Offering Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its Shareholders to provide an address in

India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject our Company to fines or penalties.

43. The price of the Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian dairy industry and the perception in the market about investments in the dairy industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

44. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

45. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future.

46. The Equity Shares may experience price and volume fluctuations.

The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

47. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's 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 and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

48. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

49. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on September 19, 2022 pursuant to Section 62(1)(a) of the Companies Act and other applicable provisions of the Companies Act. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on December 3, 2022.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled "*Terms of the Issue*" on page 180.

Rights Equity Shares being offered by our Company	Up to 71,85,444 Equity Shares
Rights Entitlement for the Rights Equity Shares	1 (one) Rights Equity Share for every 30 (thirty) fully paid-up Equity Shares held on the Record Date
Record Date	December 8, 2022
Face Value per Rights Equity Share	₹1 each
Issue Price	₹419 per Rights Equity Share (including a premium of ₹418 per Rights Equity Share)
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law
Issue Size	Up to ₹ 30,107.02* Lakhs **Assuming full subscription*
Equity Shares issued prior to the Issue	21,56,99,657 Equity Shares issued.
Equity Shares subscribed and fully paid-up capital before the Issue	21,55,63,323 Equity Shares subscribed and fully paid-up.
Equity Shares subscribed and not fully paid-up capital before the issue (which are forfeited as on date)	1,36,334 Equity Shares subscribed and not fully paid up (*i.e. forfeited*) comprising (i) 1,30,000 Equity Shares partly paid-up to the extent of ₹0.25 per Equity Share and forfeited; and (ii) 6,334 Equity Shares partly paid-up to the extent of ₹0.80 per Equity Share and forfeited. For details, please see the section "*Capital Structure*" on page 41.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	22,27,48,767# Equity Shares *#Assuming full subscription*
Security Codes for the Equity Shares	ISIN for Equity Shares: INE473B01035 BSE Code: 531531 NSE Code: HATSUN ISIN for Rights Entitlements / RE: INE473B20019
Terms of the Issue	For further information, please see the section entitled "*Terms of the Issue*" on page 180
Use of Issue Proceeds	For further information, please see the section entitled "*Objects of the Issue*" on page 46

For details in relation fractional entitlements, please see the section entitled "*Terms of the Issue – Fractional Entitlements*" on page 197.

Terms of Payment

Due Date	Face Value (in ₹)	Premium (in ₹)	Total (in ₹)
On Application (i.e. along with the Application Form)	1	418	419

GENERAL INFORMATION

Our Company was incorporated as "Hatsun Foods Private Limited" on March 4, 1986 as a private limited company under the provisions of the Companies Act, 1956 and a certificate of incorporation was granted to us by the RoC. Subsequently, the name of our Company was changed to "Hatsun Milk Food Private Limited", pursuant to which a fresh certificate of incorporation was issued by the RoC on August 7, 1995. Thereafter, our Company converted into a public limited company and the name of our Company was further changed to "Hatsun Milk Food Limited" and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. Subsequently, the name of our Company was changed to "Hatsun Agro Product Limited", pursuant to which a fresh certificate of incorporation was issued by the RoC on April 7, 1998.

Changes in the registered office of our Company

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of the incorporation:

Date of change	Details of change of registered office
December 15, 2012	Change of registered office from No. 5A, Vijayaraghava Road, T Nagar, Chennai 600 017 to Domaine, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai
May 1, 2022	Change of registered office from Domaine, Door No.1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai to No.41 (49), Janakiram Colony Main Road, Janakiram Colony, Arumbakkam, Chennai

Registered Office of our Company

Hatsun Agro Product Limited
No.41 (49), Janakiram Colony Main Road,
Janakiram Colony, Arumbakkam,
Chennai – 600 106
Telephone : +91 44 4365 9999
Corporate Identification Number: L15499TN1986PLC012747
Registration Number: 012747
E-mail: secretarial@hap.in

Corporate Office of our Company

Plot No. 14, TNHB, TN Housing Board,
'A' Road, Sholinganallur,
Chennai – 600 119

Address of the RoC

Our Company is registered with the Registrar of Companies, Tamil Nadu at Chennai, which is situated at the following address:

Registrar of Companies
Block No. 6, B Wing, 2nd Floor
Shastri Bhawan 26, Haddows Road
Chennai – 600034

Company Secretary and Compliance Officer

G. Somasundaram is the company secretary and compliance officer of our Company. His details are as follows:

G. Somasundaram
Hatsun Agro Product Limited
Plot No. 14, TNHB, TN Housing Board,
'A' Road, Sholinganallur,
Chennai – 600 119
Phone: +91 44 2450 1622
E-mail: secretarial@hap.in

Lead Manager to the Issue

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Telephone: +91 22 4325 2183
E-mail: hap.rights@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Pratik Pednekar
SEBI Registration No.: INM000012029

Legal Advisor to the Issue as to Indian law

Shardul Amarchand Mangaldas & Co
24th Floor, Express Towers
Nariman Point
Mumbai, 400 021
Maharashtra, India
Tel: +91 22 4933 5555

Statutory Auditors of our Company

Deloitte Haskins & Sells LLP, Chartered Accountants
8th Floor, A S V Ramana Towers,
52, Venkatnarayana Road,
T. Nagar, Chennai – 600 113.
Tel: 91-44-66885000
E-mail: anamarnath@deloitte.com
Firm Registration Number: 117366W / W 100018
Peer Review Certificate Number: 013179

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg
Vikhroli (West)
Mumbai- 400083
Tel: +91 810 811 4949
E-mail: hatsunagro.rights@linkintime.co.in
Investor Grievance E-mail: hatsunagro.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSB where the Application Form, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see the section entitled "*Terms of the Issue*" on page 180.

Experts

Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through its letter dated December 3, 2022 to include its name as required under Section 26(1) of the

Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the Annual Financial Statements and Unaudited Financial Results, of the Statutory Auditors, the audit reports in respect of the Annual Financial Statements and Unaudited Financial Results and the reports issued by them, and the Statement of Possible Tax Benefits and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent from A V Deven & Co, Chartered Accountants through its letter dated October 21, 2022 to include its name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the certificates issued by it in its capacity as an independent chartered accountant and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent from Guttikonda Venkateswararao, Chartered Engineer through his letter dated November 16, 2022 to include its name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the certificates issued by him in its capacity as an independent chartered engineer and such consent has not been withdrawn as of the date of this Letter of Offer.

Banker to the Issue

Axis Bank Limited
No.82, Dr Radhakrishnan Salai,
Mylapore, Chennai 600 004
Telephone: 044 2830 6952 / 044 2830 6969
E-mail: chennai.operationshead@axisbank.com
Contact Person: T Balaji – Operations Head- Chennai Main Branch.
SEBI Registration Number: INBI00000017

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	Thursday, December 15, 2022
Issue Opening Date	Monday, December 19, 2022
Last date for On Market Renunciation of Rights Entitlements #	Tuesday, January 3, 2023
Issue Closing Date*	Monday, January 9, 2023
Finalization of Basis of Allotment (on or about)	Monday, January 16, 2023
Date of Allotment (on or about)	Tuesday, January 17, 2023
Date of credit (on or about)	Thursday, January 19, 2023
Date of listing (on or about)	Monday, January 23, 2023

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

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

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Wednesday, January 4, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, please see the section "*Terms of the Issue – Process of making an Application in the Issue*" on page 181.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar to the Issue at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, please see the section "*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 193.

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

***Inter-se* allocation of responsibilities**

Since only one Lead Manager has been appointed for purposes of the Issue, there is no requirement of an *inter-se* allocation of responsibilities.

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

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

Monitoring Agency

Our Company has appointed CRISIL Limited as the Monitoring Agency for the Issue, in accordance with Regulation 82 of the SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

CRISIL Ratings Limited
CRISIL House, Central Avenue
Hiranandani Business Park, Powai
Mumbai 400 076
Maharashtra, India
Tel: +91 44 66563100
Contact Person: Satyendra Yadav, Director, Business Development
Email: satyendra.yadav@crisil.com

Appraising Entity

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

Book Building Process

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

Minimum Subscription

The objects of the Issue are repayment, pre-payment or redemption, in full or part, of certain borrowings availed by our Company. Further, our Promoter and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements, subject to the aggregate shareholding of our Promoter and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Any participation by our Promoter and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

Underwriting

This Issue is not underwritten.

Filing

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

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer, and the details of the Equity Shares proposed to be issued in this Issue, and the issued, subscribed and paid up share capital after this Issue, are set forth below:

(In ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	**AUTHORISED SHARE CAPITAL**		
	35,00,00,000 Equity Shares of ₹1 each	35,00,00,000.00	Not applicable
	5,00,000 Preference Shares of ₹100 each	5,00,00,000.00	Not applicable
	Total	40,00,00,000.00	Not applicable
B.	**ISSUED CAPITAL BEFORE THE ISSUE**		
	21,56,99,657 Equity Shares of ₹1 each	21,56,99,657.00	Not applicable
	SUBSCRIBED AND FULLY PAID-UP CAPITAL BEFORE THE ISSUE		
	21,55,63,323 Equity Shares of ₹1 each	21,55,63,323.00	Not applicable
	SUBSCRIBED AND NOT FULLY PAID-UP BEFORE THE ISSUE (WHICH ARE FORFEITED AS ON DATE)		
	1,30,000 Equity Shares of ₹1 each(1)	32,500.00	
	6,334 Equity Shares of ₹1 each(2)	5,067.20	
	Total	37,567.20	
C.	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**		
	Up to 71,85,444 Rights Equity Shares of ₹ 1 each at a premium of ₹ 418 per Rights Equity Shares, *i.e.*, at a price of ₹ 419 per Rights Equity Share(3)	71,85,444.00	Up to 301,07,01,036.00
D.	**ISSUED CAPITAL AFTER THE ISSUE(4)**		
	22,28,85,101 Equity Shares of ₹ 1 each	22,28,85,101.00	
	SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
	22,27,48,767 fully paid Equity Shares	22,27,48,767.00	

SECURITIES PREMIUM ACCOUNT	*(in ₹ lakhs)*
Before the Issue (as on September 30, 2022)	58,590.28
After the Issue*	88,098.29

(1) Pursuant to the meeting of the Board of Directors held on March 31, 2000 and May 27, 2000 on account of non-payment of allotment dues, 13,000 equity shares of ₹ 10 each were forfeited (which translates to 1,30,000 Equity Shares of ₹1 each as on date which were partly paid-up to the extent of ₹0.25 per Equity Share) .

(2) 6,334 Equity Shares which were partly paid up to the extent of ₹ 0.80 per Equity Share have been forfeited pursuant to the meeting of the Board of Directors on October 19, 2020 on account of failure to pay balance money of ₹ 0.20 per Equity Share.

(3) The Issue has been authorised by a resolution passed by our Board of Directors at its meeting held on September 19, 2022, pursuant to Section 62(1)(a) of and other applicable provisions of the Companies Act.

(4) Assuming full subscription with respect to Rights Equity Shares.

**Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.*

Notes to the Capital Structure

1. Except as mentioned below, no Equity Shares have been acquired by the Promoter or members of the Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges and submission to SEBI:

S. No.	Name of the person	Category of the person	Date of acquisition	No. of Equity Shares	Mode of Acquisition
1.	Chandramogan R.G.	Promoter	February 7, 2022	27,714	Market Purchase
			February 8, 2022	41,721	Market Purchase
			February 9, 2022	26,881	Market Purchase
			February 10, 2022	1,128	Market Purchase
			March 14, 2022	2,500	Market Purchase
			March 15, 2022	2,08,000	Market Purchase
			March 21, 2022	12,500	Market Purchase
2.	Vismita Sathyan	Promoter	February 28, 2022	19,47,876	Gift*

S. No.	Name of the person	Category of the person	Date of acquisition	No. of Equity Shares	Mode of Acquisition
		Group			

* *Gifted by our Promoter, Chandramogan R.G.*

2. As on date of this Letter of Offer, none of the Equity Shares held by any of the Promoter or members of the Promoter Group of our Company are locked in, pledged or otherwise encumbered.

3. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

4. **Subscription to the Issue by the Promoter and the Promoter Group**

   Our Promoter and members of our Promoter Group, have confirmed to (a) subscribe to the full extent of their Rights Entitlement and not renounce their Rights Entitlement; and (b) subscribe to, any Rights Entitlement renounced in their favour or additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations.

   The Promoter has confirmed that such acquisition of Equity Shares will not result in a change of control or the management of our Company, and any such acquisition shall be subject to the aggregate shareholding of the Promoter and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue.

   Any participation by our Promoter and Promoter Group, over and above the Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

   As on date of the Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 997.96.

6. Our Company shall ensure that any transaction in the Equity Shares by the Promoter and the Promoter Group during the period between the date of filing this Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

7. All Equity Shares are fully paid-up and the partly paid-up Equity Shares have been forfeited as on the date of this Letter of Offer.

8. At any given time, there shall be only one denomination of the Equity Shares of our Company.

9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Rights Issue, shall be fully paid up. For further details on the terms of the Issue, please see the section entitled "*Terms of the Issue*" on page 180.

10. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations**

a. The shareholding pattern of our Company as at September 30, 2022 is set forth below:

Category of shareholder	Number of shareholders	Number of fully paid-up Equity Shares held	Total Number of Equity Shares held	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Number of Equity Shares held in dematerialized form
(A) Promoter and Promoter Group	7	15,73,65,431	15,73,65,431	73.00	15,73,65,431	15,73,65,431
(B) Public	31,667	5,81,97,892	5,81,97,892	27.00	5,81,97,892	5,70,82,660
Non Promoter – Non Public						
(C1) Shares underlying DRs	-	-	-	0.00	-	-
(C2) Shares held by Employee Trusts	-	-	-	0.00	-	-
Grand Total	**31,674**	**21,55,63,323**	**21,55,63,323**	**100.00**	**21,55,63,323**	**21,44,48,091**

The shareholding pattern of our Company as at September 30, 2022 can also be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/hatsun-agro-product-ltd/hatsun/531531/qtrid/115.01/shareholding-pattern/Sep-2022/ and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=HATSUN&tabIndex=equity.

b. The statement showing holding of Equity Shares of persons belonging to the category "Promoter and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as at September 30, 2022, is set forth below:

Category of shareholder	Entity Type	Number of Shareholders	Number of fully paid-up Equity Shares held	Total Number of Equity Shares held	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of shares held in dematerialized form	Number of shares pledged / locked in / encumbered
						Class eg: X	Total		
A1) Indian									
Individuals / Hindu Undivided Family									
Chandramogan R G	Promoter	1	11,79,99,651	11,79,99,651	54.74	11,79,99,651	54.74	11,79,99,651	-
C Sathyan	Promoter Group	1	2,10,95,698	2,10,95,698	9.79	2,10,95,698	9.79	2,10,95,698	-
C Lalitha	Promoter Group	1	24,74,690	24,74,690	1.15	24,74,690	1.15	24,74,690	-

Category of shareholder	Entity Type	Number of Shareholders	Number of fully paid-up Equity Shares held	Total Number of Equity Shares held	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of shares held in dematerialized form	Number of shares pledged / locked in / encumbered
						Class eg: X	Total		
Deviga Suresh	Promoter Group	1	95,32,584	95,32,584	4.42	95,32,584	4.42	95,32,584	-
Vivin Srinesh	Promoter Group	1	19,47,876	19,47,876	0.90	19,47,876	0.90	19,47,876	-
Dolly Sathyan	Promoter Group	1	23,67,056	23,67,056	1.10	23,67,056	1.10	23,67,056	-
Vismita Sathyan	Promoter Group	1	19,47,876	19,47,876	0.90	19,47,876	0.90	19,47,876	-
Sub Total A1		**7**	**15,73,65,431**	**15,73,65,431**	**73.00**	**15,73,65,431**	**73.00**	**15,73,65,431**	**-**
A2) Foreign					0.00				
A = A1+A2		**7**	**15,73,65,431**	**15,73,65,431**	**73.00**			**15,73,65,431**	**-**

c. The statement showing holding of Equity Shares of persons belonging to the category "Public" including Shareholders holding more than 1% of the total number of Equity Shares as at September 30, 2022 as well as details of shares which remain unclaimed for public is set forth below:

Category of shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total Number of Equity Shares held	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of shares held in dematerialized form
Mutual Funds	**29**	**1,67,86,588**	**1,67,86,588**	**7.79**	**1,67,86,588**
Holding 1% or more					
DSP Mutual Funds – Various Schemes		33,75,640	33,75,640	1.57	33,75,640
SBI Mutual Fund – Various Schemes		1,06,23,819	1,06,23,819	4.93	1,06,23,819
Alternate Investment Funds	**5**	**7,68,768**	**7,68,768**	**0.36**	**7,68,768**
Banks	**1**	**80**	**80**	**0.00**	**80**
Insurance Companies	**1**	**4,623**	**4,623**	**0.00**	**4,623**
NBFCs Registered with RBI	**1**	**713**	**713**	**0.00**	**713**
Foreign Portfolio Investors	**51**	**89,95,558**	**89,95,558**	**4.17**	**89,95,558**
Holding 1% or more					
Malabar India Fund Limited		36,54,167	36,54,167	1.70	36,54,167
Directors and their relatives (excluding Independent Directors)	**19**	**72,99,792**	**72,99,792**	**3.39**	**72,99,792**

Category of shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total Number of Equity Shares held	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of shares held in dematerialized form
Investor Education and Protection Fund	**1**	**4,76,211**	**4,76,211**	**0.22**	**4,76,211**
Resident Individuals holding nominal share capital upto Rs. 2 Lakhs	**30,959**	**1,16,95,638**	**1,16,95,638**	**5.43**	**1,05,81,872**
Resident Individuals holding nominal share capital in excess of Rs. 2 Lakhs	**23**	**63,72,342**	**63,72,342**	**2.96**	**63,72,342**
Non Resident Indians	**390**	**32,43,754**	**32,43,754**	**1.50**	**32,43,754**
Bodies Corporate	**139**	**25,46,508**	**25,46,508**	**1.18**	**25,45,042**
Clearing Members	**47**	**7,239**	**7,239**	**0.00**	**7,239**
Trusts	**1**	**78**	**78**	**0.00**	**78**
TOTAL PUBLIC SHAREHOLDING	**31,667**	**5,81,97,892**	**5,81,97,892**	**27.00**	**5,70,82,660**
Grand Total (Promoter + Public shareholding)	**31,674**	**21,55,63,323**	**21,55,63,323**	**100.00**	**21,44,48,091**

Note: Details of shares which remain unclaimed for public - NIL

OBJECTS OF THE ISSUE

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

1. Repayment or pre-payment, in full or part, of certain outstanding borrowings availed by our Company; and

2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; (ii) the activities for which the borrowing were availed and which are proposed to be repaid or prepaid from the Net Proceeds; and (iii) the activities for which funds earmarked towards general corporate purposes shall be used.

The details of the Net Proceeds are summarized in the table below:

(In ₹ lakhs)

Particulars	Amount
Gross Proceeds*#	**30,107.02***
Less: Estimated Issue related expenses**	(527.15)
Net Proceeds**	**29.579.87**

** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*
#This amount has been rounded up to the second decimal.
*** Estimated and subject to change. See "- Estimated Issue Related Expenses" on page 52.*

Requirement of funds and utilisation of Net Proceeds

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

(in ₹ lakhs)

Particulars	Estimated amount (up to)
Repayment or pre-payment, in full or part, of certain outstanding borrowings availed by our Company	28,579.87
General corporate purposes*	1,000.00
Total Net Proceeds**	**29,579.87**

** Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.*
*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our arrangement with the lenders. Our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of raw materials, interest or exchange rate fluctuations, changes in government policies, demographic trends and credit availability. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

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

Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ lakhs)

Particulars	Amount to be funded from the Net Proceeds (up to)	Estimated deployment of the Net Proceeds
		Fiscal 2023
Repayment or pre-payment, in full or part, of certain borrowings availed by our Company	28,579.87	28,579.87
General corporate purposes*	1,000	1,000
Total Net Proceeds**	**29,579.87**	**29,579.87**

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

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

In the event that the Net Proceeds are not completely utilized for the purposes stated above by Fiscal 2023, the same would be utilized in subsequent Fiscals for achieving the objects of the Issue.

Details of the activities to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth herein below.

1. Repayment or pre-payment, in full or part, of certain borrowings availed by our Company

Our Company has, in the ordinary course of business, entered into financing arrangements with various banks, financial institutions, and other entities. The borrowing arrangements entered into by our Company comprise, among others, working capital facilities and term loans. As of September 30, 2022, we had outstanding secured and unsecured borrowings aggregating to ₹ 155,293.39 lakhs, certain of which have been repaid as on the date of this Letter of Offer. Our Company proposes to utilize an amount of ₹ 28,579.87 lakhs from the Net Proceeds towards full or partial repayment or pre-payment, in full or part, of certain borrowings availed by our Company. Our Company may avail further loans and/ or draw down further funds under existing or new borrowing arrangements, from time to time.

The selection of borrowings proposed to be repaid or prepaid by us shall be based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant borrowing, the amount of the borrowing outstanding, the remaining tenor of the borrowing, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules or regulations governing such borrowings, terms of prepayment to lenders, if any and mix of credit facilities provided by lenders. We may utilise the Net Proceeds for part or full repayment of any such additional borrowings or borrowings obtained to refinance any of our existing borrowings. We will choose to repay or pre-pay certain borrowings from those identified in the table below. Given the nature of these borrowings and the terms of repayment/pre-payment, the aggregate outstanding borrowing amounts may vary from time to time.

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

Sr. No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned amount (in ₹ lakhs)	Total outstanding amount as on September 30, 2022 (in ₹ lakhs)	Interest Rate as of September 30, 2022 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
1.	Axis Bank Limited^	5 Years	Long Term Loan	5,000.00	1,664.00	7.90	18 Quarterly Instalments 9 Months moratorium	Not Available	Capital expenditure
2.	Bank of Bahrain and Kuwait	3 Years	Long Term Loan	4,000.00	1,333.33	7.30	12 Quarterly Instalments	Yes	Capital expenditure
3.		5 Years	Long Term Loan	3,500.00	3,500.00	6.75	16 Quarterly	Yes	Capital expenditure

Sr. No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned amount (in ₹ lakhs)	Total outstanding amount as on September 30, 2022 (in ₹ lakhs)	Interest Rate as of September 30, 2022 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
							Instalments with 12 Months moratorium		
4.	Federal Bank	5 Years	Long Term Loan	5,000.00	5,000.00	7.10	16 Quarterly Instalments with 12 Months moratorium	Yes- 2%	Capital expenditure
5.		5 Years	Long Term Loan	3,000.00	3,000.00	7.65	16 Quarterly Instalments with 12 Months moratorium	No	Capital expenditure
6.		5 Years	Long Term Loan	5,000.00	1,250.00	8.56	16 Quarterly Instalments with 12 Months moratorium	No	Capital expenditure
7.	HDFC Bank	5 Years	Long Term Loan	8,000.00	4,000.44	8.56	18 Quarterly Instalments with 6 Months moratorium	Not Available	Capital expenditure
8.		5 Years	Long Term Loan	8,000.00	4,000.00	8.56	18 Quarterly Instalments with 6 Months moratorium	Not Available	Capital expenditure
9.		5 Years	Long Term Loan	5,000.00	4,250.00	7.52	20 Quarterly Instalments	Yes- 0.25%	Capital expenditure
10.		4 Years	Long Term Loan	5,000.00	4,375.00	7.92	16 Quarterly Instalments	Yes- 0.25%	Capital expenditure
11.	HSBC Bank	5 Years	Long Term Loan	7,000.00	1,750.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
12.		5 Years	Long Term Loan	5,000.00	2,000.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
13.		5 Years	Long Term Loan	2,500.00	1,000.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
14.		5 Years	Long Term Loan	5,000.00	2,500.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
15.		5 Years	Long Term Loan	4,000.00	2,000.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
16.		5 Years	Long Term Loan	1,000.00	550.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
17.		5 Years	Long Term Loan	5,000.00	3,000.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
18.		5 Years	Long Term Loan	5,000.00	3,250.00	7.30	20 Quarterly repayments	Yes	Capital expenditure
19.		5 Years	Long Term Loan	3,500.00	3,500.00	7.30	16 Quarterly Instalments	Yes	Capital expenditure

Sr. No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned amount (in ₹ lakhs)	Total outstanding amount as on September 30, 2022 (in ₹ lakhs)	Interest Rate as of September 30, 2022 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
							with 12 Months moratorium		
20.		5 Years	Long Term Loan	6,500.00	6,500.00	7.30	16 Quarterly Instalments with 12 Months moratorium	Yes	Capital expenditure
21.		7 Years	Long Term Loan	2,074.33	2,074.33	6.43	20 Quarterly Instalments with 24 Months moratorium repayments	Yes	Capital expenditure
22.		7 Years	Long Term Loan	5,703.30	5,703.30	6.44	20 Quarterly Instalments with 24 Months moratorium repayments	Yes	Capital expenditure
23.		7 Years	Long Term Loan	1,994.00	1,994.00	6.43	20 Quarterly Instalments with 24 Months moratorium repayments	Yes	Capital expenditure
24.		7 Years	Long Term Loan	228.30	228.30	6.42	20 Quarterly Instalments with 24 Months moratorium repayments	Yes	Capital expenditure
25.	ICICI Bank	4 Years	Long Term Loan	3,000.00	2,400.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
26.		4 Years	Long Term Loan	2,000.00	1,600.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
27.		4 Years	Long Term Loan	3,500.00	2,800.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
28.		4 Years	Long Term Loan	2,000.00	1,600.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
29.		4 Years	Long Term Loan	4,500.00	3,600.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
30.		4 Years	Long Term	2,000.00	1,600.00	5.60	15 equal	Yes- 2%	Capital

Sr. No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned amount (in ₹ lakhs)	Total outstanding amount as on September 30, 2022 (in ₹ lakhs)	Interest Rate as of September 30, 2022 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
			Loan				quarterly repayments with 12 months moratorium		expenditure
31.		4 Years	Long Term Loan	2,000.00	1,600.00	5.56	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
32.		4 Years	Long Term Loan	1,000.00	800.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
33.		4 Years	Long Term Loan	1,000.00	800.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
34.		4 Years	Long Term Loan	1,500.00	1,200.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
35.		4 Years	Long Term Loan	1,000.00	800.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
36.		4 Years	Long Term Loan	4,500.00	3,600.00	5.60	15 equal quarterly repayments with 12 months moratorium	Yes- 2%	Capital expenditure
37.	IndusInd Bank	4 Years	Corporate Term Loan	5,000.00	4,687.50	6.00	16 Equal Quarterly instalments	No	General Corporate
38.		5 Years	Long Term Loan	3,000.00	2,850.00	7.00	20 Equal Quarterly instalments	No	Capital expenditure
39.		5 Years	Long Term Loan	2,000.00	1,900.00	7.00	20 Equal Quarterly instalments	No	Capital expenditure
40.		5 Years	Long Term Loan	2,500.00	2,500.00	7.00	20 Equal Quarterly instalments	No	Capital expenditure
41.		5 Years	Long Term Loan	2,500.00	2,500.00	7.00	20 Equal Quarterly instalments	No	Capital expenditure
42.	Kotak Mahindra Bank	4 Years	Long Term Loan	5,000.00	624.50	7.70	16 Quarter instalments	Yes	Working Capital
43.		4 Years	Long Term Loan	2,500.00	879.00	7.70	16 Quarter instalments	Yes	Capital expenditure
44.		4 Years	Long Term Loan	2,500.00	1,406.25	7.80	16 Quarter instalments	Yes	Capital expenditure
45.		5 Years	Long Term Loan	10,000.00	8,000.00	7.20	20 Equal Quarterly instalments	Yes	Capital expenditure
46.	Mizuho Bank	5 Years	Long Term Loan	5,000.00	5,000.00	6.96	16 instalments	Yes (% not provided)	Capital expenditure

Sr. No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned amount (in ₹ lakhs)	Total outstanding amount as on September 30, 2022 (in ₹ lakhs)	Interest Rate as of September 30, 2022 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
							12 months moratorium		
47.	Shinhan Bank	3 Years	Long Term Loan	2,000.00	333.67	8.10	6 Half yearly instalments	Yes- 2%	Capital expenditure
48.		5 Years	Long Term Loan	5,000.00	2,500.00	7.05	16 Quarter instalments	No @ Reset date	Capital expenditure
49.	HDFC Bank	60 days	Working Capital	3,500.00	3,500.00	5.90	-	Yes	Working Capital
50.		60 days	Working Capital	4,000.00	4,000.00	5.90	-	Yes	Working Capital
51.	State Bank of India	90 days	Working Capital	6,000.00	6,000.00	5.77	-	Yes	Working Capital
52.		90 days	Working Capital	4,000.00	4,000.00	5.77	-	No (if by equity)	Working Capital
53.		30 days	Working Capital	2,500.00	2,500.00	5.90	-	Yes	Working Capital
54.		30 days	Working Capital	7,500.00	7,500.00	5.90	-	Yes	Working Capital
55.	American Express	30 days	Working Capital	650.00	645.00	3.75	-	Yes	Working Capital
56.	CUB Bank		Cash Credit	500.00	499.68	9.25	-	Yes	Working Capital
	TOTAL			**2,09,649.93**	**1,52,648.30**				

Note: As certified by A V Deven & Co, Chartered Accountants vide their certificate dated December 3, 2022. Further, A V Deven & Co, Chartered Accountants, have confirmed that the above borrowings have been utilized for the purposes for which they were availed.

^We may utilize the Net Proceeds towards repayment/prepayment of loans availed from Axis Bank Limited, either in full or in part. Axis Capital Limited, the Lead manager is affiliated to Axis Bank Limited, who we propose to pay out of the Net Proceeds. For further details, please refer to the Risk Factor "- A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from Axis Bank Limited, which is an affiliate of the Lead Manager" on page 26.

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

Some of our financing agreements provide for levy of pre-payment penalties or premiums at the rates determined by lenders. Our Company will take pre-payment penalties or premiums, that will be payable by our Company, applicable interest rates and other factors as set out above into consideration and decide the portion of borrowings to be repaid or pre-paid from the Net Proceeds. However, the Net Proceeds to be utilised for such prepayments or repayments, will not exceed ₹ 28,579.87 Lakhs. In the event Net Proceeds are insufficient for the said payment of prepayment penalty or premiums, such payment shall be made from the internal accruals of our Company.

2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹ 1,000 lakhs towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, brand building and other marketing expenses, acquiring assets, such as furniture and fixtures, and vehicles, meeting any expenses incurred in the ordinary course of business by our Company, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties, repair, maintenance, renovation and upgradation of our existing facilities, strategic initiatives, leasehold improvements, meeting of exigencies which our Company may face in the course of any business and any other purpose as permitted by applicable laws, subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable and other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof for funding growth opportunities.

Estimated Issue Related Expenses

The estimated Issue related expenses is as follows:

(unless otherwise specified, in ₹ lakhs)

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fee of the Lead Manager and legal advisors, other professional service providers	253.70	48.13	0.84
2.	Fee of Registrar to the Issue	5.61	1.06	0.02
3.	Advertising and marketing expenses	8.34	1.58	0.03
4.	Fees payable to regulators (including Stock Exchanges/SEBI, depositories and other statutory fee as applicable)	80.64	15.30	0.27
5.	Printing and stationery, distribution, postage etc.	3.18	0.60	0.01
6.	Other expenses (including miscellaneous expenses) #	175.68	33.33	0.58
Total estimated Issue related expenses*		527.15	100.00	1.75

**Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.*

 # Includes fees payable to Statutory Auditors, independent chartered accountant, CRISIL Ratings for preparing the CRISIL Report, and any such expense not specifically covered above in S. Nos. 1-5

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring Utilization of Funds from the Issue

Our Company has appointed CRISIL Ratings Limited as the monitoring agency in relation to the Issue. Our Board and the Monitoring Agency will monitor the utilization of the Net Proceeds and the Monitoring Agency will submit a report to our Board in terms of Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board for further action, if appropriate.

Further, in terms of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above and details of category wise variations in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the directors' report in the annual report.

Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the 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.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

Strategic or Financial Partners

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

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoter, our Promoter Group, our Directors or Key Managerial Personnel.

There are no material existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoter, Directors or key managerial personnel or associate companies (as defined under the Companies Act, 2013).

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HATSUN AGRO PRODUCT LIMITED ("THE COMPANY"), AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA

To

The Board of Directors
Hatsun Agro Product Limited
No.41 (49), Janakiram Colony Main Road,
Janakiram Colony, Arumbakkam,
Chennai - 600106

Subject: Statement of Possible Special Tax Benefits available to the Company, and the shareholders of the company under the direct and indirect tax laws

Dear Sirs,

We Deloitte Haskins & Sells LLP, Chartered Accountants, the statutory auditors of Hatsun Agro Product Limited refer to the proposed rights issue of equity shares of **Hatsun Agro Product Limited** ("the **Company**" and such offering the "**Issue**"). We enclose herewith the statement (the "**Annexure**") showing the current position of special tax benefits available to the Company and the shareholders of the Company as per the provisions of the Indian direct and indirect tax laws, including the Income Tax Act 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively the "Taxation Laws"), including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws and the Foreign Trade Policy 2015-2020 (which has been extended now i.e., up to 31st March 2023 vide Notification no. 37/2015-2020 dated 29th September 2022 and applicable to the Financial Year (FY) 2022-23) for inclusion in the Letter of offer in connection with the proposed rights issue of shares of the Company, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**")

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws, including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its Shareholders may or may not choose to fulfil. Further, certain tax benefits may be optional and it would be at the discretion of the Company and the shareholders of the company may to exercise the option by fulfilling the conditions prescribed under the Tax laws

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

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

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

We hereby give our consent to include this statement and the enclosed Annexure regarding the special tax benefits available to the Company and the shareholders of the Company in the Letter of Offer in connection with the proposed rights issue of equity shares of the Company, which the Company intends to submit to the Securities and Exchange Board of India, Registrar of Companies (Tamil Nadu at Chennai) and the stock exchanges (National Stock Exchange of India Limited and BSE Limited) where the equity shares of the Company are listed, provided that the below statement of limitation is included in the letter of offer.

LIMITATIONS

Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. 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. Reliance on the Annexure is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed rights issue relying on the Annexure.

This statement has been prepared solely in connection with the rights issue under the ICDR Regulations and is not to be used, referred or distributed for any other purpose

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No: 117366W/W-100018)

Ananthi Amarnath
Partner
Membership Number: 209252
UDIN: 22209252BESWUH1706

Place: Chennai
Date: December 3, 2022

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HATSUN AGRO PRODUCT LIMITED ("THE COMPANY") AND THE COMPANY'S SHAREHOLDERS

The information provided below sets out the possible special tax benefits available to the Company and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of participation in the rights issue of equity shares of the Company, under the current tax laws presently in force. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the rights issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement. The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES OF PARTICIPATION IN THE RIGHTS ISSUE IN THEIR PARTICULAR SITUATION.

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

Under the Income Tax Act, 1961 (the Act)

I. Special tax benefits available to the Company

A. Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt to pay tax at a rate of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set–off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year MAT credit will not be available for set–off. The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. Further, if the conditions mentioned in section 115BAA are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The company has represented to us that it would be opting for section 115BAA of the Act from Assessment Year 2022-23 onwards.

B. Deductions from Gross Total Income

Deduction in respect of employment of new employees:

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

Deduction in respect of inter-corporate dividends – Section 80M of the Act

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April 2020 is liable to tax in the hands of the shareholder, other than dividend on which tax under section 115-O has been paid. The company is required to deduct

Tax at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the Income-tax Act,1961, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

II. Special direct tax benefits available to Shareholders

- The Company would be required to deduct tax at source on the dividend paid to the shareholders, at applicable rates based in the provisions of the Act. In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend. The shareholders would be eligible to claim the credit of such tax in their return of income.

- With respect to a domestic corporate shareholder, deduction shall be available under section 80M of the Act on fulfilling the conditions (as detailed above).

- As per Section 112A of the Act, long-term capital gains arising from transfer of an equity share shall be taxed at 10% plus applicable surcharge and cess (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act. It is worthwhile to note that tax shall be payable where such long-term capital gains exceed INR 1,00,000.

- As per Section 111A of the Act, short term capital gains arising from transfer of a listed equity share, shall be taxed at 15% plus applicable surcharge and cess subject to fulfilment of prescribed conditions under the Act.

- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile and subject to entitlement to such treaty benefit.

Notes:

1. The benefits in I and II above are as per the current tax law as amended by the Finance Act, 2022.

2. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

3. 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.

4. We note that if the Company opts for concessional income tax rate under section 115BAA of the Act, surcharge shall be levied at the rate of 10% irrespective of the amount of total income.

5. Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.

6. Business losses, arising during the year can be set off against the income under any other head of income, other than income under the head 'salaries'. Balance business loss can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment

year can be carried forward and set off against any source of income in subsequent years as per provisions of the IT Act, however, subject to section 115BAA.

7. We note that if the Company opts for concessional tax rate under section 115BAA of the Act it will not be allowed to claim any of the following deductions:

- Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
- Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
- Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
- Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
- Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
- Deduction under section 35CCD (Expenditure on skill development)
- Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA and section 80M;
- No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;
- No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above

8. Further, it is also clarified in section 115JB(5A) that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

9. The above statement of possible 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.

STATEMENT OF POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY

I. Special indirect tax benefits available to the Company

- Where the company exports its goods, refund benefit under zero rated supply can be availed subject to satisfaction of required conditions
- Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme is available on export of goods outside India. The benefits of the scheme can be availed by the company on satisfaction of prescribed conditions
- Duty drawback under the Customs Act, 1962 can be availed on satisfaction of conditions mentioned

II. Special indirect tax benefits available to Shareholders

- There are no special indirect tax benefits available to the shareholders for investing in the shares of the company

Notes:

1. The above statement of possible indirect tax benefits is based on the provisions of the specified Indirect tax laws thereof prevailing in the country, as on the date of this annexure.

2. The above statement of possible indirect 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.

3. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax laws

4. The above statement covers only certain relevant indirect tax law benefits and does not cover benefit under any other law

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The industry related information in this section is derived from the report titled "Dairy Outlook" dated July, 2022 (the "**CRISIL Report**") prepared by CRISIL Research ("**CRISIL**"), except for other publicly available information as cited in this section. CRISIL Report has been prepared and issued by CRISIL Research only for the purposes of confirming our understanding of the Indian dairy industry in connection with the Issue, for an agreed fees. Neither we nor any other person connected with the Issue has verified the information in the CRISIL Report or other publicly available information cited in this section. Further, the CRISIL Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the CRISIL Report. The CRISIL Report is subject to the following disclaimer:*

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Hatsun Agro Product Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

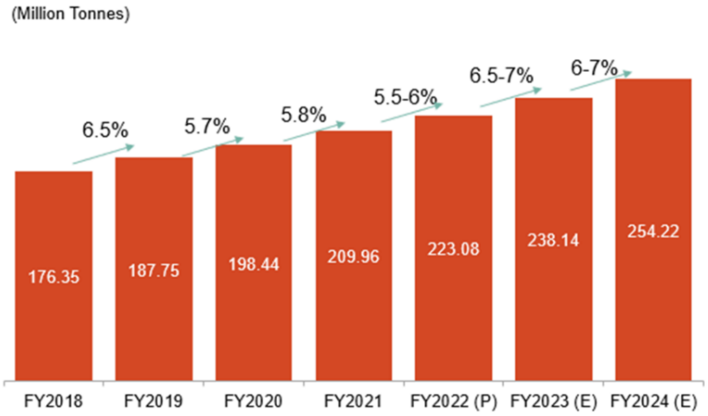
Macroeconomic Overview of India

The dairy and milk products industry is expected to grow in Fiscal 2023. In the absence of lockdown restrictions, artificial insemination grew 4% in Fiscal 2022, compared to a decline of 2% in Fiscal 2021, which will lead to an increase in milk production this Fiscal. Further aided by an expected normal monsoon, milk production is set to grow 6.5-7% this Fiscal.

Milk production to reclaim pre-Covid growth rates, as input market recovers

Domestic milk production logged a compound annual growth rate ("**CAGR**") of 6% between Fiscals 2018 and 2022 but production fell in Fiscal 2021 with drastically lower artificial insemination services in Fiscal 2020 owing to Covid-19 restrictions. However, a substantial increase in these services in the last Fiscal will aid a higher growth rate in production this Fiscal. Fiscal 2022 also saw a rise in milk procurement prices, however, bad weather conditions and a sharp increase in fodder prices limited funds with farmers to invest in their animals. This situation is expected to continue through the second quarter of Fiscal 2023 but will improve from the third quarter onwards if monsoons are normal as expected.

Milk production to grow again at pre-Covid levels



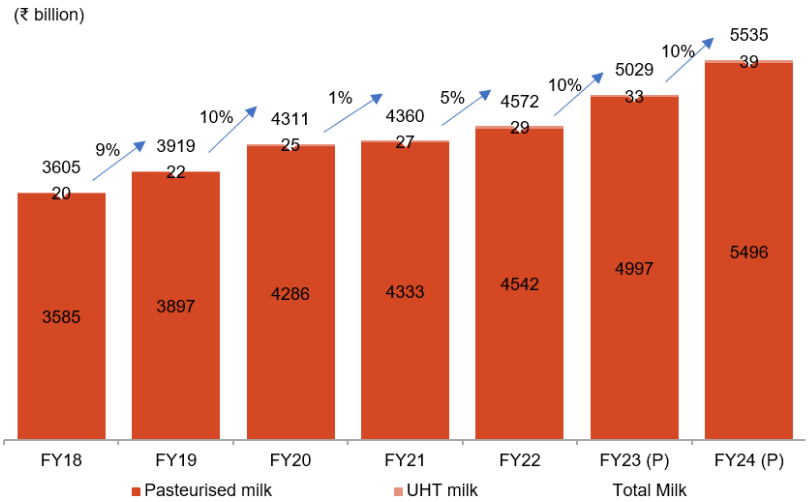
Source: NDDB, DAHD, Industry, CRISIL Research

Milk to return to pre-pandemic growth rate this fiscal after two consecutive sluggish years

The milk segment is expected to grow at 10% this Fiscal, similar to the past five-year-CAGR of 9%. The impact of Covid-19 has subsided, industrial demand has returned to pre-pandemic levels and household consumption has been growing steadily. Household consumption is expected to continue growing at a steady pace in Fiscal 2024 as well.

While household demand for milk increased during the pandemic in Fiscal 2021, demand from the hotels, restaurants and catering (**"Horeca"**) segment picked up in Fiscal 2022. Since restaurants and cafes were not operating at their full capacity on account of lockdown restrictions, household demand drove the 5% growth in Fiscal 2022.

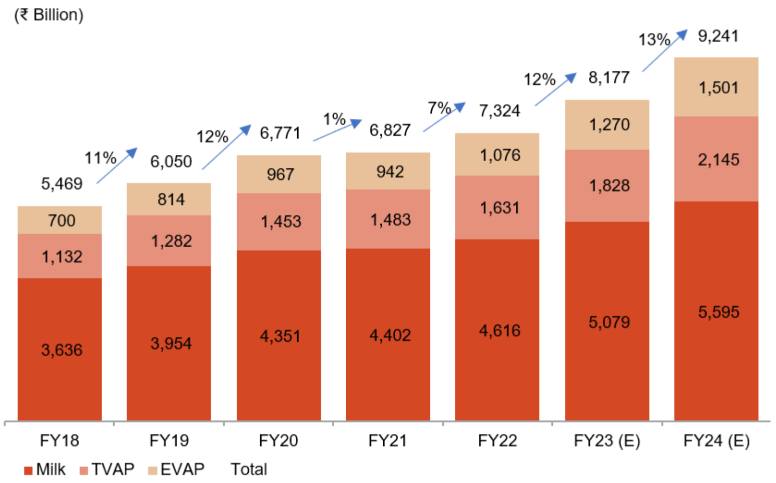
Demand for liquid milk to revive in Fiscal 2023 after the Covid-19 shock



Source: Industry, CRISIL Research

Dairy industry to grow 12% on-year this fiscal, driven by value-added products

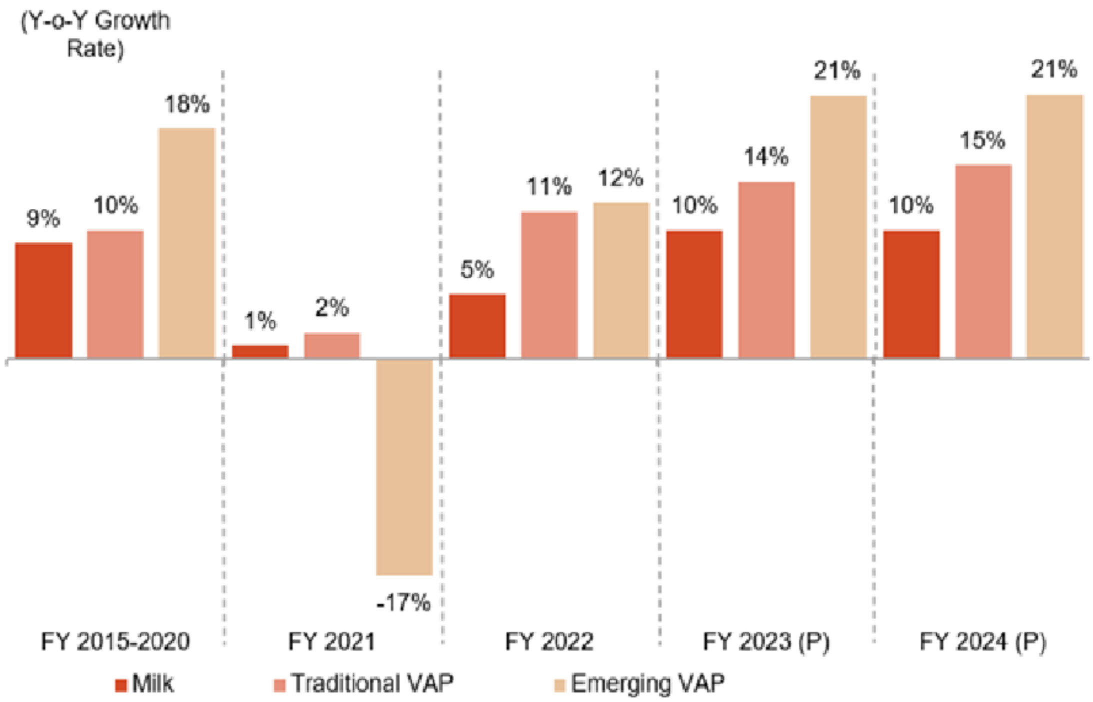
Traditional and emerging value-added products to drive industry growth this fiscal



E: Expected
Source: Industry, CRISIL Research

After a slump in sales for nearly two years, demand for ice-cream, cheese and paneer are on the rise

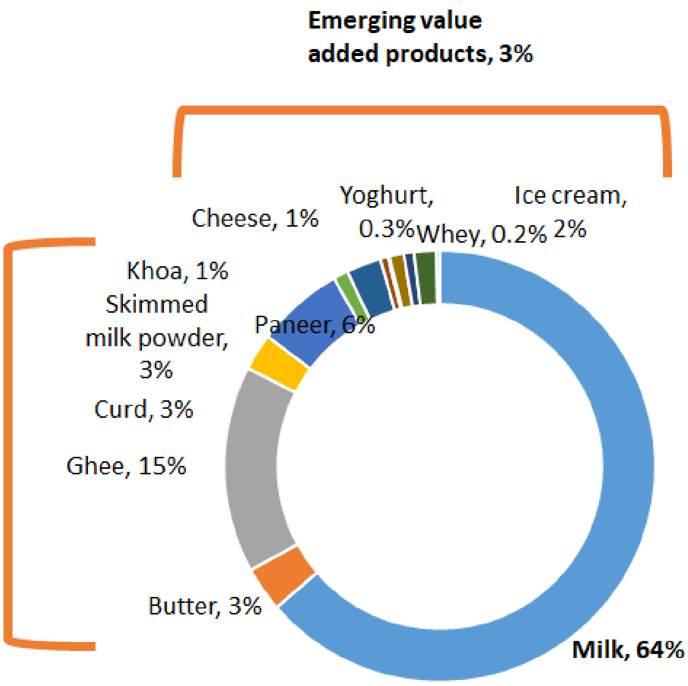
With lockdown restrictions removed, educational institutions, tourism, and social gatherings are back to functioning normally which has led to higher demand for value-added products in the institutional and Horeca categories. In the last month of Fiscal 2022 and first quarter of Fiscal 2023, sales of ice-creams grew 30% compared with the corresponding periods of the previous year. CRISIL Research expects a growth of at least 20% in the third and fourth quarters of this Fiscal and also projects that the sales of cheese and paneer will grow 16% and 19%, respectively. While the major driver for this growth will be institutional and Horeca sales, 15-17% growth is also expected in household consumption, because of shifts in eating habits. Further, the demand for emerging value-added products is expected to pick-up partially this Fiscal.



P: Projected
Source: Industry, CRISIL Research

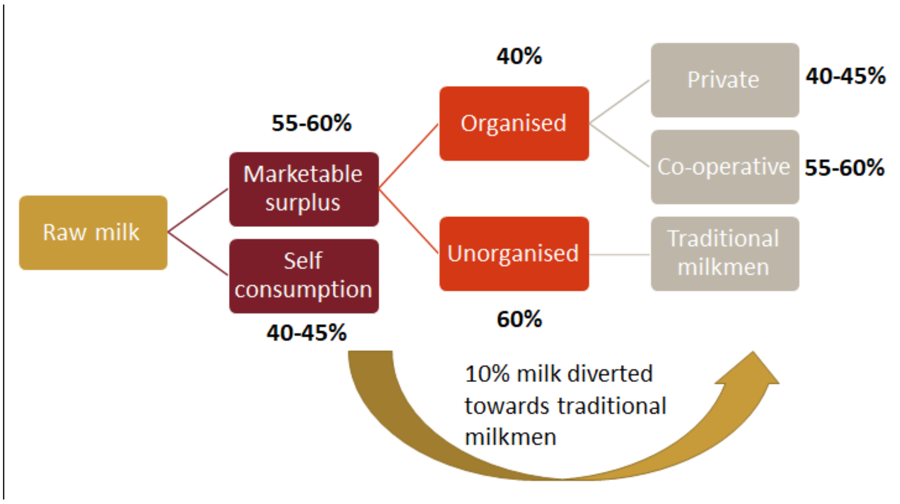
Liquid milk dominates dairy consumption basket

While the growth rate of value-added products is at an all-time high, it has not hampered the demand for liquid milk. Milk demand is expected to remain steady at 10% in Fiscals 2023 and 2024.



Source: Industry, CRISIL Research

Dairy farmers retain 40-45% of the milk produced for self-consumption



Source: NDDB, Industry, CRISIL Research

The Indian dairy sector is highly fragmented and unorganised

The organised dairy sector comprises of government, producer-owned institutions (milk co-operatives and producer companies) which provide a fair and transparent system of milk collection round the year at the village level, and private players. The unorganised/informal sector involves the local milkmen, *dudhias*, and contractors who work independently, with no uniformity in milk prices paid to the producers. The possibility of adulteration of milk is higher among these unorganised groups. In the areas where competition is high and presence of formal sector is strong, they receive higher prices and vice versa.

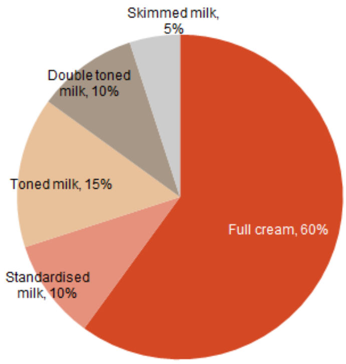
As of Fiscal 2022, unorganised players dominated the Indian dairy industry with ~58% share in the retail market of dairy products. Going forward, the organised segment is expected to grow at a faster pace of 16-18% than the unorganised segment (12-13%). This is expected to boost the share of organised players in the near future. Rising consumerism, growing urbanisation, and preference for branded packaged foods is expected to drive this trend.

Fear of contamination drives consumers towards packaged milk

Over the past few years, the milk market has seen a gradual shift in preference from loose milk to packaged milk. This shift is estimated to have been faster in fiscal 2021, as the fear of contamination during the pandemic led many consumers to switch from loose to packaged milk.

Within packaged milk, pouch milk is preferred the most as consumers perceive it to be fresh and is more economical than that sold in tetra pack cartons and PET bottles. About 80-85% of packaged milk is sold in pouches, 10-15% in tetra pack cartons and a mere 1-2% in PET bottles.

Full-cream milk dominates the pouch milk segment (FY22)



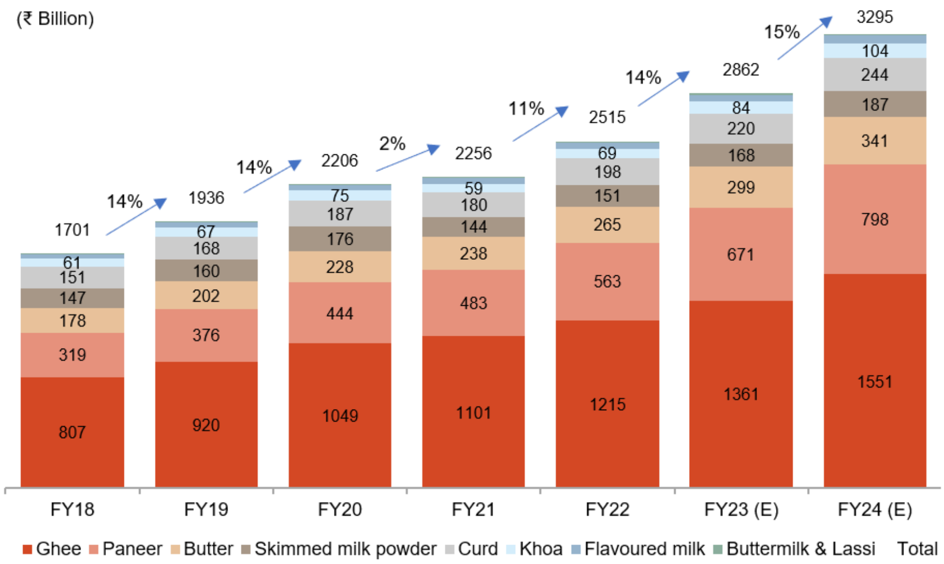
Source: Industry, CRISIL Research

Traditional value-added products to return to pre-pandemic growth rate this fiscal

Ghee will retain the highest share in traditional value-added products in Fiscal 2023. Due to fear of contamination, there is a shift in consumption of curd, curd-related products, paneer and khoa from loose to packaged items. Along with this, increased rural penetration, higher per capita consumption, and removal of restrictions on social gatherings and travel are driving growth of the products.

Traditional value-added products (TVAP) remain a staple in the Indian household. Growth rate for TVAP dipped in fiscal 2021 but returned double digits in fiscal 2022. It is expected at 14% this fiscal. Sales of skimmed milk powder and khoa were hit in fiscal 2021 due to restrictions on the two major points of sale (sweet shops and social gatherings) but recovered in fiscal 2022. Sales of curd and curd-related products such as buttermilk and lassi also fell sharply in fiscal 2021, but recovered in fiscal 2022 as offices, schools and travel resumed. Traditional dairy products such as curd, buttermilk, butter, ghee, paneer and khoa were earlier largely made in individual households in India. In the past decade, changing lifestyle and increased need for convenience led households to buy these products to save time and labour. These products are considered healthier than other snacks, cold drinks and processed food, and are being consumed more at the household level after the Covid-19 pandemic. This, along with increased penetration of sales of TVAP in rural areas and rising per capita consumption, is expected to drive this growth of 14%. In fiscal 2022, an increase in prices of these products fetched higher realisations. This trend in expected to continue in fiscals 2023 and 2024, with growth rates of 14% and 15%, respectively.

Ghee to retain highest share in traditional value-added products in fiscals 2023 and 2024

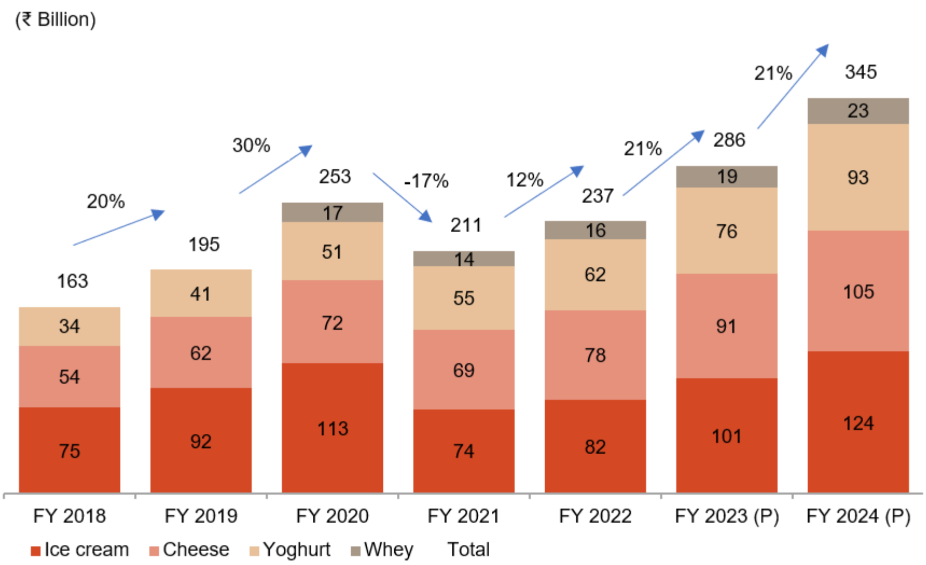


Note: Share of flavoured milk, buttermilk and lassi is about 2% of total sales every year
Source: Industry, CRISIL Research

Emerging value-added products to rise sharply in fiscals 2023 and 2024

Emerging value-added products such as ice-cream, cheese, yogurt, and whey are not staple to Indian households, and are mostly consumed out-of-home. Also, the prices of these products are on the higher side. That said, demand for the products have been rising over the years, except in fiscal 2021 owing to challenges heaped by the Covid-19 pandemic. In fiscal 2022, the industry rebounded on-year. A further increase was truncated by a severe second wave of Covid-19 infections, which affected the summer sales of ice-cream and yogurt as restrictions were reimposed during the peak season for the products. In fiscal 2023, with Covid-19 infections subsiding, social, cultural and economic activities have picked up. In fact, sales of emerging value-added products rose between 20-25% in the first quarter of fiscal 2023. The momentum is expected to continue for the rest of the fiscal , with sales projected to rise a sharp 21% on-year. This rate of increase is forecast to sustain in fiscal 2024 considering no more new pandemic-related restrictions will now prop up.

Emerging value-added products trajectory



P: Projected
Source: Industry, CRISIL Research

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 11 for a discussion of the risks and uncertainties in relation to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" on page 14, for a discussion of certain factors that may affect our business, financial condition or results of operations. Further, the information has also been derived from CRISIL Report prepared by CRISIL Limited. The CRISIL Report has been prepared and issued by CRISIL only and paid for by our Company, for the purposes of confirming our understanding of the Indian dairy industry in connection with the Issue, for an agreed fees. The CRISIL Report is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Hatsun Agro Product Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Our financial year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and Unaudited Financial Statements included in this Letter of Offer. For further information, see "Financial Information" on page 80.

In this section, unless the context otherwise requires, any reference to "we", "us", "our" or "our Company" is a reference to Hatsun Agro Product Limited.

Overview

We are a dairy company based in south India. Our business model in India consists of procurement, processing, distribution and marketing operations of dairy products. We procure milk from farmers through our Hatsun Milk Banks ("**HMBs**") and Active Bulk Coolers ("**ABCs**") and manufacture various dairy based products such as milk, curd, ghee, butter, paneer, ice-cream, chocolates, yoghurt, skimmed milk powder, lassi, butter milk, cheese spread, and dairy whitener. Our processing and manufacturing facilities are primarily across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, and Maharashtra. We also manufacture cattle feed. Our marketing/ sales operations are spread across the states of Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Telangana, Maharashtra, Odisha, Goa and the union territory of Pondicherry.

We primarily market milk and curd under our brand names "Arokya" and "Hatsun" and ice-creams under our brand name "Arun". Further, we operate our own outlets under our brand name of "IBACO" to sell ice-creams, chocolates and ice-cream cakes. Additionally, we selectively retail milk and other milk products such as curd, ghee, butter, paneer, ice-cream, chocolates, yoghurt, skimmed milk powder, *lassi*, butter milk, cheese spread, and dairy whitener in various markets through our retail outlet under our brand name "HAP Daily". We also manufacture and sell cattle feed under our brand name "Santosa" to farmers through our procurement network.

As of September 30, 2022, we have 19 processing and manufacturing plants primarily across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra and 3,491 "HAP Daily" retail outlets which are situated in various strategic locations across the states of Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Telangana, Maharashtra, Odisha, Goa and the union territory of Pondicherry. We place emphasis on quality control and product safety at each step of the manufacturing process, right from the procurement of raw milk until the final product is packaged and ready for distribution. We have obtained several quality control certifications and registrations for our facilities.

We procure milk from milk farmers through our HMBs and ABCs. Our supply chain network includes procurement of milk from various districts across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra through over 9,304 HMBs and 1,304 ABCs as on September 30, 2022.

Our revenue from operations were ₹3,76,233.58 lakhs, ₹6,37,036.15 lakhs and ₹5,55,125.51 lakhs and our profit after tax were ₹9,443.41 lakhs, ₹21,790.94 lakhs, ₹24,635.06 lakhs for the six months ended September 30, 2022 and the financial years ended March 31, 2022 and 2021, respectively.

Evolution of our Business

Our Company was incorporated on March 4, 1986 as a private limited company under the Companies Act, 1956 as 'Hatsun Foods Private Limited'. Our Company was converted to a public limited company and the name of our Company was changed to 'Hatsun Milk Food Limited' and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. The name of our Company was further changed to 'Hatsun Agro Product Limited' pursuant to a fresh certificate of incorporation issued by ROC on April 7, 1998. For further details regarding the change in the name of our Company, please refer to the "*General Information*" section on page 36.

Competitive Strengths

Well-defined procurement, processing and distribution capabilities

Our business model enables us to provide end to end capabilities from procurement till distribution and marketing in a cost-efficient manner. The key components of our business model are as follows:

(a) **Procurement:** Our procurement operations are spread across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra through over 9,304 HMBs and 1,304 ABCs as of September 30, 2022. The milk is procured from milk farmers through HMBs and are stored in ABCs, which helps in chilling the milk at the village level. These ABCs aid in improving the quality of milk and retain its freshness until they reach the milk processing plants. As on September 30, 2022, we have installed ABCs in over 1,304 locations. The raw milk is thereafter transported to the nearest processing plant through tankers for onward processing into retail milk packages or manufacturing of dairy-based products. During financial year 2021-22 we procured milk on an average of 29.94 lakh litres per day ("**LLPD**") as against 29.02 LLPD procured during the financial year 2020-21.

(b) **Processing:** As of September 30, 2022, we have 19 processing and manufacturing plants situated in various strategic locations across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra and . For details regarding the installed capacity in these plants refer to "- *Production Capacity*" on page 72. We regularly incur capital expenditure to upgrade technology across our processing plants. We have undertaken efforts to absorb the best available technology for processing of milk and manufacturing milk related products like replacement of existing reciprocating compressor with scroll compressor in the refrigeration unit of our bulk coolers.

(c) **Distribution and Marketing:** We sell (i) milk and milk products under our brands "Hatsun" and "Arokya"; (ii) Ice-creams under our brands "Arun" and "Ibaco"; and (iii) cattle feed under the brand "Santosa". Further, we distribute various products such as milk and milk products along with ice -creams through our retail stores "HAP Daily". As on September 30, 2022, we have 3,491 "HAP Daily" stores. While the milk is marketed in four different variants *viz*., standard, full cream, toned and double toned, the curd is marketed in the form of pouches ranging from 180 grams to 1 kg and cups ranging from 50 grams to 400 grams.

Additionally, our Company also relies on the following methods which we believe boosts efficiency and productivity of our operations:

(a) **HAP Information System:** We use a cattle management system wherein all the animals are tagged and their data is constantly recorded which helps monitor the animals.

(b) **Artificial Insemination and Animal Husbandry:** We rely on a trained team of inseminators which provides artificial insemination services from quality animals. The process is carried out to ensure that cows produce a calf with better genetic qualities. We have a dedicated animal husbandry team which helps improve profitability of the dairy farms by increasing efficiency and reducing costs. These professionals help in providing farmers with the complete package of forages and concentrates.

Stringent Quality Control Procedures

We are committed towards quality and food safety of our products. Our determination towards quality and food safety is demonstrated by well-defined quality and food safety procedures at various stages from procurement to distribution of our products.

The raw milk procured by us undergoes two types of quality testing, namely (i) Gerber Method which is a method in compliance with the Bureau of Indian Standards IS 1224 (Part I) and IS 1479 (Part I) for determining the amount of fat in raw and processed milk. The method is used to separate the fat in the milk from proteins by adding sulphuric acid. The separation is facilitated by using amyl alcohol and centrifugation. The fat content is read directly via a special calibrated butyrometer; and (ii) EkoMilk Analyzers which are designed for the fast and cost-effective analysis of fat contents, milk solids non-fat, density and added water in the raw milk. The test procedure relies on ultrasonic sound wherein the signals are allowed to pass through the milk sample and are measured digitally for an accurate display. The milk is then subjected to pasteurization and homogenization.

Further, we have procured following quality standard certificates for our products and manufacturing and processing plants.

- Food Safety Management System Standard of ISO 22000:2018;
- Food Safety System Certification 22000;
- Export Inspection Council of India (Ministry of Commerce & Industry Govt. Of India) Certificate of Approval of Quality for Export of Milk Product; and
- Food Safety and Standards Authority of India license for all manufacturing and processing facilities.

Financial Growth and Operational Efficiencies

We have delivered consistent growth over the years both in terms of financial and operational metrics. Our revenue from operations increased at a rate of 14.76% over Fiscal 2021 to Fiscal 2022 and amounted to ₹6,37,036.15 lakhs in Fiscal 2022, while our EBITDA decreased during the same period at a rate of 9.73% and amounted to ₹ 69,278.49 lakhs, our profit after tax amounted to ₹ 21,790.94 lakhs in Fiscal 2022. Our revenue from operations, EBITDA and profit after tax for the six months period ended September 30, 2022 were ₹ 3,76,233.58 lakhs, ₹ 36,334.70 lakhs and ₹ 9,443.41 lakhs respectively. Our debt to equity ratio (calculated as total borrowings/total equity of our Company) was 1.45, 1.42, 1.54 and 1.39 as on September 30, 2022, September 30, 2021, March 31, 2022 and March 31, 2021 respectively.

Experienced Board and senior management team

We are led by an experienced Board of Directors, who have extensive knowledge and understanding of the dairy business and have the expertise and vision to organically and inorganically scale up our business. Our Board is supplemented by our senior and middle-level management team members. We believe that the knowledge and experience of our senior and middle-level management team in the dairy business provides us with a significant competitive advantage as we seek to grow our business.

Our promoter, Chandramogan R.G. has been in the dairy business for more than five decades. In February 2018, the Indian Dairy Association awarded Patronship to R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.

For further details of our key managerial personnel, see "*Our Management - Details of key management personnel and senior management personnel*" on page 78.

Our Strategy

Enhance our brand visibility and expand the reach of our products

We believe that our brands are recognised by our consumers given our presence across the south Indian markets for over 50 years and the quality of our processed milk. Amongst private dairy players with a significant presence in the southern region of India, we have a strong presence in the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra.

Further, apart from direct sales to consumers, our retail outlets "HAP Daily" supply products to various retail outlets within the vicinity, thereby increasing ease of availability of our products and expanding the brand reach to the consumers. The retail outlets offer tremendous growth opportunities for the franchisees. We plan to penetrate deeper into newer markets and deepen our presence in traditionally strong markets of Tamil Nadu, Andhra Pradesh, Karnataka, and Telangana.

Increase our milk procurement

We require raw milk for all our manufacturing operations, which we procure from milk farmers through our HMBs and ABCs, in the vicinity of our manufacturing facilities and the production volumes of our products are dependent upon the amount and quality of raw milk that we are able to procure. We believe that maintaining good relationships with milk farmers and other milk vendors is essential to increasing our milk procurement. We seek to strengthen our existing relationships with milk farmers and vendors, and cultivate new relationships through various methods including milk quality and quantity based incentives, providing farmers with cattle feed and seeds, assisting with veterinary health-care, vaccinations, artificial insemination and facilitating loans to purchase cattle.

Augment our processing and manufacturing capacity

The removal of lockdown restrictions has led to higher demand for value-added products in hotels, restaurants, and cafes. In the last month of fiscal 2022 and first quarter of fiscal 2023, sales of ice-creams grew 30% compared with the corresponding periods of the previous year. (*Source: CRISIL Research*) A growth of at least 20% in the demand for ice-creams in the third and fourth quarters of this fiscal is expected. The sales of cheese and paneer are expected to grow at 16% and 19%, respectively. (*Source: CRISIL Research*) While the major driver for this growth will be institutional and in hotels, restaurants, and cafes sales, 15.00-17.00% growth is also expected in household consumption, because of a shift in eating habits. (*Source: CRISIL Research*) Our Company is committed to enhancing and expanding its processing and manufacturing and plans on enhancing its processing and manufacturing capacity for all products to boost sales and distribution network across different states in South India, and plans on enhancing its presence in certain urban and semi urban markets, where we expect growth to be more significant. On November 10, 2022, our Company inaugurated an automated chocolate manufacturing unit with a capacity of production of 7,000 kgs of chocolate per day at its Govindpur dairy processing complex, which also has an installed capacity of producing 97,000 kgs of ice-cream per day. This automated plant with combined capacity to produce ice-cream and chocolate will further boost milk production.

Our Products

Consumer Products

Our product portfolio includes the following:

Brand	Product	Variant
Arun® ICECREAMS	Ice creams	Ice cream bars, cups and cakes
		iBar
		iBar mini
		iCones
		Specialities including chocolate ball, ice cream sandwiches.
		Ice cream tubs
ibaco	Ice creams and chocolates	Ice creams
		Ice cream cakes
		Ice cream shakes
		Chocolates
Arokya®	Milk and milk products	Milk – Full cream milk, standardised milk, toned milk and double toned milk.
		Curd
		Paneer
HAP® daily	Chocolates and ice cream	Chocolates Kulfi Ice Cream Ice cream cakes
	Milk and milk products	Curd
		Cow milk

Brand	Product	Variant
HATSUN		Paneer
		Blueberry, mango and strawberry flavoured yoghurt shakes
		Cheese spread
		Ghee
		Table butter and cooking butter
		Dairy whitener
		Skimmed milk powder
		Lassi
		Butter milk
		Chhass
HATSUN Dairy Ingredients	Milk products	Skimmed milk powder,
		Butter oil /Anhydrous milk fat (AMF)
		Ghee,
		Full cream milk powder
Santosa	Cattle feed and supplements	Cattle feed - Calf Starter Pellet, Santosa XL Pellet, Bypass Pellet and Santosa Season Special Pellet.
		Cattle supplements - Chelated Calcium Tonic, Immunity Enhancer, M-Care Plus, M-Care, Trace Minerals, Immunity Booster, Nature Supplement Diacare, Nature Supplement Gutcare, Nature Supplement Rumencare, Nature Supplement Uddercare, Calcium Tonic, Vitamin Tonic and yeast

Our Facilities

As of September 30, 2022, we have 19 processing and manufacturing plants primarily across the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, and Maharashtra. Brief details of our processing and manufacturing plants are as follows:

Sr. No.	Plant	State	Manufactured / Processed items	Process for	Process
1.	Madurai	Tamil Nadu	Milk	Milk	Immediately upon receipt of the milk from the farmers, it is stored in a temperature below 5° and subsequently the milk is taken through the process of standardization, homogenization and pasteurization. Upon completion of the process, the milk is packaged into pouches and dispatched to the customers through refrigerated container vehicles.
2.	Honalli	Karnataka	Milk		
3.	Hyderabad	Telangana	Milk		
4.	Thalaivasal	Tamil Nadu	Milk and Milk Products Division	Curd	Immediately upon receipt of the milk from the farmers, it is stored in a temperature below 5° and subsequently the milk is taken through the process of standardization, homogenization and pasteurization. The resultant culture is then inoculated with milk at a temperature below 5° for an agitation process for at least 30 minutes. After the agitation process is
5.	Tirunelveli	Tamil Nadu	Milk and Milk Products Division		
6.	Uthiyur	Tamil Nadu	Milk and Milk Products Division		
7.	Belgaum	Karnataka	Milk and Milk Products Division		
8.	Chittoor	Andhra Pradesh	Milk and Milk Products Division		
9.	Sirashi	Maharashtra	Milk and Milk Products Division		
10.	Salem MPD	Tamil Nadu	Milk and Milk Products Division		
11.	Vellisanthai	Tamil Nadu	Milk and Milk Products		

Sr. No.	Plant	State	Manufactured / Processed items	Process for	Process
	MPD		Division		complete, the curd is packaged into pouches/cups and kept for incubation and blast room process. Finally, upon quality clearance, the curd is dispatched to the customers through refrigerated container vehicles.
12.	Kanchipuram	Tamil Nadu	Milk and Milk Products Division	Skimmed Milk Powder	Upon receipt of the milk, the separation of cream and pasteurization process is undertaken followed by filtration, pre-heating, evaporation and a drying process. Upon completion of the process, the skimmed milk powder is packed, stored and finally dispatched to the market.
13.	Kolasanahal–i - Palcode	Tamil Nadu	Milk and Milk Products Division		
14.	Salem	Tamil Nadu	Ice cream and Milk Products Division		
15.	Red Hills	Tamil Nadu	Ice cream	Ice-cream	Upon receipt of the sugar syrup, raw chilled milk, condensed milk, skimmed milk powder, whole milk protein, emulsifying and stabilising agents, butter and cream – the ingredients are put through the process of homogenization and pasteurization. Upon completion of the process, flavours, colours, fruits and nuts are added. The final product is packaged and dispatched to the market.
16.	Govindpur	Telangana	Ice cream		
17.	Wallajah – Film	Tamil Nadu	Film	Film	Polymers, ink and solvents are mixed together to make the mother roll which is put through an extrusion process. Upon completion, it is taken to the printing and slitting process. The film rolls are then dispatched to the processing plants.
18.	Melkaraipatti-Feed	Tamil Nadu	Feed	Feed	The raw materials such as cotton seed, maize, etc are mixed as per the prescribed recipe, post which the palletising and packing processes are undertaken and dispatched to the market.
19.	Sangola	Maharashtra	Feed		

We use a spray drying process to produce milk powder, and thermisation process to manufacture curd. For the refrigeration of our products, we have installed a vapour absorption machine, screw compressor and reciprocating compressors, all with variable frequency drives. We have also installed homogenisers, separators and pasteurisers for the processing of milk. We have installed equipment such as continuous butter making machines for the manufacture of butter, kettles for manufacturing ghee, evaporators and dryers for manufacturing milk powders.

The boilers that we operate at our facilities have variable frequency drives to ensure energy efficiency. Centralised cleaning-in-place units are installed at all units within our processing and manufacturing facilities to ensure proper cleaning of equipment.

Production Capacity

The following table sets forth information relating to the aggregate installed production capacities (per day) of our processing plants for the products specified below, as of September 30, 2022:

Processing Plant	Unit	Standard capacity per day			
		In six month period ended September 30, 2022	In six month period ended September 30, 2021	In Fiscal 2022	In Fiscal 2021
Ice Cream					
Red Hills	in Lakh Kilogram	0.22	0.22	0.22	0.22
Salem		0.66	0.66	0.66	0.66
Govindpur		0.97	0.97	0.97	-
TOTAL		**1.85**	**1.85**	**1.85**	**0.88**
Chocolates					
Govindpur*	in Lakh Kilogram	-	-	-	-
Salem		0.02	0.02	0.02	0.02
TOTAL		**0.02**	**0.02**	**0.02**	**0.02**
Milk					
Kanchipuram	in Lakh Litres	4.00	4.20	4.00	4.20
Madurai		3.10	3.20	3.10	3.20
Thalaivasal		3.40	3.45	3.40	3.45
Belguam		1.50	1.60	1.50	1.60
Honalli		1.50	1.50	1.50	1.50
Kolashanahalli		2.80	2.90	2.80	2.90
Thirunelveli		2.00	2.10	2.00	2.10
Hyderabad		1.80	2.00	1.80	2.00
Chittor		2.00	2.00	2.00	2.00
Uthiyur		2.00	2.00	2.00	-
Sirashi		2.50	2.50	2.50	2.50
TOTAL		**26.60**	**27.45**	**26.60**	**25.45**
Milk Products Division					
Salem	in Lakh Kilogram	0.53	0.53	0.53	0.53
Kanchipuram		0.15	0.15	0.15	0.15
Kolashanahalli		1.47	1.47	1.47	1.47
TOTAL		**2.15**	**2.15**	**2.15**	**2.15**
Curd					
Kanchipuram	in Lakh Kilogram	1.48	1.20	1.48	1.20
Thalaivasal		0.70	0.70	0.70	0.70
Belguam		0.60	0.60	0.60	0.60
Thirunelveli		0.60	0.65	0.60	0.65
Hyderabad		0.30	0.35	0.30	0.35
Chittor		1.00	1.00	1.00	1.00
Sirashi		2.07	1.00	2.07	1.00
Uthiyur		1.25	0.05	1.25	-
Salem MPD		0.33	0.40	0.33	0.30
Vellichandi		1.45	1.25	1.45	1.25
TOTAL		**9.77**	**7.20**	**9.77**	**7.05**
Feed					
Palani	in Metric Tons	880.00	880.00	880.00	880.00
Sangola		110.00	110.00	110.00	110.00
TOTAL		**990.00**	**990.00**	**990.00**	**990.00**

Note: As certified by the chartered engineer, Guttikonda Venkateswararao, vide his certificate dated December 3, 2022.
** The chocolate manufacturing unit at the Govindpur dairy processing complex in Govindpur was inaugurated on November 10, 2022. However, the chocolate manufacturing unit in Govindpur has not begun commercial production as on the date of this Letter of Offer.*

Capacity and Capacity Utilisation

We regularly monitor the performance of our processing plants through a number of performance indicators commonly used in the dairy industry. The following table provides information relating to the aggregate estimated capacity utilization rates of our processing plants for the plants below. The capacity utilization for our processing plants has been calculated on the basis of the actual aggregate production of the relevant product during the relevant period, divided by the average aggregate installed production capacity for such product for such period, as adjusted for scheduled and unscheduled downtime.

Processing Plant	Unit	In six month period ended September 30, 2022	Utilisation %	In six month period ended September 30, 2021	Utilisation %	In Fiscal 2022	Utilisation %	In Fiscal 2021	Utilisation %
Ice Cream									
Red Hills	in Lakh Kilogram (except %)	0.13	59.94	0.12	55.10	0.12	53.74	0.11	50.84
Salem		0.44	66.66	0.33	50.66	0.37	56.04	0.29	44.56
Govindpur		0.24	25.22	0.00	0.0	0.13	13.75	-	-
TOTAL		**0.82**	**44.13**	**0.45**	**24.63**	**0.62**	**33.59**	**0.41**	**46.13**
Chocolates									
Govindpur*	in Lakh Kilogram (except %)	-	-	-	-	-	-	-	-
Salem		0.01	30.23	0.00	22.38	0.01	27.01	0.01	25.90
TOTAL		**0.01**	**30.23**	**0.00**	**22.38**	**0.01**	**27.01**	**0.01**	**25.90**
Milk									
Kanchipuram	in Lakh Litres (except %)	3.61	90.23	3.67	87.28	3.67	87.36	3.39	80.69
Madurai		2.06	66.42	2.41	75.32	2.28	71.15	2.57	80.44
Thalaivasal		2.52	74.15	2.74	79.49	2.67	77.38	2.71	78.63
Belguam		1.13	75.19	0.95	59.10	1.00	62.62	1.09	67.99
Honalli		1.28	85.64	1.21	80.74	1.23	82.25	1.27	84.69
Kolashanahalli		1.59	56.84	1.85	63.86	1.74	60.14	1.86	64.02
Thirunelveli		1.38	68.78	1.59	75.49	1.48	70.50	1.54	73.55
Hyderabad		2.05	113.94	1.96	97.79	2.02	101.00	1.88	93.98
Chittor		1.73	86.61	1.78	88.86	1.68	84.05	1.49	74.46
Uthiyur		1.41	70.56	0.53	26.41	1.10	54.86	-	-
Sirashi		1.82	72.79	1.52	60.72	1.53	61.07	0.87	34.80
TOTAL		**20.58**	**77.38**	**20.19**	**73.56**	**20.40**	**74.32**	**18.67**	**73.37**
Milk Products Division									
Salem	in Lakh Kilogram (except %)	0.08	15.24	0.20	37.18	0.17	32.42	0.19	35.34
Kanchipuram		0.06	41.45	0.09	56.98	0.07	43.84	0.10	68.03
Kolashanahalli		0.40	27.33	0.65	44.21	0.44	29.90	0.53	36.37
TOTAL		**0.54**	**25.34**	**0.93**	**43.37**	**0.68**	**31.49**	**0.82**	**38.33**
Curd									
Kanchipuram	in Lakh Kilogram (except %)	1.04	70.72	0.87	72.67	0.83	68.92	0.65	54.41
Thalaivasal		0.52	74.91	0.53	75.65	0.50	71.74	0.47	67.84
Belguam		0.42	69.27	0.28	46.40	0.32	52.99	0.25	41.51
Thirunelveli		0.43	71.82	0.52	80.64	0.48	73.37	0.46	70.61
Hyderabad		0.26	85.85	0.24	69.06	0.22	62.71	0.25	70.50
Chittor		0.80	79.93	0.75	74.77	0.71	70.71	0.56	55.92
Sirashi		0.95	45.91	0.46	46.05	0.55	55.17	0.43	42.58
Uthiyur		0.47	37.28	0.02	30.47	0.02	37.26	-	-
Salem MPD		0.15	45.63	0.09	21.57	0.09	21.44	0.10	33.60
Vellichandi		1.02	70.41	0.77	61.31	0.84	67.08	0.80	63.77
TOTAL		**6.06**	**61.99**	**4.52**	**62.80**	**4.55**	**63.13**	**3.97**	**56.25**
Feed									
Palani	in Metric Tons	419.51	47.67	501.39	56.98	505.67	57.46	469.42	53.34
Sangola		133.60	121.45	104.58	95.07	80.54	73.22	73.56	66.87
TOTAL		**553.11**	**55.87**	**605.97**	**61.21**	**586.21**	**59.21**	**542.98**	**54.85**

Note: As certified by the chartered engineer, Guttikonda Venkateswararao, vide his certificate dated December 3, 2022.
** The chocolate manufacturing unit at the Govindpur dairy processing complex in Govindpur was inaugurated on November 10, 2022. However, the chocolate manufacturing unit in Govindpur has not begun commercial production as on the date of this Letter of Offer.*

Employees

As of September 30, 2022, we had a workforce of 11,165 personnel which included 5,353 full time employees and 5,812 contract employees. We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses heavily on recruiting, training and retaining our employees, as well as offering them competitive compensation. We are also committed to providing an empowering environment that motivates and facilitates growth and rewards contribution. We also have a dedicated team of employees who specialize in marketing and distribution of dairy products, and these employees are responsible for regularly engaging with our distributors and dealers, for expanding our distribution network, and enhancing the sales of our retail consumer products.

Competition

The dairy industry is highly competitive, especially the markets for processed milk products and dairy based products, which are experiencing rapid development and increasing competition. We compete with large multi-national companies particularly as well as regional and local companies in each of the regions where we operate. Besides, in most product categories, we compete not only with other widely advertised branded products, but also with non-premium milk producers distributing milk in our marketing area as well as private and economy brand products that are generally sold at lower prices. In addition, a number of our competitors have also engaged in integration within the value chain, including making investments in dairy farms. Such strategic moves may lead to a more competitive environment.

Marketing

Our principal markets in India include the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra. Our fresh milk and milk products including curd, yoghurt and paneer have a shorter shelf life and are primarily sold in the southern markets in India in proximity to our processing facilities. We sell our own branded retail dairy consumer products to retail customers through our 3,491 HAP Daily stores.

As of September 30, 2022, we export our products to four countries overseas Brunei, Seychelles, Singapore and Maldives. Our products that we export primarily include ice-creams.

Our marketing team develops a separate marketing and distribution strategy for each of our products and engages in several marketing and promotional activities to promote our brands and increase our sales volumes. In Fiscal 2022 and 2021 and the six-month period ended September 22, 2022 and September 30, 2021, we have incurred ₹ 11,937.09 lakhs, ₹ 8,447.12 lakhs, ₹ 8,330.26 lakhs and ₹ 5,779.87 lakhs, respectively, towards advertising and marketing of our products through the media viz. television serials/soaps, sports, newspapers, banners and hoardings on arterial roads and railway stations.

Intellectual Property Rights

Our intellectual property is an important asset of our Company. We own a number of trademarks in India relating to our name and several of our products, including "Hatsun", "Arun", "Arokya", "Santosa", "HAP Daily", "IBACO" etc. in various categories and we have filed 131 applications, as on September 30, 2022 for registration of certain other trademarks as well. The registered trademarks are valid for a period of 10 years from the date of application or renewal.

Corporate Social Responsibility

Our Company recognises that its business activities have a wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. Our Company spent ₹ 931.06 lakhs towards CSR activities in Fiscal 2022. Our Company endeavours to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society.

Our Company satisfies the threshold as stipulated under Section 135 of the Companies Act, 2013 has established a CSR Committee comprising of members of the Board, the CSR Committee has formulated and approved the CSR policy as per the approach and direction given by the Board pursuant to the recommendations made by the Committee including guiding principles for selection, implementation and monitoring of activities as well as formulation of an annual action plan for our Company with its major focus on (i) Devising meaningful and effective strategies for carrying out CSR activities and engaging with all stakeholders towards implementation and monitoring while making sustainable contributions to communities; (ii) Identifying socio-economic opportunities to perform CSR activities; (iii) Focusing on social welfare activities and programmes as envisaged in Schedule VII of Companies Act, 2013; (iv) devising monitoring and reporting mechanism for the projects or programmes; and (v) evaluating the details and need for impact assessment studies, if any, for the projects undertaken by our Company.

OUR MANAGEMENT

Board of Directors

The Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be fifteen, unless otherwise determined by our Company in a general meeting. As of the date of this Letter of Offer, the Board comprises ten Directors, of which one is an Executive Director and nine are Non-Executive Directors, including five Independent Directors.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Letter of Offer:

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other Directorships
Name: Chandramogan R.G. ***Date of Birth:*** March 1, 1949 ***Address:*** Old No. 14, New No. 23, Sunrise Avenue, Akkarai, Sholinganallur, Kancheepuram, Tamil Nadu – 600119 ***Occupation:*** Business ***DIN:*** 00012389 ***Designation:*** Chairman and Non-Executive Non-Independent Director ***Term:*** For a period of five years with effect from April 1, 2019. Re-designated as Chairman in the capacity as Non-Executive Non-Independent Director with effect from October 19, 2020. ***Period of directorship:*** Since March 4, 1986	73	Indian Ice Cream Manufacturers Association
Name: C. Sathyan ***Date of Birth:*** October 5, 1978 ***Address:*** Old No. 14, New No. 23, Sunrise Avenue, Akkarai, Sholinganallur, Kancheepuram, Sholinganallur, Tamil Nadu – 600119 ***Occupation:*** Business ***DIN:*** 00012439 ***Designation:*** Managing Director ***Term:*** For a period of five years with effect from October 19, 2020 ***Period of directorship:*** Since June 14, 2001	44	NIL
Name: K S Thanarajan ***Date of Birth:*** March 20, 1949 ***Address:*** Flat No. 803, Tower A, 8th Floor, 2/3 Monteith Road, Egmore, Chennai, Tamil Nadu-600 008 ***Occupation:*** Business ***DIN:*** 00012285	73	NIL

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other Directorships
Designation: Non-Executive Non-Independent Director ***Term:*** Liable to retire by rotation ***Period of directorship:*** Since January 18, 2017		
Name: P. Vaidyanathan ***Date of Birth:*** October 29, 1947 ***Address:*** 7AB Block 3, Kences Enclave,1 Ramakrishna Street, T Nagar, Thygarayanagar H.O, Chennai, Tamil Nadu- 600 017 ***Occupation:*** Professional ***DIN:*** 00029503 ***Designation:*** Non-Executive Non-Independent Director ***Term:*** Liable to retire by rotation ***Period of directorship:*** Since March 29, 1999	75	a. Economist Communications Limited; b. Suja Shoei Industries Private Limited; c. Integrated Investment Services Private Limited; and d. Integrated Fintech Education Foundation.
Name: B. Thenamuthan ***Date of Birth:*** November 17, 1960 ***Address:*** No. 4, Honey House, 4th Cross, Varsova Layout, Near , C V Raman Nagar Bus Stop, C V Raman Nagar, Bangalore North, Bangalore, Karnataka – 560093 ***Occupation:*** Business ***DIN:*** 01099739 ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from April 1, 2019 ***Period of directorship:*** Since January 23, 2014	62	Karnataka News Publications Private Limited;
Name: Tammineedi Balaji Nagabushanam ***Date of Birth:*** October 7, 1960 ***Address:*** 8-2-293/82/NL/109, MLA AND MP Colony, Jublee Hills, Hyderabad 500 033 ***Occupation:*** Business ***DIN:*** 00127833 ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from September 23, 2019 ***Period of directorship:*** Since September 23, 2014	62	a. Jyothi Pure Water Private Limited b. Prism Infraspace Private Limited; c. Prism Infrabuild Private Limited; d. Prism Infobuild Private Limited.
Name: Chalini Madhivanan ***Date of Birth:*** April 4, 1957	65	M.N. Eye Hospital Private Limited

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other Directorships
Address: G 12 G Block, 9th Street, Annanagar East, Chennai 600 102 ***Occupation:*** Doctor ***DIN:*** 02982290 ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from September 23, 2019 ***Period of directorship:*** Since September 23, 2014		
Name: S. Subramanian ***Date of Birth:*** January 9, 1959 ***Address:*** 21, Srinivasa Nagar, Near Indira Nagar Play Ground, Selaiyur S.O, Kancheepuram Tamil Nadu – 600073 ***Occupation:*** Retired ***DIN:*** 08341478 ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from January 24, 2019 ***Period of directorship:*** Since January 24, 2019	63	NIL
Name: Sathyanarayan D ***Date of Birth:*** June 14, 1959 ***Address:*** No. 26, Rajannagar 3rd Street, Kolathur, Tiruvallur – 600099 ***Occupation:*** Service ***DIN:*** 08489439 ***Designation:*** Non-Executive Non-Independent Director ***Term:*** Liable to retire by rotation ***Period of directorship:*** Since June 21, 2019	63	NIL
Name: V R Muthu ***Date of Birth:*** October 6, 1953 ***Address:*** 51/2, Rosalpatti Road, Virudhu Nagar, Tamil Nadu – 626001 ***Occupation:*** Business ***DIN:*** 01908841 ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from October 19, 2020	69	a. V.V.V & Sons Edible Oils Limited b. Thangamayil Jewellery Limited c. Idhayam-G Finance and Investment Services Limited d. Idhyam-G Jagat Nidhi Limited e. Virudhunagar Chamber of Commerce and Industry f. Virudhunagar Kamaraj Memorial Software Private Limited g. Idhyam Parikshan Labs Limited

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other Directorships
Period of directorship: Since October 19, 2020		

Confirmations

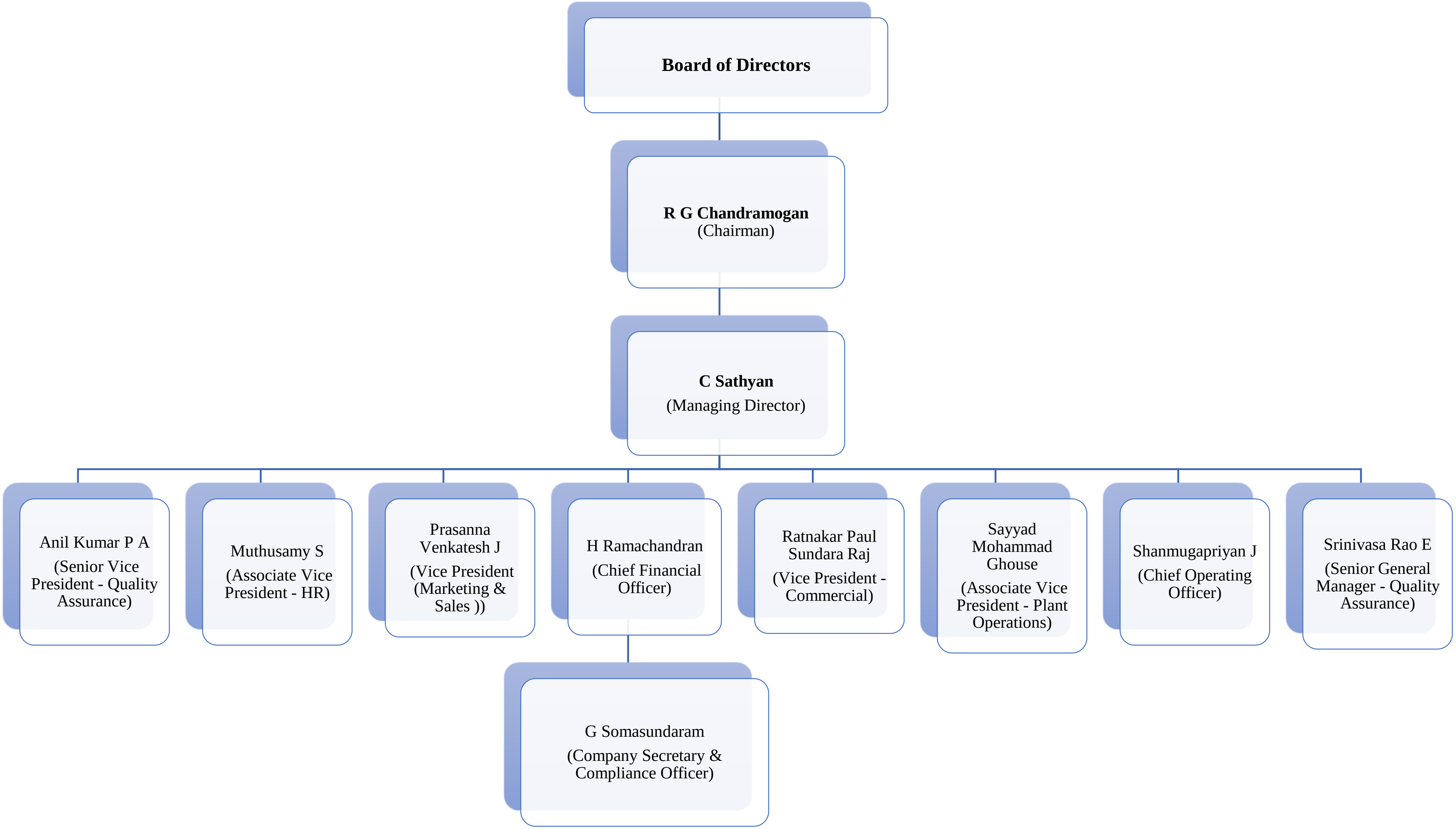
None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

Details of key management personnel and senior management personnel

S. No.	Name of KMP/SMP	Designation
Key Management Personnel		
1.	C. Sathyan	Managing Director
2.	H. Ramachandran	Chief Financial Officer
3.	Gopalan Somasundaram	Company Secretary and Compliance Officer
Senior Management Personnel		
4.	Anil Kumar P A	Senior Vice President – Quality Assurance
5.	Prasanna Venkatesh J.	Vice President – Sales & Marketing
6.	Ratnakar Paul Sundara Raj	Vice President – Commercial
7.	Sayyad Mohammed Ghouse	Associate Vice President – Plant Operations
8.	Shanmugapriyan J.	Chief Operating Officer
9.	Srinivasa Rao E.	Senior General Manager – Quality Assurance
10.	Muthusamy S	Associate Vice President – Human Resource

Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To The Members of Hatsun Agro Product Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hatsun Agro Product Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

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

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv) (a) The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 22209252AHYCWX2209)

Place: Chennai
Date:27 April 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Hatsun Agro Product Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 22209252AHYCWX2209)

Place: Chennai
Date:27 April 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in progress and relevant details of right-of-use assets.
B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of property, plant and equipment, so to cover all the items once every 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment, capital work in progress, were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties of land and building, disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties that have been taken on lease and disclosed in the financial statements as right-of use asset as at the balance sheet date, the lease agreements are duly executed in favour of the Company.

(d) The Company has not revalued any of its property, plant and equipment (including right of use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, statements on ageing analysis of the debtors, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has made investments in companies during the year, in respect of which:

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause (iii)(a) and clauses (iii)(c) to (iii)(f) of the Order are not applicable.

(b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 related to the manufacture of milk powder, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

a)Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b)Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs.in Lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income Tax Act, 1961	Income Tax	3,587.72	2017-18	Commissioner of Income Tax (Appeals)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a)In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b)The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c)To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d)On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e)The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year till date, in determining the nature, timing and the extent of audit procedures.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of the Order is not applicable.

b) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 22209252AHYCWX2209)

Place: Chennai
Date: 27 April 2022

BALANCE SHEET AS AT MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
Assets			
Non Current Assets			
(a) Property, plant and equipment	3	2,18,168.59	1,72,718.04
(b) Right of use assets	4C	21,189.56	18,667.85
(c) Capital work in progress	4D	23,707.52	38,443.56
(d) Goodwill	4A	774.12	774.12
(e) Other Intangible assets	4B	830.27	750.35
(f) Financial assets			
(i) Investments	5 (i)	1,351.00	830.00
(ii) Other financial assets	5 (ii)	5,831.12	4,159.16
(g) Other non-current assets	6	1,292.16	3,563.00
(h) Non-current tax assets	7	1,067.58	-
Total Non Current Assets		2,74,211.92	2,39,906.08
Current Assets			
(a) Inventories	8	60,917.32	56,977.14
(b) Financial assets			
(i) Trade receivables	9	777.81	907.41
(ii) Cash & cash equivalents	10A	3,711.03	3,407.39
(iii) Other Bank balances	10B	255.74	517.32
(iv) Others financial assets	11	2,630.72	2,743.67
(c) Other current assets	12	9,291.11	7,244.25
		77,583.73	71,797.18
(d) Asset classified as held for sale		2,371.00	-
Total Current Assets		79,954.73	71,797.18
Total Assets		3,54,166.65	3,117,03.26
Equity And Liabilities			
Equity			
(a) Equity share capital	13	2,156.02	2,156.02
(b) Other equity	14	1,08,720.49	99,994.99
Total Equity		**1,10,876.51**	**1,02,151.01**
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	78,445.88	53,575.98
(ii) Lease Liabilities		16,245.03	14,120.22
(b) Deferred tax liabilities (net)	16	4,703.56	7,228.22
(c) Other non-current liabilities	17	1,886.12	885.37
Total Non Current Liabilities		1,01,280.59	75,809.79
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	92,380.79	88,174.75
(ii) Lease Liabilities		6,821.66	6,282.97

Contd...

BALANCE SHEET AS AT MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
(iii) Trade payables - Total outstanding dues of:	18		
• Micro Enterprises and Small Enterprises		25.04	17.27
• Creditors other than Micro Enterprises and Small Enterprises		14,634.29	13,984.55
(iv) Other Financial liabilities	19	19,978.05	19,325.43
(b) Provisions	20	1,733.73	1,227.69
(c) Current tax liabilities	20A	-	360.30
(d) Other current liabilities	21	6,435.99	4,369.50
Total Current Liabilities		1,42,009.55	1,33,742.46
Total Equity and Liabilities		3,54,166.65	3,11,703.26

See accompanying notes to the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

Place: Chennai
Date: April 27, 2022

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Chairman

Sd/-
C. Sathyan
Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: April 27, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
(I) Income			
Revenue from Operations	22	6,37,036.15	5,55,125.51
Other Income	23	981.36	576.39
Total Income		6,38,017.51	5,55,701.90
II) Expenses			
Cost of Materials Consumed	24	4,35,184.88	3,93,866.12
Purchase of Stock in trade	25	536.33	359.54
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	26	5,109.40	(15,062.26)
Employee Benefits Expense	27	21,002.09	18,477.46
Finance Costs	28	10,662.92	10,828.49
Depreciation and Amortisation expense	3, 4A, 4B, 4C & 32	31,077.44	29,499.95
Other Expenses	29	1,03,072.30	77,292.47
Total Expenses		6,06,645.36	5,15,261.77
(III) Profit Before Tax from Continued operations		31,372.15	40,440.13
(IV) Tax Expense	33		
Current tax		8,954.85	14,088.73
Adjustment of current tax relating to earlier years		78.12	(264.52)
Deferred tax		(2,485.61)	(741.94)
Total tax expense		6,547.36	13,082.27
(V) Profit After Tax from Continued operations		24,824.79	27,357.86
(VI) Loss from discontinued operation	32	(3,834.01)	(4,024.84)
(VII) Tax expense from discontinued operation	33	(800.16)	(1,302.03)
(VIII) Loss after tax from discontinued operation		(3,033.85)	(2,722.81)
(IX) Profit before tax for the year (continued and discontinued operation)		27,538.14	36,415.29
(X) Tax Expense		5,747.20	11,780.23
(XI) Profit for the year (continued and discontinued operation)		**21,790.94**	**24,635.06**
(XII) Other Comprehensive Income (OCI)	30		
(i) Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss/(gains) on employee defined benefit plans		210.75	133.93
Income tax effect		(53.04)	(46.87)
Net items not to be reclassified to profit or loss in subsequent periods		157.71	87.06

Contd...

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
(ii) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		(40.06)	(135.45)
Income tax effect		13.99	47.33
Net items to be reclassified to profit or loss in subsequent periods		(26.07)	(88.12)
(XIII) Total other comprehensive income for the year, net of tax		131.64	(1.06)
(XIV) Total comprehensive income for the year		21,659.30	24,636.12
(XV) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2021: Rs. 1/- each fully paid) for continuing operations	31		
Computed on the basis of total profit for the year			
Basic (Rs.)		11.46	12.69
Diluted (Rs.)		11.46	12.69
(XVI) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2021: Rs. 1/- each fully paid) for discontinued operation			
Computed on the basis of total profit for the year			
Basic (Rs.)		(1.41)	(1.26)
Diluted (Rs.)		(1.41)	(1.26)
(XVII) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2021:Rs. 1/- each fully paid) for continuing and discontinued operation			
Computed on the basis of total profit for the year			
Basic (Rs.)		10.05	11.43
Diluted (Rs.)		10.05	11.43

See accompanying notes to the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

Place: Chennai
Date: April 27, 2022

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Chairman

Sd/-
C. Sathyan
Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: April 27, 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Cash flows from operating activities		
Net profit before taxation	27,538.14	36,415.29
Adjustments for:		
Depreciation and Amortisation expense (continuing and discontinued operation)	32,064.47	30,990.42
(Profit)/loss on sale of Property, Plant & Equipment (net) (continuing operation)	(468.65)	286.01
(Profit)/loss on sale of Property, Plant & Equipment (net) (discontinued operation)	(68.88)	-
Loss on disposal of asset held for sale	290.30	-
Deferred income recognised	(66.87)	(67.96)
Interest income	(183.75)	(315.41)
Unrealised exchange loss/(gain)	-	(168.53)
Gain on redemption of MF investments	(20.20)	(14.70)
Interest and finance charges paid (including interest towards lease liabilities)	10,835.04	11,043.48
Operating profit before working capital changes	69,919.60	78,168.60
(Increase)/Decrease in Inventories	(3,940.18)	(19,581.61)
(Increase)/Decrease in Trade receivables	129.60	547.72
(Increase)/Decrease in Other financial assets	(1,639.18)	(31.97)
(Increase)/Decrease in Other current assets & Non current assets	(2,046.86)	(3,154.86)
Increase/(Decrease) in Other financial liabilities	1,472.36	4,042.16
Increase/(Decrease) in current and non-current liabilities	3,791.62	740.79
Increase/(Decrease) in Provisions	506.04	529.31
Cash generated from operations	**68,193.00**	**61,260.14**
Direct taxes paid (net of refunds)	(10,555.49)	(9,467.72)
Net cash from operating activities	**57,637.51**	**51,792.42**
Cash flows (used in) / from investing activities		
Purchase of Property, Plant & Equipment (including capital work in progress)	(59,269.96)	(41,661.25)
Increase in other bank balances not considered as cash & cash equivalents	286.93	(63.41)
Purchase of mutual fund investment	(54,067.18)	(44,378.63)
Purchase of equity shares	(351.00)	(488.00)
Proceeds from sale of mutual fund investments	53,917.38	44,063.33
Proceeds from sale of Property, Plant & Equipment	2288.44	382.08
Net Cash Inflow from disposal of discontinuing operation	500.00	-
Interest received	183.75	315.41
Net cash used in investing activities	**(56,511.64)**	**(41,830.47)**

Contd...

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Cash flows (used in) / from financing activities		
Term loans availed during the year	73,436.75	30,800.00
Term loans repaid during the year	(44,739.97)	(38,278.95)
Short term loans availed during the year	3,44,685.90	2,09,225.42
Short term loans repaid during the year	(3,49,654.82)	(1,79,364.80)
Increase/(decrease) in Other short term borrowing availed from banks	5,454.32	(2,916.58)
Proceeds from rights issue of shares (net of expenses)	-	1.18
Dividends paid including tax on dividends	(12,933.80)	(12,934.19)
Repayment of Lease liabilities	(6,301.49)	(5,762.34)
Interest and finance charges paid (including interest towards lease liabilities)	(10,769.12)	(11,393.45)
Net cash used in financing activities	**(822.23)**	**(10,623.70)**
Net (decrease) / increase in cash and cash equivalents	303.64	(661.75)
Cash and cash equivalents at the beginning of the year	3,407.39	4,069.14
Cash and cash equivalents at the end of the year	3,711.03	3,407.39
Components of Cash and Cash Equivalents		
Cash on hand	2.32	2.81
Balances with Banks	3,708.71	3,404.58
	3,711.03	3,407.39

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

Place: Chennai
Date: April 27, 2022

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Chairman

Sd/-
C. Sathyan
Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: April 27, 2022

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in INR Lakhs except for share data or as otherwise stated)

A. EQUITY SHARE CAPITAL

Year	Balance at the beginning of the year	Changes in Equity Share Capital due to Prior period errors	Restated balance at the beginning of the reporting period	Changes in Equity during the year	Balance at the end of the reporting year
2020 - 21	1,617.11	-	1,617.11	538.91	2,156.02
2021 - 22	2,156.02	-	2,156.02	-	2,156.02

B. OTHER EQUITY

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total (INR)
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Cash flow Hedge Reserve	Total Other Equity
As at April 01, 2020	**74.45**	**899.02**	**58,589.10**	**4,703.88**	**24,678.53**	**(114.19)**	**88,830.79**
Profit for the year	-	-	-	-	24,635.06	-	24,635.06
Other Comprehensive Income							
I) Remeasurement of DBO -Gain	-	-	-	-	(87.06)	-	(87.06)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	88.12	88.12
Total Comprehensive Income	-	-	-	-	**24,548.00**	**88.12**	**24,636.12**
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(12,934.19)	-	(12,934.19)
Issue of rights issue shares	-	-	1.18	-	-	-	1.18
Issue of Bonus shares	-	-	-	(538.91)	-	-	(538.91)
As at March 31, 2021	**74.45**	**899.02**	**58,590.28**	**4,164.97**	**36,292.34**	**(26.07)**	**99,994.99**
Profit for the year	-	-	-	-	21,790.94	-	21,790.94
Other Comprehensive Income							
I) Remeasurement of DBO -loss	-	-	-	-	(157.71)	-	(157.71)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	26.07	26.07
Total Comprehensive Income	-	-	-	-	**21,633.23**	**26.07**	**21,659.30**
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(12,933.80)	-	(12,933.80)
Issue of rights issue shares	-	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-	-
As at March 31, 2022	**74.45**	**899.02**	**58,590.28**	**4,164.97**	**44,991.77**	-	**1,08,720.49**

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

Place: Chennai
Date: April 27, 2022

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

Sd/-
R.G. Chandramogan
Chairman

Sd/-
C. Sathyan
Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: April 27, 2022

1.1 CORPORATE INFORMATION

Hatsun Agro Product Limited (the Company or HAPL) is principally engaged in the business of processing and marketing of milk, milk products and ice cream. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited. The registered office of the Company is located at Karapakkam, Chennai. The Company has plants across various locations in India.

2. Basis of Accounting and Preparation of Financial Statements

2.1 STATEMENT OF COMPLIANCE:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

(i) On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable and have been adopted from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, Key Managerial Personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

(ii) The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective

(iii) Ind AS 109 – Annual improvements to Ind AS (2021) - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

2.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on above basis, except for lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. Summary of significant accounting policies

a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables /advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the year in which the estimate is revised and/or in future years, as applicable. Also Refer Note 47.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Revenue recognition

The Company derives revenue primarily from sale of milk and milk products. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied-:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

'The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

d. Government grants and Export Benefits

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amount over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

"Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving / utilising the same, taking into consideration the prevailing regulations.

A new scheme RODTEP (Remission of duties and taxes on exported products) has been introduced replacing MEIS scheme. The benefits of the new scheme are yet to be availed pending notification from the Government."

e. Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

"Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets 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 realised, 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

f. Property plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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. 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. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Cost of spares relating to specific Property Plant and Equipment individually greater than Rs. 1 Lakh per unit is capitalised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Furnitures and fixtures, office equipments are stated at cost less accumulated depreciation and accumulated impairment losses. Leasehold Improvements thereon are amortised over the primary period of lease.

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule II to the Companies Act, 2013 or on estimated useful lives of assets estimated by the management, whichever is higher.

Depreciation is also accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

The estimated useful lives considered for depreciation / amortisation of fixed assets are as follows:

SI.No.	Asset Category	Estimated Useful Life (years)
1	Buildings	30
2	Plant and machinery	1-15
3	Cans, crates and puff boxes (Included in plant and machinery)	1
4	Windmill	22
5	Furniture & Fixtures	1-10
6	Office Equipment	1-5
7	Vehicle	8-10
8	Software	3-5
9	Computer Equipment	1-3
10	Leasehold improvements	3-5 years or over the lease period, if lower than the estimated useful life

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets including Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

h. 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases
The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.
Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

j. Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. 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.

k. Impairment of 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 or cash-generating unit's (CGU) 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 or CGU 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 indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

l. 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. 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.

m. Retirement and other employee benefits

Retirement benefit in the form of provident fund and employee state insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Remeasurement

Other short-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. 'The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

n. 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.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.
In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of 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 following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not

designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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.

This category generally applies to borrowings.

o. Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

p. 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 as they are considered an integral part of the Company's cash management.

q. Cash Flow Statement
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r. Operating Segment
The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically.
The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The operating segment of the Company is identified to the "Milk and milk products", and "others". The operating segment have been identified on the basis of the nature of products/services. Un-allocable income, expenditure, assets and liabilities represent the income, expenditure, assets and liabilities that relate to the Company as a whole and not allocable to any segment.

s. Earnings per share
Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, rights issue as appropriate.

t. Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

u. Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

v Expenditure on Corporate Social Responsibility (CSR)
The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

2.4 Critical Accounting judgements and Key sources of Estimation Uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are included in the following notes:

(i) Useful lives of property, plant and equipment (Refer Note f)

(ii) Assessment of impairment for long outstanding Capital work in progress projects on hold (Refer Note k)

(iii) Assets and obligations relating to employee benefits (Refer Note m)

(iv) Valuation and measurement of income taxes and deferred taxes (Refer Note e)

Determination of functional currency:
Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

Note 3 Property, plant and equipment, 4A - Goodwill and 4B - Other intangible assets

Particulars	Note 3 Property, plant and equipment										Note 4A Goodwill	Note 4B Other intangible assets	
	Freehold Land	Buildings	Plant and machinery	Windmill	Computer equipment	Furniture and Fixtures	Office equipment	Vehicles	Lease Hold Improvements	Total property, plant and equipment	Goodwill	Software	Total Other Intangibles assets
As at March 31, 2020	**14,085.44**	**35,371.56**	**1,26,811.85**	**17,471.20**	**2,144.22**	**1,578.37**	**2,935.42**	**406.86**	**11,904.76**	**2,12,709.68**	774.12	**1,121.90**	**1,121.90**
Additions	4,039.90	14,318.54	25,081.10	-	218.60	391.54	396.44	1,158.23	1,572.08	47,176.43	-	536.75	536.75
Disposals / Deletions	(62.04)	(10.72)	(2,330.63)	-	(26.10)	(17.02)	(62.46)	(298.10)	(787.96)	(3,595.03)	-	(0.61)	(0.61)
As at March 31, 2021	**18,063.30**	**49,679.38**	**1,49,562.32**	**17,471.20**	**2,336.72**	**1,952.89**	**3,269.40**	**1,266.99**	**12,688.88**	**2,56,291.08**	774.12	**1,658.03**	**1,658.03**
Additions	4,744.62	19,577.94	47,179.88	-	850.72	170.86	397.13	237.56	2,219.90	75,378.61	-	460.20	460.20
Disposals / Deletions	-	(173.90)	(3,129.28)	-	(51.86)	(43.06)	(335.50)	(881.03)	(309.00)	(4,923.63)	-	(0.24)	(0.24)
Reclassified as held for sale	-	-	(4,591.84)	-	(126.50)	(222.47)	(279.83)	-	(583.60)	(5,804.24)	-	-	-
As at March 31, 2022	**22,807.92**	**69,083.42**	**1,89,021.08**	**17,471.20**	**3,009.08**	**1,858.22**	**3,051.20**	**623.52**	**14,016.18**	**3,20,941.82**	774.12	**2,117.99**	**2,117.99**
Depreciation													
As at march 31, 2020	-	4,683.64	44,104.73	2,463.88	1,502.71	730.31	1,360.25	164.85	6,477.50	61,487.88	-	653.01	653.01
Charge for the year	-	1,693.17	17,868.12	792.75	404.43	469.42	625.42	148.68	3,010.10	25,012.09	-	255.28	255.28
Disposals	-	(3.60)	(2,281.86)	-	(25.64)	(16.67)	(61.48)	(215.37)	(322.32)	(2,926.93)	-	(0.61)	(0.61)
As at March 31, 2021	-	**6,373.21**	**59,690.99**	**3,256.63**	**1,881.50**	**1,183.06**	**1,924.19**	**98.16**	**9,165.28**	**83,573.04**	-	**907.68**	**907.68**
Charge for the year	-	2,202.76	19,606.85	792.75	385.86	260.35	541.47	150.90	2,524.37	26,465.31	-	380.29	380.29
Disposals	-	(173.90)	(3,027.97)	-	(51.19)	(40.50)	(327.86)	(204.11)	(231.88)	(4,057.39)	-	(0.25)	(0.25)
Elimination on reclassification of asset held for sale	-	-	(2,251.34)	-	(113.44)	(177.34)	(166.69)	-	(498.92)	(3,207.73)	-	-	-
As at March 31, 2022	-	**8,402.07**	**74,018.53**	**4,049.38**	**2,102.73**	**1,225.57**	**1,971.11**	**44.95**	**10,958.85**	**1,02,773.23**	-	**1,287.72**	**1,287.72**
Net carrying value:													
As at March 31, 2021	18,063.30	43,306.17	89,871.33	14,214.57	455.21	769.83	1,345.20	1,168.83	3,523.60	1,72,718.04	774.12	750.35	750.35
As at March 31, 2022	**22,807.92**	**60,681.35**	**1,15,002.55**	**13,421.82**	**906.35**	**632.65**	**1,080.09**	**578.57**	**3,057.33**	**2,18,168.59**	**774.12**	**830.27**	**830.27**

Note:

(i) The dispute over the legality of the ownership of a small portion of land passing through the greenfield project site is being legally contested by the Company. The Company has obtained legal opinion to support the merits of the case and also obtained regulatory approvals to commence the operations at the site. Now the company has started Paneer operation and milk operations in the undisputed area . The carrying value of Building and other assets in the disputed area is Rs 576.45 Lakh. The Company assessed the value in use of the project as at March 31, 2022 and noted that it was higher than the carrying amount of the project on the said date.

(ii) Refer Note 15 for charges created against property ,plant and equipments.

4C. Right of Use Assets

(Amount ₹ In Lakhs)

DESCRIPTION OF ASSETS	BUILDINGS	TOTAL
I - Gross carrying value		
As at March 31, 2020	28,848.91	28,848.91
Additions	454.38	454.38
Disposals / Deletions	(1,246.00)	(1,246.00)
As at March 31, 2021	**28,057.29**	**28,057.29**
Additions	8,915.57	8,915.57
Disposals / Deletions	(4,545.29)	(4,545.29)
As at March 31, 2022	**32,427.57**	**32,427.57**
II. Accumulated depreciation and impairment		
As at March 31, 2020	5,735.90	5,735.90
Charge for the year	5,723.05	5,723.05
Disposals	(2,069.51)	(2,069.51)
As at March 31, 2021	**9,389.44**	**9,389.44**
Charge for the year	5,218.88	5,218.88
Disposals	(3,370.31)	(3,370.31)
As at March 31, 2022	**11,238.01**	**11,238.01**
III. Net Carrying Value		
As at March 31, 2021	**18,667.85**	**18,667.85**
As at March 31, 2022	**21,189.56**	**21,189.56**

4D. Capital Working in Progress

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Working in Progress	23,707.52	38,443.56

(i) Capital work-in-progress ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in Progress					
As at 31st March-2022	22,231.32	532.25	-	943.95 (Refer Note 1)	23,707.52
Total	**22,231.32**	**532.25**	-	**943.95**	**23,707.52**
As at 31st March-2021	29,457.20	4,625.86	130.11	4,230.39	38,443.56
Total	**29,457.20**	**4,625.86**	**130.11**	**4,230.39**	**38,443.56**

Note 1: Project in process more than three years mainly includes the disputed area
of Rs. 576.45 as mentioned in Notes to Account - 3(i) of Plant, Property and Equipment.

(All amounts in INR Lakhs except for share data or as otherwise stated)

(ii) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as at March 31, 2022 and March 31, 2021:

As at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in Progress					
Corporate Office	101.13	-	-	-	101.13
Dairy Project	2,430.40	576.45	-	-	3,006.85
Feed Project	720.63	-	-	-	720.63
Ice Cream Project	131.88	-	-	-	131.88
Grand Total	**3,384.04**	**576.45**	**-**	**-**	**3,960.49**

As at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in Progress					
Dairy Project	5,113.15	367.50	576.45	-	6,057.10
Ice Cream Project	325.24	-	-	-	325.24
Grand Total	**5,438.39**	**367.50**	**576.45**	**-**	**6,382.34**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
5 (i) Investments		
Non-Current:		
Investments in equity instruments:		
Unquoted equity instrument valued at fair value through Other Comprehensive income:		
- 3,000 (March 31, 2021 - 3,000) - Equity Shares of Rs.100/- each fully paid-up in Jeedimetla Effluent Treatment Limited with a premium of Rs.300/- per share	12.00	12.00
- 48,80,000 (March 31, 2021-48,80,000) - Equity Shares of Rs.10/- each fully paid-up in Swelect Sun Energy Private Limited	488.00	488.00
- 35,09,980 (March 31, 2021 (Nil) - Equity Shares of Rs.10/- each fully paid-up in Swelect Renewable Energy Private Limited	351.00	-
Unquoted Investment in Mutual funds at FVPL 5,00,000 Units (March 31, 2021-3, 30,000) 'TVS Shriram Growth Fund 3 (TVS Capital Funds Limited)	500.00	330.00
Total	**1,351.00**	**830.00**
Non Current	1,351.00	830.00
Current	-	-
Aggregate value of unquoted investments	1,351.00	830.00
Aggregate value of Impairment on investments	-	-
5 (ii) Other financial assets - Non-current		
Non-current		
unsecured, considered good unless otherwise stated)		
Security deposits	5,831.12	4,159.16
Total	**5,831.12**	**4,159.16**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
6. Other non current assets		
Non-current (unsecured, considered good unless otherwise stated)		
Capital Advances	1,292.16	3,563.00
Total	**1,292.16**	**3,563.00**
7. Non-current tax assets		
Current tax assets		
Advance income tax (Net of Provision for taxation)	1,067.58	-
Total	**1,067.58**	**-**
8. Inventories		
Raw Materials and packing Materials (at cost)	30,518.74	22,602.31
Work-in-progress (at cost)	7,175.71	8,551.84
Finished Goods (at cost or net realisable value whichever is lower)		
Manufactured	18,423.62	22,224.17
Traded	203.84	136.56
Stores, spares and loose tools (at cost)	4,595.41	3,462.26
Total	**60,917.32**	**56,977.14**

The cost of inventories recognised as an expense during the year in respect of continuing operation was INR.4,40,830.61 (for the year ended March 31, 2021: INR. 3,80,345.55)
The cost of inventories recognised as an expense includes INR. 6.64 (during 2020-21: INR. 16.33) in respect of write down of inventory to net realisable value.

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
9. Trade Receivables		
Trade Receivables	777.81	907.41
Total	**777.81**	**907.41**
Break up for trade receivables		
Trade receivables		
(i) Secured, considered good	777.81	907.41
(ii) Unsecured, considered good	-	-
(iii) Trade receivables - credit impaired	-	-
Total trade receivables	**777.81**	**907.41**

Trade receivables ageing schedule for the year ended as on March 31, 2022 and March 31, 2021:

Undisputed Trade receivables - Considered good

Particulars	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
As on 31st March 2022	622.91	153.73	0.88	0.29	-	-	777.81
Total	**622.91**	**153.73**	**0.88**	**0.29**	**-**	**-**	**777.81**
As on 31st March 2021	598.05	305.30	4.06	-	-	-	907.41
Total	**598.05**	**305.30**	**4.06**	**-**	**-**	**-**	**907.41**

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, nor from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing.

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
10. Cash and cash equivalents		
10A. Cash and cash equivalents		
Balances with Banks	3,708.71	3,404.58
Cash on hand	2.32	2.81
Total	**3,711.03**	**3,407.39**
10B. Other bank balances		
Deposit accounts	81.49	368.42
On unpaid dividend accounts	174.25	148.90
Total	255.74	517.32
11. Other financial assets - Current		
Derivative instrument at fair value through other comprehensive income		
Derivative assets	-	80.17
Unsecured, considered good unless stated otherwise		
Security deposit	2,545.25	2,578.18
Claim receivables	85.47	85.32
Total	**2,630.72**	**2,743.67**
12. Other current assets		
(Unsecured, considered good unless stated otherwise)		
Balances with government authorities	7,150.23	5,337.84
Prepaid Expenses	915.83	816.08
Prepaid rental deposit	5.59	6.01
Advance to Suppliers	1,094.39	1,051.92
Other receivables	125.07	32.40
Total	**9,291.11**	**7,244.25**
13. Equity share capital		
Authorised Share Capital		
35,00,00,000 equity shares of Re 1/- each (March 31, 2021: 25,00,00,000 equity shares of Re 1/- each)	3,500.00	2,500.00
5,00,000 preference shares of ₹100/- each (March 31, 2021: 5,00,000 preference shares of ₹100/- each)	500.00	500.00
Total	4,000.00	3,000.00
Issued capital		
21,56,99,657 equity shares of Re 1/- each (March 31, 2021: 21,56,99,657 equity shares of Re 1/- each)	2,157.00	2,157.00
Total	**2,157.00**	**2,157.00**

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
Subscribed and fully paid Up		
21,55,63,323 equity shares of Re 1/- each (March 31, 2021 21,55,63,323 equity shares of Re 1/- each)	2,155.63	2,155.63
Total (A)	**2,155.63**	**2,155.63**
Subscribed and not fully paid Up		
1,30,000 equity shares of Re.1 (March 31, 2021: 1,30,000 equity shares of Re.1/- [Partly paid up for Re. 0.25/- (March 31, 2021: Re.0.25/-] per share, forfeited.	0.33	0.33
6,334 equity shares of Re. 1 (March 31,2021: 6,334 partly paid up equity shares of Re 1 each (Paid up to the extent of Re. 0.80 each.(March 31,2021:Rs.0.80/-) forfeited	0.06	0.06
Total (B)	**0.39**	**0.39**
Total Equity share capital (A) + (B)	**2,156.02**	**2,156.02**

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Subscribed and fully paid

PARTICULARS	March 31, 2022		March 31, 2021	
	No.	₹	No.	₹
At the beginning of the year	21,55,63,323	2,155.63	16,16,71,428	1,616.71
Issued during the year - Rights issue	-	-	1,064	0.01
Bonus Shares issued during 2020-21	-	-	5,38,90,831	538.91
Outstanding at the end of the year	**21,55,63,323**	**2,155.63**	**21,55,63,323**	**2,155.63**

Subscribed and partly paid

PARTICULARS	March 31, 2022		March 31, 2021	
	No.	₹	No.	₹
At the beginning of the year	-	0.39	7,398	0.40
Less: Partly paid shares converted into fully paid shares	-	-	(1,064)	(0.01)
Less: Forfeiture of Partly paid shares	-	-	(6,334)	-
Outstanding at the end of the year	-	0.39	-	0.39

Note: Includes Rs.0.33 Lakhs relating to 1,30,000 shares included in share capital of fully paid up shares and which were forfeited and Rs 0.06 Lakhs relating to 6,334 forfeited shares which were included in partly paid up shares.

13.2 Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Re.1 per share (March 31, 2021 - Re.1/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2022, the amount of per share dividend recognised as distributions to equity shareholders was Rs 6.00 /-(March 31, 2021: Rs.8.00/-and Rs 6.40/- for partly paid up shares). Also Refer Note 34

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the shareholders.

(All amounts in INR Lakhs except for share data or as otherwise stated)

13.3 Details of Shareholders holding more than 5% shares of the Company:

	March 31, 2022			March 31, 2021		
	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held
Mr. Chandramogan R G	56.00%	12,07,19,651	-	56.71%	12,22,42,083	-
Mr. Sathyan C	9.79%	2,10,95,698	-	9.79%	2,10,95,698	-

13.4 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	March 31, 2022	March 31, 2021
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2021	5,38,90,831	5,38,90,831
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2017	-	4,34,76,659
Total	**5,38,90,831**	**9,73,67,490**

13.5 There are no shares reserved for issue under any options.

13.6 Shareholding of Promoters

Shares held by Promoters at the End of the year - March 31, 2022				
S.No	Name of the Promoters Promoter Group	Number of Shares	% of total shares	% Change during the year
1.	Mr. R. G. Chandramogan	12,07,19,651	56.00	(0.71)
2.	Mr. C. Sathyan	2,10,95,698	9.79	-
3.	Mrs. C. Lalitha	24,74,690	1.15	-
4.	Mrs. Deviga Suresh	95,32,584	4.42	-
5.	Master Vivin Srinesh	19,47,876	0.90	-
6.	Mrs. Dolly Sathyan	23,67,056	1.10	-
7.	Miss Vismita	19,47,876	0.90	0.90
	TOTAL	**16,00,85,431**	**74.26**	**0.19**

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
14. Other equity		
Capital reserves	74.45	74.45
Capital redemption reserves	899.02	899.02
Securities premium account	58,590.28	58,590.28
General reserve	4,164.97	4,164.97
Retained earnings	44,991.77	36,292.34
Other reserve		
- Cash flow hedge reserve	-	(26.07)
Total	**1,08,720.49**	**99,994.99**
14.1 Capital reserves		
Opening balance	74.45	74.45
Add/Less: Adjustments during the year	-	-
Closing balance	**74.45**	**74.45**
14.2 Capital redemption reserves		
Opening balance	899.02	899.02
Add/Less: Adjustments during the year	-	-
Closing balance	**899.02**	**899.02**
14.3 Securities premium account		
Opening balance	58,590.28	58,589.10
Add/Less: Adjustments during the year	-	1.18
Closing balance	**58,590.28**	**58,590.28**
14.4 General reserve		
Opening balance	4,164.97	4,703.88
Add/Less: Adjustments during the year		
Movement during the year (Issue of Bonus shares)	-	(538.91)
Transferred from profit and loss account	-	-
Closing balance	**4,164.97**	**4,164.97**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
14.5 Retained earnings		
Opening balance	36,292.34	24,678.53
Add/Less: Adjustments during the year		
Net profit for the current year	21,790.94	24,635.06
Remeasurement of DBO	(157.71)	(87.06)
Amount available for appropriation	**57,925.57**	**49,226.53**
Less: Appropriations		
Dividend		
- Interim (amount per share Re.6.00 (March 31, 2020: Re.8.00))	12,933.80	12,934.19
Transfer to General reserve	-	-
Total appropriations	**12,933.80**	**12,934.19**
Closing balance	**44,991.77**	**36,292.34**
14.6 Other Comprehensive Income		
Cash flow hedge reserve		
Opening balance	(26.07)	(114.19)
Add/Less: Adjustments during the year		
Interest rate swap contracts entered during the year	26.07	88.12
Closing balance	-	(26.07)
The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-30		
15. Borrowings - At amortised cost		
Non Current Borrowings		
Term loans:		
Indian Rupee loans from banks (Secured)	78,445.88	52,909.31
Indian Rupee loans from banks (Unsecured)	-	666.67
Total	**78,445.88**	**53,575.98**
Current Borrowings		
Current maturities of Non-current borrowings:		
Indian Rupee loans from banks (Secured)	35,282.64	27,223.07
Foreign currency loans from banks (Secured)	-	3,672.27
Indian Rupee loans from banks (Unsecured)	-	666.66
	35,282.64	**31,562.00**
Loans repayable on demand from banks:		
Cash credit (Secured)	2,996.70	42.13
Short term Loans (Secured)	2,499.75	-
Short term Loans (Unsecured)	51,601.70	56,570.62
	57,098.15	**56,612.75**
Total	**92,380.79**	**88,174.75**
Net Current Borrowings	**92,380.79**	**88,174.75**

Secured cash credit facility is secured by a first charge on all the current assets and pari-passu first charge over selected fixed assets by the Company. Further, this facility has been personally guaranteed by the Chairman

Unsecured/Secured cash credit carries an interest ranging from 7.20% to 8.50% (March 31, 2021 - 7.30% to 8.80%).
Secured short term loans are secured by charge on plant and machinery, land and building, inventories, receivable and other current assets of the Company. Further, these facilities have been personally guaranteed by the Chairman and the Managing Director. Interest rate on secured short term loans ranged from 4.05% to 7.40% (March 31, 2021 - 5.75% to 8.25%) during the year.

Unsecured short term loans obtained from various bank carries an interest rate ranging from 3.83% to 9.60% (March 31,2021 - 5.80% to 8.20%) during the current year

The Company had not committed any default in the repayment of loan or payment of interest.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in INR Lakhs except for share data or as otherwise stated)

15. Borrowings

(a) The details of Indian rupee term loans from banks are as under:

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Axis Bank Limited	2,220.00	3,362.78	5,000.00	18	30/12/2019	1. Extension of exclusive charge on the specific movable and Immovable fixed assets located at Chittoor Vavilthota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Madanapalli, and Suraram Hyderabad Plant. 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of ₹278.00 Lakh
2	Bank of Bahrain & Kuwait	2,000.00	3,333.33	4,000.00	12	26/11/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.10 times 2. Personal Guarantee of Mr.R.G.Chandramogan	12 quarterly instalments of ₹333.33 Lakh
3	CITI Bank	1,900.00	2,850.00	3,800.00	8	14/08/2020	1. Pari - Passu first charge on specific moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	8 equal Half yearly instalments of ₹475.00 Lakh
4	CITI Bank	650.00	975.00	1,300.00	8	04/09/2020	1. Pari - Passu first charge on specific moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	8 equal Half yearly instalments of ₹162.50 Lakh
5	Doha Bank	-	1,000.00	4,000.00	12	31/12/2018	1. Hypothecation of 1 no. of plant & machinery of windmill unit situated at Kayathar and exclusive charge on other identified moveable assets in different locations 2. Personal Guarantee of Mr.R.G.Chandramogan	12 equal quarterly instalments of ₹333.33 Lakh
6	Doha Bank	2,062.50	2,681.25	3,300.00	16	01/10/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C.Sathyan	16 equal quarterly instalments of ₹206.25 Lakh
7	Doha Bank	2,000.00	-	2,000.00	1	18/05/2022	1. Exclusive Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times, 2. Hypothecation of 1 no. of plant & machinery of windmill unit situated at Kayathar 2. Personal Guarantee of Mr.R.G.Chandramogan	1 instalment of ₹2000 Lakh
8	Federal Bank Limited	5,000.00	-	5,000.00	16	31/12/2022	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.20 times 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of ₹312.50 Lakh

(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
9	Federal Bank Limited	3,000.00	-	3,000.00	16	25/06/2023	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.20 times	16 equal quarterly instalments of ₹187.50 Lakh
10	HDFC Bank Limited	1,875.00	3,125.00	5,000.00	16	18/12/2018	1. First Charge on the fixed assets acquired out of the term loan and specific fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and specific plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	16 quarterly instalments of ₹312.50 Lakh
11	HDFC Bank Limited	4,888.89	6,666.67	8,000.00	18	22/08/2020	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and specific plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of ₹444.00 Lakh
12	HDFC Bank Limited	4,888.89	6,666.67	8,000.00	18	26/09/2020	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and specific plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of ₹444.00 Lakh
13	HDFC Bank Limited	4,750.00	-	5,000.00	20	31/03/2022	1. Exclusive extension of mortgage of Madurai plant for Term loan 2 and 3. 2. Exclusive mortgage on Land and building of senkan Basavan dalav village Palacode with cover of 1.25X 3. Exclusive movable specific fixed assets with cover of 1.25X	20 equal quarterly instalments of ₹250 Lakh
14	HDFC Bank Limited	5,000.00	-	5,000.00	16	21/06/2022	1. Exclusive extension of mortgage of Madurai plant for Term loan 2 and 3. 2. Exclusive mortgage on Land and building of senkan Basavan dalav village Palacode with cover of 1.25X 3. Exclusive movable specific fixed assets with cover of 1.25X	16 equal quarterly instalments of ₹312.50 Lakh
15	HSBC Bank Limited	2,450.00	3,850.00	7,000.00	20	26/11/2018	1. Hypothecation of plant and machinerywith specific moveable fixed assets in various locations with a cover of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly installments of ₹350.00 lakh
16	HSBC Bank Limited	2,500.00	3,500.00	5,000.00	20	24/10/2019	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹250.00 Lakh

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
17	HSBC Bank Limited	1,250.00	1,750.00	2,500.00	20	12/12/2019	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹125.00 Lakh
18	HSBC Bank Limited	3,000.00	4,000.00	5,000.00	20	17/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹250.00 Lakh
19	HSBC Bank Limited	2,400.00	3,200.00	4,000.00	20	18/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹200.00 Lakh
20	HSBC Bank Limited	650.00	850.00	1,000.00	20	08/07/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹50.00 Lakh
21	HSBC Bank Limited	3,500.00	4,500.00	5,000.00	20	22/12/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹250.00 Lakh
22	HSBC Bank Limited	3,750.00	4,750.00	5,000.00	20	19/01/2021	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹250.00 Lakh
23	HSBC Bank Limited	3,500.00	-	3,500.00	16	08/11/2022	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of ₹218.75 Lakh
24	HSBC Bank Limited	6,500.00	-	6,500.00	16	30/11/2022	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of ₹406.25 Lakh
25	ICICI Bank Limited	312.50	1,562.50	5,000.00	17	19/02/2018	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	17 quarterly instalments of ₹312.50 Lakh
26	ICICI Bank Limited	-	5,000.00	5,000.00	10	31/05/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	10 quarterly instalments of ₹500 Lakh

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
27	ICICI Bank Limited	-	5,000.00	5,000.00	10	31/05/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	10 quarterly instalments of ₹500 Lakh
28	ICICI Bank Limited	24,873.32	-	28,000.00	15	31/03/2022	1. Exclusive Charge on the assets (Plant, machinery and building) at Zaheerabad plant land with a cover of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	15 quarterly instalments of ₹1,867 Lakh
29	Kotak Mahindra Bank	-	471.71	2,500.00	16	06/11/2017	1. Exclusive mortgage on land at Thiruvanmiyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Mr.R.G.Chandramogan	16 quarterly instalments of ₹156.25 Lakh
30	Kotak Mahindra Bank	1,250.00	2,500.00	5,000.00	16	16/06/2019	1. Extension of mortgage on land & buildings of Redhills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of ₹312.50 Lakh
31	Kotak Mahindra Bank	1,172.00	1,758.00	2,500.00	16	30/06/2020	1. Extension of mortgage on land & buildings of Redhills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of ₹146.50 Lakh
32	Kotak Mahindra Bank	1,718.75	2,343.75	2,500.00	16	31/01/2021	1. Extension of mortgage on land & buildings of Redhills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of ₹156.25 Lakh
33	Kotak Mahindra Bank	9,000.00	-	10,000.00	20	15/12/2021	1. First and exclusive hypothecation charge of Existing identified moveable fixed assets of various locations 2. First and exclusive equitable mortgage on immovable Land and building of Palani plant with a cover of 1.25 times 3. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of ₹500 Lakh
34	Shinhan Bank	666.67	1,333.33	2,000.00	6	16/09/2020	1.No Security (Unsecured) 2.Personal Guarantee of Mr.R.G.Chandramogan	6 equal Half yearly instalments of ₹333.33 Lakh

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
35	MIZHUO Bank Limited	5,000.00	-	5,000.00	16	23/06/2023	1. No Security (Unsecured)	16 quarterly instalments of ₹312.50 Lakh
36	South Indian Bank Limited	-	2,420.09	4,400.00	60	30/12/2018	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	60 monthly instalments of ₹ 73.33 Lakh
37	Yes Bank Limited	-	1,500.00	7,000.00	16	22/09/2016	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	16 quarterly instalments of ₹312.50 Lakh
38	Yes Bank Limited	-	515.63	1,650.00	16	01/07/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	16 equal monthly instalments of ₹103.125 Lakh
		1,13,782.52	**81,465.71**					

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL):

S.No	Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	**Bank of Tokyo - MUFG Bank***	-	**3,672.27**	**7,110.00**	4	**27/09/2019**	1.Exclusive first charge over the movable fixed assets on various locations with cover of 1.0 times funded out of ECB (Proposed) 2.Personal Guarantee of Mr.R.G.Chandramogan	4 quarterly instalments of ₹1,777.50 Lakh
		-	**3,672.27**					

*Note: Outstanding amount includes amount towards cash flow hedge reserve

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS		AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
16. Deferred Tax Liability (Net)			
Deferred tax liability relating to			
Depreciation on fixed assets		6,184.89	8,965.96
Employee Benefits		(146.85)	(93.81)
	(A)	6,038.04	8,872.15
Deferred tax asset relating to			
Expenses allowed under IT on payment basis		654.70	696.81
Others-Leases, Grants etc.		682.67	935.04
Cash Flow Hedge		-	13.99
Financial assets/liabilities carried at amortised cost		(2.89)	(1.91)
	(B)	1,334.48	1,643.93
Deferred tax liability/(assets) (Net) (A-B)		4,703.56	7,228.22

Following is the analysis of the deferred tax (asset)/liabilities presented in the Balance sheet.

For the year ended March 31, 2022

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation/ Adjustments	Closing balance
Deferred tax liability relating to					
Depreciation on fixed assets	8,965.96	(2,781.07)	-	-	6,184.89
Employee benefits	(93.81)	-	(53.04)	-	(146.85)
(A)	8,872.15	(2,781.07)	(53.04)	-	6,038.04
Deferred tax asset relating to					
Expenses allowed under IT on payment basis	(696.81)	42.11	-	-	(654.70)
MAT Credit entitlement	-	-	-	-	-
Others-Leases,Grants etc.	(935.04)	252.37	-	-	(682.67)
Cash Flow Hedge	(13.99)	-	13.99	-	-
Financial assets/liabilities carried at amortised cost	1.91	0.98	-	-	2.89
(B)	(1,643.93)	295.46	13.99	-	(1,334.48)
Deferred tax liability/(assets) (Net) (A-B)	**7,228.22**	**(2,485.61)**	**(39.05)**	**-**	**4,703.56**

For the year ended March 31, 2021:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation/ Adjustments	Closing balance
Deferred tax liability relating to					
Depreciation on fixed assets	9,438.08	(472.11)	-	-	8,965.96
Employee benefits	(46.94)	-	(46.87)	-	(93.81)
(A)	9,391.14	(472.11)	(46.87)	-	8,872.15
Deferred tax asset relating to					
Expenses allowed under IT on payment basis	(436.84)	(259.97)	-	-	(696.81)
MAT Credit entitlement	(2,450.07)	-	-	2,450.07	-
Others-Leases, Grants etc.	(920.74)	(14.30)	-	-	(935.04)
Cash Flow Hedge	(61.32)	-	47.33	-	(13.99)
Financial assets/liabilities carried at amortised cost	(2.53)	4.44	-	-	1.91
(B)	(3,871.50)	(269.83)	47.33	2,450.07	(1,643.93)
Deferred tax liability/(assets) (Net) (A-B)	**5,519.64**	**(741.94)**	**0.46**	**2,450.07**	**7,228.22**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
17. Other Non-current Liabilities		
Government grant	1,886.12	885.37
Total	**1,886.12**	**885.37**
18. Trade Payables		
Trade Payables (Refer Note below)		
• Total outstanding dues of micro enterprises and small enterprises	25.04	17.27
• Total outstanding dues of creditors other than micro enterprises and small enterprises	14,634.29	13,984.55
Total	**14,659.33**	**14,001.82**

18a. Disclosures Required Under Section 22 Of The Micro, Small And Medium Enterprises Development Act, 2006:

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	25.04	17.27
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note: Dues to Micro and 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 auditors.

Trade Payable Ageing Schedule for the year ended as on March 31, 2022 and March 31, 2021:

Outstanding For The Following Periods from Due Date of Payment

Trade Payable	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME as on 31st March 2022	7.63	17.41	-	-	-	**25.04**
(ii) others as on 31st March 2022	612.36	14,059.67	-	-	-	**14,672.03**
Total as on 31st March 2022	619.99	14,077.08	-	-	-	**14,697.07**
(i) MSME as on 31st March 2021	-	17.27	-	-	-	**17.27**
(ii) others as on 31st March 2021	732.59	13,251.96	-	-	-	**13,984.55**
Total as on 31st March 2021	732.59	13,269.23	-	-	-	**14,001.82**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
19. Other Financial Liabilities - Current		
Capital Creditors	6,917.44	7,656.33
Interest accrued but not due on borrowings	230.40	336.60
Investor Education & Protection Fund shall be credited by following amount (as and when due):		
- Unclaimed dividend	174.25	148.90
Interest free security deposits from customers	12,655.96	11,183.60
Total	**19,978.05**	**19,325.43**
20. Provision - Current		
Provision for gratuity (Refer Note 36)	1,402.46	950.80
Provision for compensated absences	331.27	276.89
Total	**1,733.73**	**1,227.69**
20 A. Current tax liabilities		
Provision for taxes (net)	-	360.30
Total	**-**	**360.30**
21. Other current liabilities		
Government grant	492.14	71.30
Advances received from customers	2,189.12	1,307.44
Statutory dues payable	3,754.73	2,990.76
Total	**6,435.99**	**4,369.50**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
22. Revenue from Operations		
a. Revenue from sale of Products	6,35,351.15	5,54,378.58
b. Other Operating Revenue		
(i) Export Benefits	-	18.80
(ii) Scrap sales and others	1,685.00	728.13
Total	**6,37,036.15**	**5,55,125.51**

Note: 22.1 Disaggregated revenue information
Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed . Ready to eat products (RTE) are shown in discontinued operations . Refer Note 40

Note: 22.2 Trade Receivables and Contract Balances
A receivable is a right to consideration that is unconditional upon passage of time. The company sells goods on advance payment terms. In case of customers with certain nature of products where the credit is allowed, the same is disclosed in Note 9 - Trade Receivables.

Note 22.3 Transaction price allocated to the remaining performance obligation
Applying the practical expedient as given in IND AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Note 22.4 Information about major customers
Company has no single customer from whom the revenue is not less than 10 % of the revenue from external customers of the company

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
23. Other Income		
Interest Income on		
- Bank Deposits	39.25	49.04
- Other deposits	24.61	33.62
- Other financial asset carried at amortised cost	119.89	232.75
Profit on sale of Property, Plant & Equipment (net)	468.65	-
Gain on redemption of Mutual Fund investments	20.20	14.70
Foreign Exchange Fluctuation (net)	-	68.53
Recoveries and others	241.89	109.79
Government Grant	66.87	67.96
Total	**981.36**	**576.39**
24. Cost of Materials Consumed		
Raw Materials Consumed		
Opening stock	22,602.31	17,192.14
Add : Purchases	4,43,101.31	3,99,276.29
	4,65,703.62	4,16,468.43
Less : Closing stock	30,518.74	22,602.31
Total	4,35,184.88	3,93,866.12
25. Purchase of Stock in trade		
Purchases of traded goods	536.33	359.54
Total	**536.33**	**359.54**
26. Changes In Inventories of Finished Goods, Stock in Trade and Work-in-progress		
Opening stock		
Traded Goods	136.56	151.04
Work-in-Progress	8,551.84	3,966.68
Finished goods	22,224.17	11,732.59
	30,912.57	15,850.31
Closing stock		
Traded Goods	203.84	136.56
Work-in-Progress	7,175.71	8,551.84
Finished goods	18,423.62	22,224.17
	25,803.17	30,912.57
(Increase)/Decrease in inventories of finished goods		
Stock In Trade And Work-in-progress	**5,109.40**	**(15,062.26)**
27. Employee Benefits Expense		
Salaries, wages and bonus	17,798.18	15,286.07
Contribution to provident and other funds - Refer Note 36 (a) & (b)	1,389.22	1,206.05
Staff welfare expenses	1,814.69	1,985.34
Total	**21,002.09**	**18,477.46**
28. Finance Costs		
Interest on Borrowings	8,741.40	9,089.96
Interest on Lease liabilities	1,766.35	1,634.57
Bank charges	155.17	103.96
Total	**10,662.92**	**10,828.49**

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
29. Other Expenses		
Consumption of stores and spares	2,156.55	1,638.57
Power and fuel [net of power credits of Rs. 2,948.56 (March 31, 2021 : Rs.2,853.63)]	16,336.37	12,725.53
Repairs & maintenance		
Plant and machinery	9,204.16	5,574.83
Buildings	1,151.53	653.97
Others	1,340.83	1,397.70
Rent (Refer Note 37)	1,947.34	1,496.13
Rates and taxes	471.67	398.17
Insurance	1,003.13	734.87
Printing and stationery	436.77	358.00
Service Charges	17,874.59	14,212.85
Legal and professional expenses	2,178.74	1,510.82
Advertisement and sales promotion expenses	11,937.09	8,447.12
Payment to the auditors (Refer Note: 29.1)	77.89	76.70
Travelling and conveyance	6,816.04	4,806.85
Communication expenses	878.97	721.34
Loss on sales of other assets (net)	-	42.67
Freight outwards	24,840.40	19,569.70
Security Charges	1,466.16	1,329.55
Commission on sales	24.57	19.42
Corporate Social Responsibility expenditure (Refer Note: 46)	931.06	323.34
Donations	98.74	31.71
Directors sitting fees	33.30	26.34
Postage and Courier charges	32.64	27.66
Foreign Exchange Fluctuation (net)	95.28	-
Miscellaneous expenses	1,738.48	1,168.63
Total	**103,072.30**	**77,292.47**
Note: 29.1		
Payment To Auditors (Excluding Tax)		
As auditor :		
- Statutory audit fee	40.00	40.00
- Tax audit fee	7.50	7.50
- Limited review	15.00	15.00
- GST audit fee	6.50	6.50
- Certification fees	7.50	6.50
- Reimbursement of expenses	1.39	1.20
Total	77.89	76.70
30. Other Comprehensive Income (OCI)		
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
Items not to be reclassified to Profit or Loss:		
Retained Earnings:		
Remeasurement (gains)/losses on defined benefit obligations - Refer Note 36(a)	210.75	133.93
Income tax effect	(53.04)	(46.87)
Total	**157.71**	**87.06**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Items to be reclassified to Profit or Loss:		
<u>**Cash flow hedge reserves**</u>		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	(40.06)	(135.45)
Income tax effect	13.99	47.33
Total	**(26.07)**	**(88.12)**
31. Earnings Per Share (EPS)		
Basic and diluted EPS computations:		
Profit available for equity shareholders (continuing operations)	24,693.15	27,358.93
Weighted average number of equity shares in computing basic EPS	21,55,63,323	21,55,63,323
Weighted average number of equity shares in computing Diluted EPS	21,55,63,323	21,55,63,323
Face value of each equity share (Rs)	1	1
Earnings per share		
- Basic (Rs)	11.46	12.69
- Diluted (Rs)	11.46	12.69
Loss from discontinued operations	(3,033.85)	(2,722.81)
Weighted average number of equity shares in computing basic EPS	21,55,63,323	21,55,63,323
Weighted average number of equity shares in computing Diluted EPS	21,55,63,323	21,55,63,323
Face value of each equity share (Rs.)	1	1
Earnings per share		
- Basic (Rs.)	(1.41)	(1.26)
- Diluted (Rs.)	(1.41)	(1.26)
Profit available for equity shareholders (continuing and discontinued operations)	21,659.30	24,636.12
Weighted average number of equity shares in computing basic EPS	21,55,63,323	21,55,63,323
Weighted average number of equity shares in computing Diluted EPS	21,55,63,323	21,55,63,323
Face value of each equity share (Rs.)	1	1
Earnings per share		
- Basic (Rs.)	10.05	11.43
- Diluted (Rs.)	10.05	11.43

32. Discontinued Operations

At the Board Meeting held on February 18,2022, the Directors decided to discontinue the Ready to Eat (RTE) Business carried on under the brand name Oyalo and to sell the assets to a prospective buyer. On identification of the buyer, the Board at its Meeting held on March 9, 2022 approved the Sale of Assets of RTE business by entering into an agreement for Sale with the identified buyer. The Company has received an advance of Rs.500 Lakhs as at 31st March 2022 and subsequently received Rs. 1,871 Lakhs based on the assets that are expected to be taken over. Accordingly these assets totalling to Rs. 2,371 Lakhs are classified as held for sale and the sales expected to be completed by June 30, 2022.

The results of discontinued operations are below

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Revenue	2,612.24	1,848.80
Other Income	68.88	-
Total Income	2,681.12	1,848.80
Depreciation	987.03	1,490.47
Other expenses debited to profit and loss	4,950.09	4,383.17
Total Expense	5,937.12	5,873.64
Loss before tax of discontinued operation	(3,256.00)	(4,024.84)
Loss on discontinuance of RTE operation (Refer Note 32.1)	(578.01)	-
Total Loss before tax from discontinued operation	(3,834.01)	(4,024.84)
Attributable Income tax	(800.16)	(1,302.03)
Total loss after tax from discontinued operation	(3,033.85)	(2,722.81)

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
32.1 Gain or loss on discontinuance of RTE operation		
Gross Value for asset held for sale to be disposed (a)	5,804.24	-
Accumulated depreciation of asset held for sale (b)	(3,207.66)	-
Net book value of asset held for sale (c=a-b)	2,596.58	-
Add Capital work in Progress	270.45	-
Net Assets held for sale	2,867.03	-
Less Net realisable value of asset held for sale	2,371.00	-
Loss on disposal of asset held for sale	496.03	-
Loss on disposal of asset held for sale	496.03	-
Inventory related to RTE written off	286.15	-
Gain from ROU assets on account of closure of outlets	(205.73)	-
Other expenses related to disposal	1.56	-
Total loss on discontinuance of RTE operation	**(578.01)**	-
Total Profit/(Loss) from discontinued operation	(3,834.01)	(4,024.84)
Attributable Income tax (Credit)	(800.16)	(1,302.03)
33. Taxes		
(a) Income tax expense:		
The major components of income tax expenses for the year ended March 31, 2022 and for the year ended March 31, 2021 are:		
(i) Income tax recognised in Profit or Loss:		
Current tax expense		
Net current tax expense (Refer Note)	8,154.69	12,786.69
Adjustment of tax relating to earlier years	78.12	(264.52)
Deferred tax (credit)/charge	(2,485.61)	(741.94)
Total income tax expense recognised in Statement of Profit & Loss	**5,747.20**	**11,780.23**
Note		
Break-up of Net Current tax Expense		
Current tax attributable to continuing operation	8,954.85	14,088.73
Current tax attributable to dis-continued operation	(800.16)	(1,302.03)
Net current tax expense	**8,154.69**	**12,786.69**
(ii) Income tax recognised in Other Comprehensive Income:		
Deferred tax (credit)/charge		
Remeasurement of DBO	210.75	(46.87)
Movement in cash flow hedge reserve	(40.06)	47.33
Income tax charged to OCI	170.69	0.46
(b) Reconciliation of effective tax rate:		
Profit Before Tax (A)	27,538.14	36,415.29
Enacted tax rate in India (B)	25.17%	34.94%
Expected tax expense using the Company's applicable rate	6,931.35	12,724.96
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	78.12	(264.52)
- Effect on expenses that are not deductible in determining taxable profit	259.20	64.36
Effect on Deferred tax balances due to change in Income Tax Rate (Refer note below)	(2,022.00)	-
- Effect of income that is exempt from taxation	500.53	(744.57)
Income tax expenses recognised in Statement of Profit & Loss	5,747.20	11,780.23

Note: The tax rate used for the year ended March 31, 2022 and March 31, 2021 reconciliations above is the corporate tax rate of 25.17% and 34.94% respectively payable by corporate entities in India on book profits under Indian Income Tax Laws.

Pursuant to Taxation Laws (Amendment) Ordinance, 2019 issued on 20 September 2019, corporate assessee have been given an option to apply a lower income tax rate with effect from 1st April, 2019, subject to certain conditions specific therein. The Company has opted for the lower income tax rate in the current year with effect from 1st April 2021 and impact of deferred tax has been considered accordingly.

34. Distribution Made and Proposed

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Cash dividends on Equity shares declared and paid: Interim dividend for the year ended 31 March 2022, INR 6 per share (31 March 2021, INR 8 per share)	12,933.80	12,934.19

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2022 and 31 March 2021.

35. Commitments and Contingencies

PARTICULARS	AS AT MARCH 31, 2022	AS AT MARCH 31, 2021
(i) Contingent Liabilities (a) Claims against the company not acknowledged as debt (Refer Note)	4,294.51	-
(ii) Commitments (a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	23,140.62	30,268.02

Note

1. During the quarter and year ended 31 March 2022, the Company has received order demanding penalty u/s 271G of the Income tax Act 1961 for ₹3,587.72 Lakh from the Income tax department on the grounds that the Company has failed to keep, maintain and furnish the information or documents as required by sub-section 3 of section 92D of the Income Tax Act, 1961 r.w sub-rules (1)(e), (g), (h) and (j) of Rule 10D of the Income Tax Rules 1962. Subsequent to the year ended 31 March 2022, the Company has made an appeal to the CIT(Appeals) requesting absolute stay of demand.

Based on the professional advice obtained, the Company believes that they maintain adequate information / documentation which can be furnished and hence have a good case and the chances of favorable outcome is high.

2. The Company has been issued show cause notices (SCN) and summons with regard to the classification and Goods and Services tax (GST) rates of certain products sold by the Company. During the year ended 31 March 2022, the Company paid ₹706.79 Lakh to GST authorities against possible liability on account of the above SCN. The Company based on professional advice contends that the amount has been paid out of abundant caution and without prejudice to the Company's position that the products were hitherto appropriately classified and should therefore be subject to lower rates of tax

36. Employee Benefits

(a) Gratuity benefits provided by the Company

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund maintained with Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

(All amounts in INR Lakhs except for share data or as otherwise stated)

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2022 and March 31, 2021 consist of the following:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Current service cost	262.66	214.60
Interest expenses on defined benefit obligation	121.91	104.64
Interest income on plan asset	(60.98)	(66.82)
Gratuity cost recognised in statement of profit and loss	323.59	252.42
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses due to financial assumptions changes in defined benefit obligation	210.75	133.93
Components of defined benefit costs recognised in other comprehensive income	210.75	133.93
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	2,357.05	1,886.68
Fair value of plan assets	(954.59)	(935.88)
Net defined benefit liability (surplus)/deficit recognised	1,402.46	950.80
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	1,886.67	1,666.64
Current service cost	262.66	214.60
Interest on defined obligations	121.91	104.64
Benefits payment from plan	(134.22)	(209.63)
Actuarial (gains)/loss	220.03	110.43
Defined benefit obligations at the end of the year	2,357.05	1,886.68
Details of changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	935.88	1,102.19
Interest income on plan assets	60.98	66.82
Employer contributions	82.68	-
Benefits paid from plan assets	(134.22)	(209.63)
Actuarial gains/(loss)	9.28	(23.50)
Fair value of plan assets at the end of the year	**954.60**	**935.88**
Actual return on plan asset	**70.25**	**43.32**
Sensitivity Analysis:		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	2,193.25	1,758.23
- 1% decrease	2,544.49	2,033.39
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	2,518.85	2,016.56
- 1% decrease	2,209.98	1,768.40

(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	2,339.65	1,877.93
- 1% decrease	2,376.42	1,896.27
(d) Effect of change in assumed mortality rate		
- 10% increase	2,356.47	1,886.33
Discount rate	7.02%	6.70%
Rate of return of plan assets	6.70%	6.70%
Attrition rate	19.00%	19.02%
Rate of compensation increase	8.00%	7.00%
The expected future cash flows in respect of gratuity were as follows:		
Expected future benefit payments		
Year 1	276.84	208.93
Year 2	210.62	199.67
Year 3	233.30	153.93
Year 4	165.08	177.31
Year 5	145.85	119.45
Beyond 5 and upto 10 years	778.55	554.65

(b) Provident fund benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 1,080.50 (March 31, 2021: Rs. 933.72) and is included in "contribution to provident and other funds".

(c) Employee State Insurance benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to Rs. 193.13 (March 31,2021: Rs. 158.17) and is included in "Staff Welfare Expenses".

37. Leases

Disclosure with respect to lease liabilities:

The following is the break-up of current and non-current lease liabilities As at March 31, 2022:

Particulars	As At March 31, 2022	As At March 31, 2021
Current lease liabilities	6,821.66	6,282.97
Non-current lease liabilities	16,245.03	14,120.22
Total	**23,066.69**	**20,403.19**

(All amounts in INR Lakhs except for share data or as otherwise stated)

B. Movement in Lease Liabilities
The following is the movement in lease liabilities For the year ended March 31, 2022:

Particulars	As At March 31, 2022	As At March 31, 2021
Balance as at 1st April 2021(2020)	20,403.19	23,660.61
Additions	8,563.25	1,589.03
Finance costs accrued during the period	1,766.35	1,849.56
Deletions	(1,364.61)	(933.67)
Payment of Lease liabilities	(6,301.49)	(5,762.34)
Total	**23,066.69**	**20,403.19**

C. The table below provides details regarding the contractual maturities of lease liabilities As at Mar 31, 2022 on an undiscounted basis:

Particulars	As At March 31, 2022	As At March 31, 2021
Less than one year	6,492.92	6,282.97
One to five years	16,794.20	16,029.34
More than five years	6,488.75	3,055.13

D. Amounts recognised in statement of profit and loss

Particulars	As At March 31, 2022	As At March 31, 2021
Interest on lease liabilities	1,766.35	1,849.56
Variable lease payments not included in the lease payment liabilities	10.05	10.53
Income from sub-leasing right of use assets	-	-
Expenses relating to short-term leases (included under Rent in Note 29)	1,947.34	1,502.46
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets.	-	-

38. Related Party Disclosure
List of related parties

Key Management Personnel (KMP):

Mr. R. G. Chandramogan	Chairman
Mr. C. Sathyan	Managing Director
Mr. K.S. Thanarajan	Non-Executive Director
Mr. D. Sathyanarayanan	Non-Executive Director
Mr. H. Ramachandran	Chief Financial Officer
Mr. G. Somasundaram	Company Secretary

Entities in which KMP has significant influence
HAP Sports Trust

Note: Related party relationship are as identified by the management and relied upon by the auditors

(All amounts in INR Lakhs except for share data or as otherwise stated)

Transactions with Related Parties

NATURE OF THE TRANSACTION AND RELATIONSHIP	YEAR ENDED MARCH 31, 2022	YEAR ENDED MARCH 31, 2021
1) Remuneration payable to KMPs		
Mr. R. G. Chandramogan (MD upto 18th Oct 2020)	-	108.51
Mr. R. G. Chandramogan (Chairman w.e.f 19th Oct 2020)	-	40.40
Mr. C. Sathyan (MD w.e.f 19th Oct 2020)	81.11	80.11
Mr. H. Ramachandran	81.07	70.81
Mr. G. Somasundaram	33.77	27.55
2) Remuneration payable to Non-Executive Director		
Mr. K. S. Thanarajan	-	45.23
Mr. D. Sathyanarayanan	6.02	6.00
3) CSR Contribution to Trust		
HAP Sports Trust	924.06	299.00
4) Payment of Dividend		
Mr. R. G. Chandramogan	7,334.52	7,323.97
Mr. C. Sathyan	1,265.74	1,215.74
5) Guarantees received from KMPs towards loan taken by the Company		
Personal guarantee provided by Chairman and Managing Director	143,231.51	141,705.63
6) Bonus shares		
Mr. R. G. Chandramogan	-	305.61
Mr. C. Sathyan	-	52.74

Note
1. The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.
2. Actuarial valuation based provision with respect to gratuity have not been included as these are computed for the company as a whole.

39. Hedging Activities And Derivatives

The Company uses foreign currency denominated borrowings and interest rate swap contracts to manage some of its transaction exposures. The interest rate swap contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	March 31, 2022			March 31, 2021		
		Amount In Foreign Currency	Amount In Rs.	Conversion Rate	Amount In Foreign Currency	Amount In Rs.	Conversion Rate
Trade receivables	USD	0.00	0.15	75.67	0.25	18.49	73.20
Trade payables	USD	1.39	104.88	75.67	1.96	144.05	73.60
	EUR	0.02	1.34	84.48	-	-	-
Capital Creditors Payable	USD	0.61	46.27	75.67	-	-	-
	EUR	20.43	1,726.06	84.48	20.47	1,825.78	89.19
Trade Advance to Suppliers	USD	0.05	4.08	75.67	0.18	13.47	73.60
	EUR	0.26	21.91	84.48	0.68	60.81	89.19
Trade Advance from customers	USD	0.46	34.60	75.67	-	-	-

(All amounts in INR Lakhs except for share data or as otherwise stated)

b) Foreign currency sensitivity:

The Company is mainly exposed to fluctuations in US Dollar and EURO The following table details the Company's sensitivity to a 5% increase and decrease against the US Dollar. 5% is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 5% against the US Dollar, EURO. For a 5% weakening against the US Dollar, EURO, there would be a comparable impact on the profit or equity.

Particulars	Change In Rate		Effect On Profit Before Tax		Effect On Equity	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2022						
USD	5%	5%	(7.75)	7.75	(7.75)	7.75
EURO	5%	5%	(88.23)	88.23	(88.23)	88.23
March 31, 2021						
USD	5%	5%	(6.91)	6.91	(6.91)	6.91
EURO	5%	5%	(94.33)	94.33	(94.33)	94.33

40. SEGMENT INFORMATION

1.Products from which reportable segments derive their revenues

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprised of Cattle feed. Ready to eat products (RTE) are shown in discontinued operations. Refer Note 32

2. Segment revenues and results

PARTICULARS	YEAR ENDED MARCH 31, 2022	YEAR ENDED MARCH 31, 2021
Segment Revenue		
(a) Milk & Milk products	5,86,144.89	5,09,130.30
(b) Others	50,891.26	45,995.21
Total Revenue from continuing operations	6,37,036.15	5,55,125.51
(c) Discontinued operation	2,612.24	1,848.80
Net Sales/ Income from Continuing and Discontinued Operation	**6,39,648.39**	**5,56,974.31**
Segment Results		
(a) Milk & Milk products	42,667.64	50,303.01
(b) Others	(506.87)	983.80
Total Segment Results	**42,160.77**	**51,286.81**
Less: Finance costs	10,662.92	10,828.49
Add: Interest income	183.75	315.41
Net un-allocable expenditure/(income)	309.45	333.60
Total Profit before tax	**31,372.15**	**40,440.13**
Less: Tax expenses	6,547.36	13,082.27
Total Profit after tax	**24,824.79**	**27,357.87**
Loss after tax from discontinued operations	(3,033.85)	(2,722.81)
Total Profit after tax from continuing and discontinued operations	**21,790.94**	**24,635.06**

3. Segment assets and liabilities

PARTICULARS	YEAR ENDED MARCH 31, 2022	YEAR ENDED MARCH 31, 2021
Segment Assets		
(a) Milk & Milk products	3,20,225.13	2,70,071.83
(b) Others	24,962.94	24,219.20
(c) Unallocated	6,607.58	8,575.03
(d) Discontinued operation	2,371.00	8,837.20
Total Assets	**3,54,166.65**	**3,11,703.26**
Segment Liabilities		
(a) Milk & Milk products	71,608.43	56,298.71
(b) Others	855.03	755.46
(c) Unallocated	1,70,826.68	1,50,013.22
(d) Discontinued operation	-	2,484.86
Total Liabilities	**2,43,290.14**	**2,09,552.25**

Note:
Segment assets relating to Cattle Feed for Rs 16,876.52 Lakh and Ready to eat product segments for Rs 7,367.44 aggregating to Rs.24,243.96 Lakh, previously included under Milk & Milk Products has been correctly included under Others and discontinued operations for the comparable year ended March 31, 2021.

4. Other segment information

PARTICULARS	YEAR ENDED MARCH 31, 2022	YEAR ENDED MARCH 31, 2021
A. Capital Expenditure		
(a) Milk & Milk products	53,810.39	37,811.37
(b) Others	5,459.57	1,378.94
(c) Discontinued operation	-	2,470.95
Total Capital Expenditure	**59,269.96**	**41,661.26**
B. Depreciation		
(a) Milk & Milk products	30,406.64	28,809.77
(b) Others	670.80	690.18
Total Depreciation (From continued operation)	**31,077.44**	**29,499.95**
(c) Discontinued operation	987.03	1,490.47
Total Depreciation	**32,064.47**	**30,990.42**

Geographical Segment

The Company's secondary segment is the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following table present revenue, expenditure and certain asset information regarding the company's geographical segments:

(All amounts in INR Lakhs except for share data or as otherwise stated)

Year ended March 31, 2022

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	6,36,191.19	844.96	6,37,036.15
Segment assets	3,54,140.51	26.14	3,54,166.65
Capital expenditure:			
Tangible fixed assets	58,809.76	-	58,809.76
Intangible fixed assets	460.20	-	460.20

Year ended March 31, 2021

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	5,56,532.34	441.97	5,56,974.31
Segment assets	3,11,671.30	31.96	3,11,703.26
Capital expenditure:			
Tangible fixed assets	41,124.51	-	41,124.51
Intangible fixed assets	536.75	-	536.75

41. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial assets at fair value through profit & loss:				
a) Derivate assets	-	80.17	-	80.17
Financial assets at fair value through other comprehensive income:				
a) Investments				
-Equity instruments	851.00	500.00	851.00	500.00
-Mutual Funds	500.00	330.00	500.00	330.00
Financial assets at amortised cost:				
a) Trade receivables	777.81	907.41	777.81	907.41
b) Cash and cash equivalents	3,966.77	3,924.71	3,966.77	3,924.71
c) Other financial assets	8,461.84	6,822.66	8,461.84	6,822.66
Total Financial assets	**14,557.42**	**12,564.95**	**14,557.42**	**12,564.95**
Financial liabilities				
Financial liabilities at amortised cost:				
a) Borrowings (Long term)				
Indian Rupee loans from banks	78,445.88	53,575.98	78,445.88	53,575.98
Foreign currency loans from banks	-	-	-	-
Finance lease obligation	16,245.03	14,120.22	16,245.03	14,120.22
b) Borrowings (Short term)				
Indian Rupee loans from banks	35,282.64	27,889.73	35,282.64	27,889.73
Foreign currency loans from banks	-	3,672.27	-	3,672.27
Loan repayable on demand from banks	57,098.15	56,612.75	57,098.15	56,612.75
c) Finance lease obligation	6,821.66	6,282.97	6,821.66	6,282.97
d) Trade payables	14,659.33	14,001.82	14,659.33	14,001.82
e) Other Financial Liabilities	19,978.05	19,325.43	19,978.05	19,325.43
Total Financial Liabilities	**2,28,530.74**	**1,95,481.17**	**2,28,530.74**	**1,95,481.17**

(All amounts in INR Lakhs except for share data or as otherwise stated)

The management assessed that trade receivables, cash and cash equivalents, borrowings, trade payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

42. Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2022:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2022	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2022	851.00	-	-	851.00
b) Investment in mutual fund	March 31, 2022	500.00	-	500.00	
c) Derivative assets	March 31, 2022	-	-	-	-
d) Security deposits	March 31, 2022	8,376.37	-	-	8,376.37
Financial liabilities					
Financial liabilities measured at amortised cost					
a) Fixed rate INR loan from bank (long term)	March 31, 2022	78,445.88	-	78,445.88	

There are no transfers between levels 1 and 2 during the year.

ii. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2021	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2021	500.00	-		500.00
b)Investment in mutual fund	March 31, 2021	330.00	-	330.00	-
c) Derivative assets	March 31, 2021	80.17	-	80.17	-
d) Security deposits	March 31, 2021	6,737.34	-	-	6,737.34
Financial liabilities					
Financial liabilities measured at amortised cost					
a) Fixed rate INR loan from bank (long term)	March 31, 2021	53,575.98	-	53,575.98	-

There are no transfers between levels 1 and 2 during the year.

iii. Measurement of Fair Value:

Valuation techniques:

The following table shows the valuation techniques used in measuring fair values for assets and liabilities carried at fair value:

Type	Valuation Technique
Assets measured at fair value: Derivative assets	The fair value is determined based on valuation from Banks and financial institutions.
Liabilities measured at amortised cost: a) Floating rate USD loan from bank (long term) b) fixed rate INR loan from bank (long term)	The valuation model adopted for computing the fair value of the borrowing is the discounted cash flow model, where the present value of expected payments is discounted using a market interest rate.

43. Financial risk management objective and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and bank balances that are derived directly from its operation. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company's activities are exposed to a variety of financial risks, like credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Trade and other receivables

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Company' receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Currently the Company has not provided any provision in the books as per Ind AS 109 due to the fact that there are no historical credit losses observed in the past.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR. 777.81 Lakh and INR. 907.41 Lakh as of March 31, 2022 and March 31, 2021 being the total of the carrying amount of balances with trade receivables.

b. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company has established an appropriate liquidity risk management framework for it's short term, medium term and long term funding requirement.

(All amounts in INR Lakhs except for share data or as otherwise stated)

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-22					
Non-interest bearing	-	14,659.33	19,978.05	-	-
Fixed interest rate instruments	-	-	1,34,485.09	94,690.91	-
Total	**-**	**14,659.33**	**1,54,463.14**	**94,690.91**	**-**
31-Mar-21					
Non-interest bearing	-	13,212.08	20,115.17	-	-
Fixed interest rate instruments	-	-	93,791.06	67,696.20	-
Total	**-**	**13,212.08**	**1,13,906.23**	**67,696.20**	**-**

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-22					
Non-interest bearing	2.32	777.81	2,630.72	6,005.37	-
Variable interest rate	-	3,708.71	-	-	-
Fixed interest rate instruments	-	-	81.49	1,351.00	-
Total	**2.32**	**4,486.52**	**2,712.21**	**7,356.37**	**-**
31-Mar-21					
Non-interest bearing	2.81	907.41	2,743.67	4,308.06	-
Variable interest rate	-	3,404.58	-	-	-
Fixed interest rate instruments	-	-	368.42	830.00	-
Total	**2.81**	**4,311.99**	**3,112.09**	**5,138.06**	**-**

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

(All amounts in INR Lakhs except for share data or as otherwise stated)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows

Year Ending	Change in basis points		Effect on profit before tax		Effect on Equity	
	Increase	Decrease	Decrease	Increase	Decrease	Increase
March 31, 2022	1%	1%	-	-	-	-
March 31, 2021	1%	1%	(36.72)	36.72	(36.72)	36.72

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

44. Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of an annual budgeting exercise, future capital projects outlay etc. The funding requirements are met through equity, internal accruals and borrowings (short term/long term).

Particulars	March 31, 2022	March 31, 2021
Borrowings (Note 15)	1,70,826.67	1,41,750.73
Less: cash and cash equivalents (Note 10A & 10B)	(3,966.77)	(3,924.71)
Net debt	1,66,859.90	1,37,826.02
Equity (Note 13)	2,156.02	2,156.02
Other Equity (Note 14)	1,08,720.49	99,994.99
Total Equity	**1,10,876.51**	**1,02,151.01**
Gearing ratio (Net Debt/ Total Equity)	**1.50**	**1.35**

(All amounts in INR Lakhs except for share data or as otherwise stated)

45. Analytical Ratios

The Following are Analytical Ratios for the year ended March 31, 2022 and March 31, 2021

				TOTAL			CONTINUING OPERATIONS		
Sl.No	Particulars	Numerator	Denominator	31st March 2022	31st March 2021	Variance in %	31st March 2022	31st March 2021	Variance in %
1	Current Ratio	Current Assets	Current Liabilities	0.56	0.54	4.88%	0.56	0.54	4.88%
2	Debt Equity Ratio	Total Debt	Shareholder's Equity	1.54	1.39	11.03%	1.54	1.39	11.03%
3	Debt service coverage ratio	Earnings Available for Debt Service (Refer Note 1)	Debt Service (Refer Note 2)	1.04	1.21	-14.00%	1.07	1.09	-2.42%
4	Return on Equity	Net Profit after tax -Preference dividend	Average Shareholder's equity	20.46%	25.58%	-20.03%	23.31%	28.41%	-17.96%
5	Inventory Turnover Ratio	Sales	Average Inventory	10.85	11.80	-8.07%	10.81	11.76	-8.14%
6	Trade Receivables Turnover Ratio (Refer Note 3)	Sales	Debtors	822.37	613.81	33.98%	819.01	611.77	33.88%
7	Trade Payable Turnover Ratio	Purchases	Trade Payables	30.39	28.64	6.12%	30.26	28.54	6.03%
8	Net Capital Turnover Ratio	Sales	Working Capital	(10.31)	(8.99)	14.64%	(10.27)	(8.96)	14.55%
9	Net Profit Ratio	Net profit	Sales	3.41%	4.42%	-22.98%	3.90%	4.93%	-20.93%
10	Return on Capital Employed/Return on Investment	Earnings before interest and tax	Capital Employed	13.40%	18.90%	-29.10%	14.68%	20.42%	-28.11%

1. Earnings=Net Profit+Depreciation +Interest Gain /Loss of Fixed Assets
2. Debt Service =Current Maturities + Interest
3. Due to reduction in Delivery Partners sales outstanding on total receivables from 32% in FY 21 to 15% FY 22.

(All amounts in INR Lakhs except for share data or as otherwise stated)

46. Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
a) Gross amount required to be spent by the Company during the year	454.48	291.34
b) Amount spent during the year	931.06	323.34
c) Amount unspent as at year end	-	-
d) Nature of CSR activities	Contribution towards promotion of education ,sport and support infrastructure activities related development activities	
e) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard (Refer Note 1)	924.06	299.00

Note
1. Represents contribution to HAP Sports Trust to support promotion of Sports.

47. Estimation uncertainty during COVID-19 outbreak

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of Trade receivables, Inventories, Other financial assets, Other current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

For and on behalf of the Board of Directors of Hatsun Agro Product Limited

Sd/-
R. G. Chandramogan
Chairman

Sd/-
C. Sathyan
Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: April 27, 2022

Place: Chennai
Date: April 27, 2022

Deloitte
Haskins & Sells LLP

Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar
Chennai - 600 017
Tamil Nadu, India

Tel: +91 44 6688 5000
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM UNAUDITED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF HATSUN AGRO PRODUCT LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **HATSUN AGRO PRODUCT LIMITED** ("the Company"), for the quarter and half year ended September 30, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Ananthi

Ananthi Amarnath
(Partner)
(Membership No. 209252)
UDIN: 22209252BAHCCC3870

Place: Chennai
Date: October 19, 2022

HATSUN AGRO PRODUCT LIMITED
CIN: L15499TN1986PLC012747
REGD.OFFICE: NO.41 (49), JANAKIRAM COLONY MAIN ROAD, JANAKIRAM COLONY, ARUMBAKKAM, CHENNAI 600 106.
Phone : 044-43659999; Fax: 044-43659998
E-mail: secretarial@hap.in; Website: www.hap.in

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

(₹ in lakhs except EPS)

Particulars	Quarter ended September 30, 2022	Quarter ended June 30, 2022	Quarter ended September 30, 2021	Half Year ended September 30, 2022	Half Year ended September 30, 2021	Year Ended March 31, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income						
Revenue from operations	174,772.65	201,460.93	162,799.33	376,233.58	316,677.65	637,036.15
Other income	306.73	540.50	100.43	847.23	245.14	981.36
Total income	**175,079.38**	**202,001.43**	**162,899.76**	**377,080.81**	**316,922.79**	**638,017.51**
Expenses						
Cost of raw materials consumed	127,800.53	135,547.83	114,822.67	263,348.36	221,209.64	435,184.88
Purchases of stock-in-trade	293.15	173.47	161.27	466.62	277.26	536.33
Changes in the inventories of finished goods, stock-in-trade and work-in-progress	(5,197.30)	10,051.53	(4,757.12)	4,854.23	(4,154.98)	5,109.40
Employee benefits expense	5,557.64	5,706.81	5,119.51	11,264.45	10,273.46	21,002.09
Finance costs	3,235.61	2,809.39	2,592.45	6,045.00	5,290.22	10,662.92
Depreciation and amortization expense	8,961.02	8,478.75	7,703.66	17,439.77	15,126.17	31,077.44
Other expenses	28,647.09	32,165.36	25,923.64	60,812.45	49,261.21	103,072.30
Total expense	**169,297.74**	**194,933.14**	**151,566.08**	**364,230.88**	**297,282.98**	**606,645.36**
Profit before tax (from continuing operations)	**5,781.64**	**7,068.29**	**11,333.68**	**12,849.93**	**19,639.81**	**31,372.15**
Tax expense						
- Current tax	1,609.48	1,965.37	3,226.01	3,574.85	5,952.48	8,954.85
- Income tax relating to earlier period	-	-	-	-	-	78.12
- Deferred tax (Net)	(76.06)	(92.27)	(703.94)	(168.33)	(1,617.67)	(2,485.61)
Income Tax Expense	**1,533.42**	**1,873.10**	**2,522.07**	**3,406.52**	**4,334.81**	**6,547.36**
Profit after tax (from continuing operations)	**4,248.22**	**5,195.19**	**8,811.61**	**9,443.41**	**15,305.00**	**24,824.79**
Loss before tax from discontinued operation	-	-	(815.11)	-	(1,659.83)	(3,834.01)
Tax expense/(credit) of the discontinued operation	-	-	(213.23)	-	(397.55)	(800.16)
Loss after tax from discontinued operation	-	-	**(601.88)**	-	**(1,262.28)**	**(3,033.85)**
Profit before tax for the period (from continuing and discontinued operation)	5,781.64	7,068.29	10,518.57	12,849.93	17,979.98	27,538.14
Tax expense (from continuing and discontinued operation)	1,533.42	1,873.10	2,308.84	3,406.52	3,937.26	5,747.20
Profit for the period (continuing and discontinued operation)	**4,248.22**	**5,195.19**	**8,209.73**	**9,443.41**	**14,042.72**	**21,790.94**
Other Comprehensive Income:						
(i) Items not to be reclassified to profit or loss in subsequent periods						
- Re-measurement loss/(gains) on employee defined benefit plans	-	-	-	-	-	210.75
- Income tax effect	-	-	-	-	-	(53.04)
Net items not to be reclassified to profit or loss in subsequent periods	-	-	-	-	-	**157.71**
(ii) Other comprehensive income that will be reclassified to profit or loss in subsequent periods:						
- Net movement in cash flow hedges	-	-	(12.78)	-	(40.06)	(40.06)
- Income tax effect	-	-	7.13	-	13.99	13.99
Net items to be reclassified to profit or loss in subsequent periods	-	-	**(5.65)**	-	**(26.07)**	**(26.07)**
Total comprehensive income for the period	**4,248.22**	**5,195.19**	**8,215.38**	**9,443.41**	**14,068.79**	**21,659.30**
Paid-up Equity share capital	2,156.02	2,156.02	2,156.02	2,156.02	2,156.02	2,156.02
Other Equity (excluding revaluation reserve)						108,720.49

Earnings Per Share (Face value of Re. 1/- per share) Not annualised for continuing operation						
(a) Basic (in ₹)	1.97	2.41	4.09	4.38	7.10	11.46
(b) Diluted (in ₹)	1.97	2.41	4.09	4.38	7.10	11.46
Earnings Per Share (Face value of Re. 1/- per share) Not annualised for discontinued operation						
(a) Basic (in ₹)	-	-	(0.29)	-	(0.59)	(1.41)
(b) Diluted (in ₹)	-	-	(0.29)	-	(0.59)	(1.41)
Earnings Per Share (Face value of Re. 1/- per share) Not annualised for continuing and discontinued operation						
(a) Basic (in ₹)	1.97	2.41	3.80	4.38	6.51	10.05
(b) Diluted (in ₹)	1.97	2.41	3.80	4.38	6.51	10.05

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

HATSUN AGRO PRODUCT LTD Chennai 600 106

HATSUN AGRO PRODUCT LIMITED
CIN: L15499TN1986PLC012747
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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

Notes:

1 Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The Company had hitherto identified Milk and milk products as its reportable segment and others primarily consisted of Cattle Feed and Ready to Eat (RTE) product segments. Consequent to the discontinuance of RTE business during the quarter ended March 31, 2022, the CODM of the Company, effective April 01, 2022, has combined the feed business with Milk and milk products in the review of Company's operations. Accordingly, the Company operates in single segment viz., Milk and milk products.

(₹ in lakhs)

S.No.	Particulars	Quarter ended September 30, 2022	Quarter Ended June 30, 2022	Quarter Ended September 30, 2021	Half year ended September 30, 2022	Half year ended September 30, 2021	Year Ended March 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A	**Segment Revenue**						
	(a) Milk & Milk products	174,772.65	201,460.93	162,799.33	376,233.58	316,677.65	637,036.15
	(b) Discontinued Operation (Refer Note 2)	-	-	742.50	-	1,335.26	2,612.24
	Net Sales/ Income from Operations	**174,772.65**	**201,460.93**	**163,541.83**	**376,233.58**	**318,012.91**	**639,648.39**
B	**Segment Results**						
	(a) Milk & Milk products	8,962.51	9,846.82	13,881.94	18,809.33	24,802.15	41,851.32
	Total Segment Results	**8,962.51**	**9,846.82**	**13,881.94**	**18,809.33**	**24,802.15**	**41,851.32**
	Less: Finance costs	3,235.61	2,809.39	2,592.45	6,045.00	5,290.22	10,662.92
	Add: Interest income	54.74	30.86	44.19	85.60	127.88	183.75
	Total Profit before tax	**5,781.64**	**7,068.29**	**11,333.68**	**12,849.93**	**19,639.81**	**31,372.15**
	(b) Loss from discontinued operation (Refer Note 2)	-	-	(815.11)	-	(1,659.83)	(3,834.01)
	Total Profit before tax from continuing and discontinued operations	**5,781.64**	**7,068.29**	**10,518.57**	**12,849.93**	**17,979.98**	**27,538.14**
C	**Segment Assets**						
	(a) Milk & Milk products	338,999.75	338,545.23	309,355.28	338,999.75	309,355.28	351,795.65
	(b) Discontinued Operation	-	1,442.96	8,834.68	-	8,834.68	2,371.00
	Total Segment Assets	**338,999.75**	**339,988.19**	**318,189.96**	**338,999.75**	**318,189.96**	**354,166.65**
D	**Segment Liabilities**						
	(a) Milk & Milk products	231,613.63	223,916.49	212,698.38	231,613.63	212,698.38	243,290.14
	(b) Discontinued Operation	-	-	2,205.56	-	2,205.56	-
	Total Segment Liabilities	**231,613.63**	**223,916.49**	**214,903.94**	**231,613.63**	**214,903.94**	**243,290.14**
E	**Net Capital employed**	**107,386.12**	**116,071.70**	**103,286.02**	**107,386.12**	**103,286.02**	**110,876.51**

2 During the quarter ended March 31, 2022, the Board of directors had decided to discontinue the RTE business carried on under the brand name 'Oyalo'. Accordingly, the results of the RTE business were classified as discontinued operations for the quarter and year ended March 31, 2022. The results of the discontinued operation of the respective quarters are as follows:

(₹ in lakhs)

Particulars	Quarter ended September 30, 2022	Quarter Ended June 30, 2022	Quarter Ended September 30, 2021	Half year ended September 30, 2022	Half year ended September 30, 2021	Year Ended March 31, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income	-	-	791.09	-	1,383.85	2,681.12
Total Expenses	-	-	1,606.20	-	3,043.68	6,515.13
Loss before tax from discontinued operation	-	-	(815.11)	-	(1,659.83)	(3,834.01)
Income tax expense/(credit)	-	-	(213.23)	-	(397.55)	(800.16)
Loss after tax from Discontinued operation	-	-	(601.88)	-	(1,262.28)	(3,033.85)
Other Comprehensive Income from discontinued operation	-	-	-	-	-	-
Total comprehensive income for the period from discontinued operation	-	-	(601.88)	-	(1,262.28)	(3,033.85)

3 The above unaudited financial results prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on October 19, 2022.

4 The Statement of Assets and Liabilities as at September 30, 2022 and the Cash Flow Statement for the half year ended September 30, 2022 is provided as an annexure to this statement.

5 The Board at its Meeting held on September 19, 2022 approved, subject to receipt of relevant approvals from the regulatory authorities, as may be required, the raising of funds for an amount not exceeding Rs. 40,000 Lakhs by way of Issue of Equity Shares of the Company on a "Rights Issue" basis to the existing Shareholders of the Company and appointed the Rights Issue Committee to carry out the activities involved in this regard.

Place : Chennai
Date: October 19, 2022

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

HATSUN AGRO PRODUCT LTD ★ Chennai 600 106

For and on behalf of Board of Directors of
Hatsun Agro Product Limited

C. Sathyan
Managing Director
DIN: 00012439

HATSUN AGRO PRODUCT LIMITED
CIN: L15499TN1986PLC012747
REGD.OFFICE: NO.41 (49), JANAKIRAM COLONY MAIN ROAD, JANAKIRAM COLONY, ARUMBAKKAM, CHENNAI 600 106.
Phone : 044-43659999; Fax: 044-43659998
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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

STATEMENT OF ASSETS AND LIABILITIES - (Refer Note 4)

(₹ in lakhs)

Particulars	As at September 30, 2022 Unaudited	As at March 31, 2022 Audited
Assets		
Non Current Assets		
(a) Property, plant and equipment	222,683.47	218,168.59
(b) Right of use assets	27,321.74	21,189.56
(c) Capital work in progress	22,603.25	23,707.52
(d) Goodwill	774.12	774.12
(e) Other Intangible assets	702.36	830.27
(f) Financial assets		
(i) Investments	1,573.50	1,351.00
(ii) Other financial assets	6,607.41	5,831.12
(g) Other non-current assets	837.09	1,292.16
(h) Non-current tax assets	741.52	1,067.58
Total Non-current assets	**283,844.46**	**274,211.92**
Current assets		
(a) Inventories	37,771.46	60,917.32
(b) Financial assets		
(i) Trade receivables	812.99	777.81
(ii) Cash & cash equivalents	5,725.30	3,711.03
(iii) Other Bank balances	227.55	255.74
(iv) Others financial assets	1,945.49	2,630.72
(c) Other current assets	8,672.50	9,291.11
(d) Asset classified as held for sale	-	2,371.00
Total Current assets	**55,155.29**	**79,954.73**
Total assets	**338,999.75**	**354,166.65**
Equity and liabilities		
Equity		
(a) Equity share capital	2,156.02	2,156.02
(b) Other equity	105,230.10	108,720.49
Total Equity	**107,386.12**	**110,876.51**
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	87,767.59	78,445.88
(ii) Lease Liabilities	14,590.50	16,245.03
(b) Deferred tax liabilities (net)	4,535.24	4,703.56
(c) Other non-current liabilities	1,600.78	1,886.12
Total non-current liabilities	**108,494.11**	**101,280.59**
Current Liabilities		
(a) Financial liabilities		
(i) Borrowings	67,525.80	92,380.79
(ii) Lease Liabilities	14,547.40	6,821.66
(iii) Trade payables		
• Total outstanding dues of micro enterprises and small enterprises	6.96	25.04
• Total outstanding dues of creditors other than micro enterprises and small enterprises	17,048.48	14,634.29
(iv) Other Financial liabilities	16,827.41	19,978.05
(b) Provisions	2,012.52	1,733.73
(c) Other current liabilities	5,150.95	6,435.99
Total current liabilities	**123,119.52**	**142,009.55**
Total Equity and Liabilities	**338,999.75**	**354,166.65**

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

HATSUN AGRO PRODUCT LTD Chennai 600 106

HATSUN AGRO PRODUCT LIMITED

CIN: L15499TN1986PLC012747
REGD.OFFICE: NO.41 (49), JANAKIRAM COLONY MAIN ROAD, JANAKIRAM COLONY, ARUMBAKKAM, CHENNAI 600 106.
Phone : 044-43659999; Fax: 044-43659998
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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

CASH FLOW STATEMENT - (Refer Note 4)

(₹ in lakhs)

Particulars	For the half year ended September 30, 2022 (Unaudited)	For the half year ended September 30, 2021 (Unaudited)
A.Cash flows from operating activities		
Net profit before taxation	12,849.93	17,979.98
Operating profit before working capital changes	35,628.74	38,775.84
Net cash from operating activities	**60,297.46**	**45,493.87**
B. Cash flow used in investing activities	**(19,820.53)**	**(31,607.64)**
C. Cash flow used in financing activities	**(38,462.66)**	**(14,444.44)**
Net increase/(decrease) in cash and cash equivalents	2,014.27	(558.21)
Cash and cash equivalents at the beginning of the period	3,711.03	3,407.39
Cash and cash equivalents at the end of the period	**5,725.30**	**2,849.18**
Components of Cash and Cash Equivalents		
Cash on hand	1.50	2.58
Balances with Banks	5,723.80	2,846.60
Total Cash and Cash Equivalents	**5,725.30**	**2,849.18**

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

HATSUN AGRO PRODUCT LTD ★ Chennai 600 106

ACCOUNTING RATIOS

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements and Unaudited Financial Results included in the section entitled "*Financial Statements*" on page 80:

(₹ in Lakhs, except per share data)

Particulars	Unaudited Financial Results		Annual Financial Statements	
	As at and for the six months period ended September 30, 2022#	As at and for the six months period ended September 30, 2021#	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Basic EPS (₹) *	4.38	6.51	10.05	11.43
Diluted EPS (₹)	4.38	6.51	10.05	11.43
Return on Equity (%)*	8.65%	13.67%	20.46%	25.58%
Net Asset Value per Equity Share (₹)	49.82	47.91	51.44	47.39
EBITDA (₹ in lakhs)	36,334.70	38,396.37	69,278.50	76,743.73

#Not annualized
** Return on Equity = Profit after tax/Average Shareholders' fund*
Note the EPS mentioned above is for company as whole (including continued and discontinued operations)

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit/(loss) after tax as per statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding at the end of the period
Diluted EPS	Profit/(loss) after tax as per statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding at the end of the period and for the effects of all dilutive potential equity shares
Return on Equity	Profit/(loss) after tax for the period as presented in the statement of profit and loss in the Financial Statements / Average Shareholders fund
Average Shareholders' Fund	(Opening Total equity +Closing Total Equity)/2
Total Equity	Equity share capital + other equity
Net Asset Value per Equity Share	Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of the period
EBITDA	Profit before tax + Finance Cost + Depreciation

(a) Calculation of Return on Equity

(₹ in Lakhs)

Particulars	Unaudited Financial Results		Annual Financial Statements	
	As at and for the six months period ended September 30, 2022*	As at and for the six months period ended September 30, 2021*	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Profit/(loss) after tax attributable to owners of Company (A)	9,443.41	14,042.72	21,790.94	24,635.06
Opening Total Equity (B)	1,10,876.51	1,02,151.01	1,02,151.01	90,447.90
Closing Total Equity (C)	1,07,386.12	1,03,286.02	1,10,876.51	1,02,151.01
Average Shareholders Fund (D) = (B+C/2)#	1,09,131.32	1,02,718.52	1,06,513.76	96,299.46
Return on Equity [A / D] * 100 (%)	8.65%	13.67%	20.46%	25.58%

**Not annualised*
#Average Shareholder's fund = (Opening Total Equity + Closing Total Equity)/2

(b) Calculation of Net Worth and Net asset value per Equity Share

(₹ in Lakhs, except per share data)

Particulars	Unaudited Financial Results		Annual Financial Statements	
	As at and for the six months period ended September 30, 2022	As at and for the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Equity Share capital (A)	2,156.02	2,156.02	2,156.02	2,156.02

Particulars	Unaudited Financial Results		Annual Financial Statements	
	As at and for the six months period ended September 30, 2022	As at and for the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Other equity (B)	1,05,230.10	1,01,130.00	1,08,720.49	99,994.99
Net Worth (C) [A + B]	1,07,386.12	1,03,286.02	1,10,876.51	1,02,151.01
No. of Equity shares subscribed and fully paid outstanding	21,55,63,323	21,55,63,323	21,55,63,323	21,55,63,323
Net Asset Value per Equity Share [C / D *10^5] (₹)	49.82	47.91	51.44	47.39

(c) Details of EBITDA

(₹ in Lakhs, except per share data)

Particulars	Unaudited Financial Results		Annual Financial Statements	
	As at and for the six months period ended September 30, 2022	As at and for the six months period ended September 30, 2021	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Profit/ (Loss) before exceptional items and tax (A)	12,849.93	17,979.98	27,538.14	36,415.29
Finance costs (B)	6,045.00	5,290.22	10,662.92	10,828.49
Depreciation and amortisation expense (C)	17,439.77	15,126.17	31,077.44	29,499.95
EBITDA [D = A + B+ C]	36,334.70	38,396.37	69,278.50	76,743.73

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 together with our audited financial statements as of and for the financial year ended March 31, 2022 and 2021 and our unaudited condensed interim financial statements as of and for the six months period ended September 30, 2022 and 2021 included in this Letter of Offer. You should also read the sections titled "Risk Factors" and "Forward Looking Statements" on page 14 and 11 included in this Letter of Offer which discuss a number of factors and contingencies that could affect our financial conditions and results of operations. This discussion is based on amounts derived from our audited financial statements for Fiscal 2022 and Fiscal 2021 which have been prepared in accordance with Indian Accounting Standards ("**Ind AS**"), and our unaudited condensed interim financial statements as of and for the six months period ended September 30, 2022 and 2021. Our financial year ends on March 31 of each year, so all references to a particular 'Fiscal' are to the twelve months ending March 31 of that year.*

Further, financial information for the six months period ended September 30, 2022, and September 30, 2021 are not comparable to the financial information for Fiscals 2022 and 2021. For further details see "Risk Factors" on page 14.

Overview

We are a dairy company based in south India. Our business model in India consists of procurement, processing, distribution and marketing operations of dairy products. We procure milk from the farmers through our Hatsun Milk Banks ("**HMBs**") and Active Bulk Coolers ("**ABCs**") and manufacture various dairy based products such as milk, curd, *ghee*, butter, *paneer*, ice-cream, chocolates, yoghurt, skimmed milk powder, *lassi*, butter milk, cheese spread, and dairy whitener. Our processing and manufacturing facilities in India are primarily across the States of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra. We also manufacture cattle feed. Our marketing/ sales operations are spread across the states of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, Maharashtra, Kerala, Odisha, Goa and the union territory of Pondicherry.

We primarily market milk and curd under our brand names "Arokya" and "Hatsun" and ice creams under our brand name "Arun". Further, we operate our own outlets under our brand name "IBACO" to sell ice-creams, ice-cream cakes and chocolates. Additionally, we selectively retail milk and other milk products such as curd, *ghee*, butter, *paneer*, ice-cream, chocolates, yoghurt, skimmed milk powder, *lassi*, butter milk, cheese spread and dairy whitener in various markets through our retail outlet "HAP Daily". We also manufacture and sell cattle feed under the brand "Santosa" to farmers through our procurement network.

As of September 30, 2022, we have 19 processing and manufacturing plants primarily across the States of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra and 3,491 "HAP Daily" retail outlets which are situated in various strategic locations across the States of Tamil Nadu, Andhra Pradesh, Karnataka, Telangana Maharashtra and Kerala. We place emphasis on quality control and product safety at each step of the manufacturing process, right from the procurement of raw milk until the final product is packaged and ready for distribution. We have obtained several quality control certifications and registrations for our facilities.

We procure milk from milk farmers and through HMBs and ABCs. Our supply chain network includes procurement of milk from various districts across the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra through over 9,304 HMBs and 1,304 ABCs as on September 30, 2022.

Our revenue from operations were ₹3,76,233.58 lakhs, ₹6,37,036.15 lakhs and ₹5,55,125.51 lakhs and our profit after tax were ₹9,443.41 lakhs, ₹21,790.94 lakhs, ₹24,635.06 lakhs for the six months ended September 30, 2022 and the financial years ended March 31, 2022 and 2021, respectively.

Principal Factors Affecting our Results of Operations and Financial Condition

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section "*Risk Factors*" on page 14. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

Procurement of raw milk at viable prices

Our operations are dependent on the supply of large amounts of raw milk, which is the primary raw material used in the manufacture of all our dairy products. Our supply chain network includes procurement from various districts across Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Maharashtra through over 9,304 HMBs and 1,304 ABCs. As we continue to grow our product portfolio and increase our production capacities, we would need to expand our milk procurement base. If we are unable to source higher volumes of raw milk, or maintain our current procurement base, our operations and business prospects would be adversely affected.

The availability and price of raw milk is subject to a number of factors beyond our control including seasonal factors, environmental factors, availability of feed to the livestock and Government policies and regulations. Also, any disease or epidemic affecting the health of cows in India, specially within our procurement regions, could significantly affect our ability to procure adequate amounts of raw milk. Any inability on our part to procure sufficient quantities of raw milk and on commercially acceptable terms, could lead to a change in our production and sales volumes.

Logistics and development of HMBs and ABCs

Transportation of both, raw milk and processed dairy products between HMBs and our processing and manufacturing plants and subsequently to the retail outlets is very critical for our operations. We continue to develop a strong supply chain and distributor network for all our clients. Any increase in logistical and transportation costs, including increase in fuel prices will have a direct impact on our costs and operations.

We sell our products for human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of our products, especially as milk is a perishable product. If our products are found to be contaminated or reported to be associated with any contamination incidents, our reputation, business, prospects, financial condition and results of operations could be affected. We therefore strive to develop ABCs to prevent contamination and spoilage of raw milk and processed dairy products. The development of such facilities would increase our operating profits as there will be reduced loss on account of contamination at the production as well the transportation level.

Competition

The dairy industry is highly competitive, especially the markets for liquid dairy products, including milk and other dairy based products such as curd, *ghee*, paneer, ice-cream, yoghurt shakes, butter, skimmed milk powder, *lassi*, butter milk, and dairy whitener, which are experiencing rapid development and increasing competition. Our diverse product portfolio caters to customers across various segments and the success of our business is dependent on our ability to competitively price our products.

We are facing increasing competition from a number of international, regional and domestic companies. Our competitors in certain regions may also have better access to raw materials required in our operations and may procure them at lower costs than us. We also compete with large private companies and dairy cooperatives that procure milk from farmers in the regions where we procure milk, and any incentives offered by the Central or State Governments to such cooperatives, could benefit such entities, which may allow them to lower the price of their products. We compete not only with widely advertised and established branded products, but also with non-premium dairy producers as well as private and economy brand products that are generally sold at lower prices. While we strive to expand our outreach in newer markets such as Maharashtra, Kerala, Orissa, Chhattisgarh, Madhya Pradesh, West Bengal and Jharkhand, the existing competition from international, regional and domestic companies in such geographies will have an impact on the pricing of our products.

Significant Accounting Policies for Fiscal 2022

(a) Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables /advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable and future results may vary from these estimates. Such estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the year in which the estimate is revised and/or in future years, as applicable.

(b) Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is: (a) expected to be realised or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) Expected to be realised within twelve months after the reporting period, or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current assets. A liability is current when: (a) it is expected to be settled in normal operating cycle; (b) It is held primarily for the purpose of trading; (c) It is due to be settled within twelve months after the reporting period, or (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Revenue Recognition

The Company derives revenue primarily from sale of milk and milk products. The revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the company ; and (d) the costs incurred or to be incurred in respect of the transactions can be measured reliably.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/incentive. In cases where, the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

(d) Government Grants and Export benefits

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amount over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(e) Taxes

Tax expenses for the year comprise of current and deferred tax.

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Deferred Tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets 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 realised, 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.

(f) Property Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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. 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. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Furniture and fixtures, office equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Leasehold Improvements thereon are amortised over the primary period of lease.

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule II to the Companies Act, 2013 or on estimated useful lives of assets estimated by the management, whichever is higher. Depreciation is also accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary. The estimated useful lives considered for depreciation:

Asset	Useful life prescribed under Schedule II
Buildings	30 years
Plant and machinery	1-15 years
Cans, crates and puff boxes (Included in plant and machinery)	1 year
Windmill	22 years

Asset	Useful life prescribed under Schedule II
Furniture and fixtures	1-10 years
Office Equipment	1-5 years
Vehicle	8-10 years
Software	3-5 years
Computer Equipment	1-3 years
Leasehold Improvements	3-5 years or over the lease period, if lower than the estimated useful life

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

(g) Intangible assets including Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

(h) 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(i) Leases

The Company’s lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. 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.

(k) Impairment of 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 or cash-generating unit's (CGU) 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 or CGU 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 indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(l) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

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.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund and employee state insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service
- costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Remeasurement

(n) 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 as they are considered an integral part of the Company’s cash management.

(o) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(p) Operating Segment

The Chief Operational Decision Maker monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The operating segment of the Company is identified to the "Milk and milk products", and "others". The operating segment have been identified on the basis of the nature of products/services. Un-allocable income, expenditure, assets and liabilities represent the income, expenditure, assets and liabilities that relate to the Company as a whole and not allocable to any segment.

(q) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, rights issue as appropriate.

(r) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Revenue and Expenditure

The following descriptions set forth information with respect to the key components of our Financial Information.

Our Income

Revenue from Operations

Revenue from operations includes the (i) revenue from sale of products; and (ii) other operating revenue which comprises of export benefits, scrap sales and others.

Other Income

Other income includes (i) interest income on bank deposits, other deposits and other financial assets carried at amortised cost; (ii) profit on sale of property, plant and equipment; (iii) gain on redemption of mutual fund investments; (iv) foreign exchange fluctuation; (v) recoveries; and (vi) government grants.

Our Expenditure

Our expenses primarily consist of the following:

- *Cost of materials consumed* primarily consists of raw materials consumed and purchases but less the closing stock;
- *Changes in inventories of finished goods, stock-in-trade and work-in-progress* are an adjustment of the opening and closing stock of finished goods, work-in-progress and stock-in-trade at the end of the fiscal;
- *Employee benefits expense* consists of salary, wages and bonus, contribution to provident and other funds, expenses related to post-employment defined benefit plans and staff welfare expenses;
- *Depreciation and amortisation expense* comprises of depreciation expenses for depreciation property, plant and equipment. Amortisation expenses primarily includes amortisation of intangible assets;
- *Finance costs* includes interest expense on borrowings, interest on lease liabilities and bank charges; and
- *Other expenses* primarily include expenses on power and fuel, consumption of stores and spares, freight outwards, advertisements, legal and professional fees, travelling and conveyance, rent, insurance, directors sitting fees, postage and courier charges, payment to auditors, printing and stationery, foreign exchange fluctuation, CSR expenditure, security expenses, repairs and maintenance etc.

Our Income Tax Expenses

Elements of our income tax expenses are as follows:

- *Current tax:* Our current tax is the amount of tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.
- *Deferred tax:* Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Other Comprehensive Income

The other comprehensive income consists of (i) all the items of income and expense that will be reclassified subsequently to the statement of profit or loss which consists of foreign currency translation reserves; and (ii) items that will not be reclassified subsequently to the statement of profit or loss which consists of remeasurement of the net defined benefit obligation and income tax relating to items.

Total Comprehensive Income for the period / year

Total comprehensive income for the period / year consists of profit for the period / year and total other comprehensive income for the period / year.

Our Results of Operations

The following table sets forth a breakdown of our restated results of operations for the six months period ended September 30, 2022, and 2021 and Fiscals 2022 and 2021.

Particulars	**For the six-month period ended September 30, 2022**		**For the six-month period ended September 30, 2021**		**Fiscal 2022**		**Fiscal 2021**	
	in lakhs	**(%) of Total Income**	**in lakhs**	**(%) of Total Income**	**in lakhs**	**(%) of Total Income**	**in lakhs**	**(%) of Total Income**

Particulars	For the six-month period ended September 30, 2022		For the six-month period ended September 30, 2021		Fiscal 2022		Fiscal 2021	
	in lakhs	(%) of Total Income	in lakhs	(%) of Total Income	in lakhs	(%) of Total Income	in lakhs	(%) of Total Income
Revenue from operations	3,76,233.58	99.78	3,16,677.65	99.92	6,37,036.15	99.85	5,55,125.51	99.90
Other income	847.23	0.22	245.14	0.08	981.36	0.15	576.39	0.10
Total income	3,77,080.81	100.00	3,16,922.79	100.00	6,38,017.51	100.00	5,55,701.90	100.00
Expenses								
Cost of materials consumed	2,63,348.36	69.84	2,21,209.64	69.80	4,35,184.88	68.21	3,93,866.12	70.88
Purchase of stock in trade	466.62	0.12	277.26	0.09	536.33	0.08	359.54	0.06
Change in inventories of finished goods, stock in trade and work in progress	4,854.23	1.29	(4,154.98)	(1.31)	5,109.40	0.80	(15,062.26)	(2.71)
Employee benefits expense	11,264.45	2.99	10,273.46	3.24	21,002.09	3.29	18,477.46	3.33
Finance costs	6,045.00	1.60	5,290.22	1.67	10,662.92	1.67	10,828.49	1.95
Depreciation and amortisation expense	17,439.77	4.62	15,126.17	4.77	31,077.44	4.87	29,499.95	5.31
Other expenses	60,812.45	16.13	49,261.21	15.54	1,03,072.30	16.16	77,292.47	13.91
Total expenses	3,64,230.88	96.59	2,97,282.98	93.80	6,06,645.36	95.08	5,15,261.77	92.72
Profit before tax from continued operations	12,849.93	3.41	19,639.81	6.20	31,372.15	4.92	40,440.13	7.28
Tax expense								
Current tax	3,574.85	0.95	5,952.48	1.88	8,954.85	1.40	14,088.73	2.54
Adjustment of current tax relating to earlier years	0.00	0.00	0.00	0.00	78.12	0.01	(264.52)	(0.05)
(ii) Deferred tax	(168.33)	(0.04)	(1,617.67)	(0.51)	(2,485.61)	(0.39)	(741.94)	(0.13)
Total tax expense	3,406.52	0.91	4,334.81	1.37	6,547.36	1.03	13,082.27	2.35
Profit after tax from continued operations	9,443.41	2.50	15,305.00	4.83	24,824.79	3.89	27,357.86	4.92
Loss from discontinued operation	0.00	0.00	(1,659.83)	(0.52)	(3,834.01)	(0.60)	(4,024.84)	(0.72)
Tax expense from discontinued operation	0.00	0.00	(397.55)	(0.13)	(800.16)	(0.13)	(1,302.03)	(0.23)
Loss after tax from discontinued operation	0.00	0.00	(1,262.28)	(0.40)	(3,033.85)	(0.48)	(2,722.81)	(0.49)
Profit before tax for the year (continued and discontinued operation)	12,849.93	3.41	17,979.98	5.67	27,538.14	4.32	36,415.29	6.55
Tax expense	3,406.52	0.90	3,937.26	1.24	5,747.20	0.90	11,780.23	2.12
Profit for the year (A)	9,443.41	2.50	14,042.72	4.43	21,790.94	3.42	24,635.06	4.43
Other Comprehensive Income								
Items that will not be reclassified subsequently to the statement of profit or loss								
Re-measurement loss/(gains) on employee defined benefit plans	0.00	0.00	0.00	0.00	210.75	0.03	133.93	0.02
Income tax effect	0.00	0.00	0.00	0.00	(53.04)	(0.01)	(46.87)	(0.01)
Net items not to be reclassified to profit or loss in subsequent periods	0.00	0.00	0.00	0.00	157.71	0.02	87.06	0.02
Items to be reclassified to profit or loss in subsequent periods:								
Net movement in cash flow hedges – loss/(gain)	0.00	0.00	(40.06)	0.00	(40.06)	(0.01)	(135.45)	(0.02)
Income tax relating to these items	0.00	0.00	13.99	0.00	13.99	0.00	47.33	0.01
Net items to be re-classified to profit or loss in subsequent periods	0.00	0.00	0.00	0.00	(26.07)	0.00	(88.12)	(0.02)
Total other comprehensive income for the year, net of tax (B)	0.00	0.00	(26.07)	0.00	131.64	0.02	(1.06)	0.00
Total comprehensive income for the period / year (A-B)	9,443.41	2.50	14,068.79	4.43	21,659.30	3.39	24,636.12	4.43

***Note**: The % on total income is calculated on Total income from Continued operations only. Ready to eat products (RTE) are shown in discontinued operations. At the Board Meeting held on February 18,2022, the Directors decided to discontinue the Ready to Eat (RTE) Business carried on under the brand name "Oyalo" and to sell the assets to a prospective buyer. Ready to Eat products division under the Brand "Oyalo" was discontinued during Fiscal 2022 in the fourth quarter and the assets were sold to Naga Limited. Company has received an advance of ₹ 500 Lakhs as at March 31, 2022 and subsequently received ₹1,871 lakhs based on the assets.*

Discussion on results of operations

Six months period ended September 30, 2022 compared to six months period ended September 30, 2021

Total income

Our total income increased by 18.98% to ₹3,77,080.81 lakhs in the six months period ended September 30, 2022 from ₹3,16,922.79 lakhs in the six months period ended September 30, 2021, due to the factors described below:

- *Revenue from operations:* Our revenue from operations increased by 18.81% to ₹3,76,233.58 lakhs in the six months period ended September 30, 2022 from ₹3,16,677.65 lakhs in the six months period ended September 30, 2021. This increase was primarily due to increase in sales of ice-cream, milk and milk products.

- *Other Income:* Our other income increased by 245.61% to ₹847.23 lakhs in the six months period ended September 30, 2022 from ₹245.14 lakhs in the six months period ended September 30, 2021. This increase was primarily due to increase in profit on sale of assets and profit on RoU assets. Our other income as a percentage of total income was 0.22% for the six months period ended September 30, 2022 as compared to 0.08% for the six months period ended September 30, 2021.

Total Expenses

Our total expenses increased by 22.52% to ₹3,64,230.88 lakhs in the six months period ended September 30, 2022 from ₹2,97,282.98 lakhs in the six months period ended September 30, 2021, due to the factors described below:

(₹ in lakhs)

Particulars	**For the six months period ended September 30, 2022**	**For the six months period ended September 30, 2021**
Cost of Materials Consumed	263,348.36	2,21,209.64
Purchase of Stock in Trade	466.62	277.26
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	4,854.23	(4,154.98)
Employee Benefit Expense	11,264.45	10,273.46
Finance Cost	6,045.00	5,290.22
Depreciation and Amortisation Expense	17,439.77	15,126.17
Other Expenses	60,812.45	49,261.21
Total Expenses	3,64,230.88	297,282.98

Cost of Materials Consumed: Our cost of materials consumed increased by 19.05% to ₹2,63,348.36 lakhs in the six months period ended September 30, 2022 from ₹2,21,209.64 lakhs in the six months period ended September 30, 2021.

The total material consumption together with purchase of stock in trade and changes in the inventories of finished goods, stock-in-trade and work-in-progress was 71.41% of sales during six months period ended September 30, 2022 as against 68.63% of sales during the six months period ended September 30, 2021 resulting in 2.78% increase in material consumption. This increase was primarily due to increase in the procurement of milk, increase in the demand and consumption of butter and skimmed milk powder and increase in the selling price of our products**.**

Purchase of Stock in Trade: Our purchase of stock in trade increased by 68.30% to ₹466.62 lakhs in the six months period ended September 30, 2022 from ₹277.26 lakhs in the six month ended September 30, 2021.

Changes in the inventories of finished goods, stock-in-trade and work-in-progress: Our stock in trade and work in progress changed by -216.83% to ₹4,854.23 lakhs in the six months period ended September 30, 2022 from ₹ (4,154.98) lakhs in in the six months period ended September 30, 2021.

Employee Benefit Expenses: Our employee benefit expenses increased by 9.65% to ₹11,264.45 lakhs in the six months period ended September 30, 2022 from ₹10,273.46 lakhs in the six months period ended September 30, 2021. This increase was primarily due to annual increase in salary of the employees of our Company.

Finance Cost: Our finance cost increased by 14.27% to ₹6,045.00 lakhs in the six months period ended September 30, 2022 from ₹5,290.22 lakhs in the six months period ended September 30, 2021. This increase was primarily due to increase in finance cost on account of increase in repo rates and treasury bill rates.

Depreciation and Amortisation Expense: Our depreciation and amortisation expense was increased by 15.30% to ₹17,439.77 lakhs in the six months period ended September 30, 2022 from ₹15,126.17 lakhs in the six months period ended September 30, 2021. This increase was primarily due to commissioning of new milk processing facility at Uthiyur, Tamil Nadu, commissioning of new ice-cream manufacturing facility at Govindpur, Telangana, and setting up of new corporate office in Chennai, Tamil Nadu.

Other expenses: Our other expenses increased by 23.45% to ₹60,812.45 lakhs in the six months period ended September 30, 2022 from ₹49,261.21 lakhs in the six months period ended September 30, 2021. This increase was primarily due to repairs of plant and machinery and increase in cost for travelling and conveyance, power and fuel, advertisement, sales and promotion, freight outwards, service charges**.**

Income Tax expense: Our income tax expenses decreased by 13.48% to ₹ 3,406.52 lakhs for the six months period ended September 30, 2022 from ₹3,937.26 lakhs for the six months period ended September 30, 2021. This decrease was primarily due to reduced profit during financial year ended March 31, 2022 and due to benefit of deferred tax in financial year ended March 31, 2021 on account of changeover to new tax regime .

Fiscal 2022 compared to Fiscal 2021

Total income

Our total income increased by 14.81% to ₹ 6,38,017.51 lakhs in Fiscal 2022 from ₹ 5,55,701.90 lakhs in Fiscal 2021, due to the factors described below:

- *Revenue from operations:* Our revenue from operations increased by 14.76% to ₹ 6,37,036.15 lakhs in Fiscal 2022 from ₹ 5,55,125.51 lakhs in Fiscal 2021. This increase was primarily due to increase in sales of ice-cream, milk and milk products

- *Other Income:* Our other income increased by 70.26% to ₹ 981.36 lakhs in Fiscal 2022 from ₹ 576.39 lakhs in Fiscal 2021. This increase was primarily due to increase in profit on sale of asset and reduction in income from forex. Our other income as a percentage of total income was 0.15% for Fiscal 2022 as compared to 0.10% for Fiscal 2021.

Total Expenses

Our total expenses increased by 17.74% to ₹6,06,645.36 lakhs in Fiscal 2022 from ₹5,15,261.77 lakhs in Fiscal 2021, due to the factors described below***:***

(₹ in lakhs)

Particulars	For Fiscal 2022	For Fiscal 2021
Cost of Materials Consumed	4,35,184.88	3,93,866.12
Purchase of Stock in Trade	536.33	359.54
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	5,109.40	(15,062.26)
Employee Benefit Expense	21,002.09	18,477.46
Finance Cost	10,662.92	10,828.49
Depreciation and Amortisation Expense	31,077.44	29,499.95
Other Expenses	1,03,072.30	77,292.47
Total Expenses	6,06,645.36	5,15,261.77

Cost of Materials Consumed: Our cost of materials consumed increased by 10.49% to ₹4,35,184.88 lakhs in Fiscal 2022 from ₹3,93,866.12 lakhs in Fiscal 2021. The total material consumed together with purchase of stock in trade and changes in the inventories of finished goods, stock-in-trade and work-in-progress was 69.20% of sales for Fiscal 2022 as against 68.30% of sales for Fiscal 2021 resulting in 0.90% increase in material consumption. This increase was primarily due to increase in procurement cost compared to previous year, increase in demand and consumption of butter and skimmed milk powder, which are partially off-set with increase in selling price of products.

Purchase of Stock in Trade: Our purchase of stock in trade increased by 49.17% to ₹ 536.33 lakhs in Fiscal 2022 from ₹359.54 lakhs in Fiscal 2021.

Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress: Our stock in trade and work in progress changed by (133.92)% to ₹ 5,109.40 lakhs in Fiscal 2022 from ₹ (15,062.26) lakhs in Fiscal 2021.

Employee Benefit Expenses: Our employee benefit expenses increased by 13.66% to ₹21,002.09 lakhs in Fiscal 2022 from ₹18,477.46 lakhs in Fiscal 2021. This increase was primarily due to annual increase in salary, restatement of leave encashment policy and gratuity provision.

Finance Cost: Our finance cost decreased by 1.53% to ₹10,662.92 lakhs in Fiscal 2022 from ₹10,828.49 lakhs in Fiscal 2021. This decrease was primarily due to (i) availing interest subvention (3%) loan from ICICI Bank Limited for Govindpur project, which got assistance under Animal Husbandry Infrastructure Development Fund (AHIDF) department by extending interest subsidy at the rate of 3%; and (ii) reduction in interest rate of working capital demand loan.

Depreciation and Amortisation Expense: Our depreciation and amortisation expense was increased by 5.35% to ₹ 31,077.44 lakhs in Fiscal 2022 from ₹29,499.95 lakhs in Fiscal 2021. This increase was primarily due to capitalization of processing plants at Shirashi, Uthiyur and Govindpur.

Other expenses: Our other expenses increased by 33.35% to ₹ 1,03,072.30 lakhs in Fiscal 2022 from ₹ 77,292.47 lakhs in Fiscal 2021. This increase was primarily due to repair of plant and machinery, travelling and conveyance, power and fuel, advertisement and sales promotion, freight outwards, rent, stores and spares.

Income Tax expense: Our income tax expenses decreased by 49.95% to ₹ 6,547.36 lakhs in Fiscal 2022 from ₹13,082.27 lakhs in Fiscal 2021. The decrease in tax expense is due to the decrease in profit. However, the effective tax rate as a % of profit has reduced since our Company has opted for new tax regime.

Liquidity and Capital Resources

Capital Requirements

The table below summarises our cash flows derived from our Unaudited Financial Statements for the six months ended September 30, 2022 and September 30, 2021, and derived from our Audited Financial Information of cash flows for the Fiscals 2022 and 2021:

(in ₹ lakhs)

	For the six months ended September 30, 2022	For the six months period ended September 30, 2021	For the Financial Year ended March 31, 2022	For the Financial Year ended March 31, 2021
Net cash from operating activities (A)	60,297.46	45,493.87	57,637.51	51,792.42
Net cash used in investing activities (B)	(19,820.53)	(31,607.64)	(56,511.64)	(41,830.47)
Net cash used in financing activities (C)	(38,462.66)	(14,444.44)	(822.23)	(10,623.70)
Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)	2,014.27	(558.21)	303.64	(661.75)
Cash and cash equivalents as at beginning of the period	3,711.03	3,407.39	3,407.39	4,069.14
Cash and cash equivalents as at the end of the period/year	5,725.30	2,849.18	3,711.03	3,407.39

Operating activities

Six months period ended September 30, 2022

Our net cash generated from operating activities was ₹ 60,297.46 lakhs in for the six months period ended September 30, 2022. Our operating profit before working capital changes was ₹ 35,628.74 lakhs for the six months period ended September 30, 2022, which was primarily adjusted for increase in depreciation and amortisation expense, profit on sale of property, plant and equipment, and for interest and finance charges paid.

Six months period ended September 30, 2021

Our net cash generated from operating activities was ₹ 45,493.87 lakhs in for the six months period ended September 30, 2021. Our operating profit before working capital changes was ₹ 38,775.84 lakhs for the six months period ended September 30, 2021, which was primarily adjusted for increase in depreciation and amortisation expense, profit on sale of property, plant and equipment, and for interest and finance charges paid.

Fiscal 2022

Our net cash generated from operating activities was ₹ 57,637.51 lakhs in Fiscal 2022. Our operating profit before working capital changes was ₹ 69,919.60 lakhs in Fiscal 2022, which was primarily adjusted for increase in depreciation and amortisation expense from discontinued operations, profit on sale of property, plant and equipment, and for interest and finance charges paid.

Fiscal 2021

Our net cash generated from operating activities was ₹ 51,792.42 lakhs in Fiscal 2021. Our operating profit before working capital changes was ₹ 78,168.60 lakhs in Fiscal 2021, which was primarily adjusted for increase in profit on sale of property, plant and equipment, and for interest and finance charges paid.

Investing activities

Six months period ended September 30, 2022

Our net cash used in investing activities was ₹ (19,820.53) lakhs in for the six months period ended September 30, 2022. This was primarily on account of purchase of property, plant and equipment (including capital work in progress) of ₹ (22,158.30) lakhs. This amount was partly offset by proceeds received from sale of property, plant and equipment of ₹ 2,481.94 lakhs.

Six months period ended September 30, 2021

Our net cash used in investing activities was ₹ (31,607.64) lakhs in for the six months period ended September 30, 2021. This was primarily on account of purchase of property, plant and equipment (including capital work in progress) of ₹ (31,740.36) lakhs and purchase of mutual fund investments for ₹ (54,067.18) Lakhs. This amount was partly offset by proceeds received from sale of investment in mutual funds of ₹ 53,914.60 lakhs

Fiscal 2022

Our net cash used in investing activities was ₹ (56,511.64) lakhs in Fiscal 2022. This was primarily on account of purchase of property, plant and equipment (including capital work in progress) of ₹ (59,269.96) lakhs and purchase of mutual fund investments of ₹ (54,067.18) lakhs. This amount was partly offset by proceeds received from sale of investments in mutual funds of ₹ 53,917.38 lakhs.

Fiscal 2021

Our net cash used in investing activities was ₹ (41,830.47) lakhs in Fiscal 2021. This was primarily on account of purchase of property, plant and equipment (including capital work in progress) of ₹ (41,661.25) lakhs and purchase of mutual fund investments of ₹ (44,378.63) lakhs. This amount was partly offset by proceeds received from sale of investments in mutual funds of ₹ 44,063.33 lakhs.

Financing activities

Six months period ended September 30, 2022

Our net cash used in financing activities was ₹ (38,462.66) lakhs in for the six months period ended September 30, 2022. This was primarily on account of (i) repayment of short term loans of ₹(1,48,116.70) lakhs and term loans of ₹(18,221.90) lakhs; and (ii) availing short term loans of ₹1,24,661.80 lakhs and term loans of ₹31,140.28 lakhs.

Six months period ended September 30, 2021

Our net cash used in financing activities was ₹ (14,444.44) lakhs in for the six months period ended September 30, 2021. This was primarily on account of (i) repayment of short term loans of ₹ (1,52,010.38) lakhs, and term loans of ₹(29,190.49) lakhs; and (ii) availing short term loans of ₹ 1,39,581.57 lakhs and term loans of ₹ 46,500 lakhs.

Fiscal 2022

Our net cash used in financing activities was ₹ (822.23) lakhs in Fiscal 2022. This was primarily on account of (i) repayment of short term loans of ₹ (3,49,654.82) lakhs and term loans of ₹ (44,739.97) lakhs; and (ii) availing short term loans of ₹ 3,44,685.90 lakhs and term loans of ₹73,436.75 lakhs.

Fiscal 2021

Our net cash used in financing activities was ₹ (10,623.70) lakhs in Fiscal 2021. This was primarily on account of (i) repayment of short term loans of ₹ (1,79,364.80) lakhs and term loans of ₹ (38,278.95) lakhs; and (ii) availing short term loans of ₹ 2,09,225.42 lakhs and term loans of ₹ 30,800.00 lakhs.

Key Accounting Ratios

(*₹ in lakhs except otherwise specified*)

Particulars	For the six months period ended September 30, 2022	For the six months period ended September 30, 2021	Fiscal 2022[2]	Fiscal 2021[2]
Basic EPS (in ₹) (for continued operations)	4.38[1][3]	7.10[1][3]	11.46	12.69
Diluted EPS (in ₹) (for continued operations)	4.38[1][3]	7.10[1][3]	11.46	12.69
Basic EPS (in ₹) (for discontinued operations)	-	(0.59) [1][3]	(1.41)	(1.26)
Diluted EPS (in ₹) (for discontinued operations)	-	(0.59) [1][3]	(1.41)	(1.26)
Return on equity(in %)[4]	8.65%	13.67%	20.46%	25.58%
Net asset value per Equity Share (in ₹)	49.82	47.91	51.44	47.39
EBITDA (In ₹ lakhs)	36,334.70	38,396.37	69,278.50	76,743.73

(1) *Derived from the relevant unaudited financial statements*
(2) *Derived from the relevant audited financial statements*
(3) *Not Annualised*
(4) *Return on equity = Profit after tax/Average Shareholder's fund*

Total Borrowings

As on September 30, 2022, our total borrowings aggregated to ₹1,55,293.29 lakhs, which comprises non-current borrowings of ₹ 87,767.59 lakhs, current borrowings of ₹67,525.80 lakhs.

Material Frauds

There are no material frauds committed against our Company, in the last two financial years.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks in the financial statements of our Company, in the last two financial years.

Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution

We have not defaulted in repayment of loans or borrowing to a financial institution, bank or government, or repayment of statutory dues.

Contingent Liabilities

A summary of our contingent liabilities as at March 31, 2022, see "*Financial Statements*" on page 80.

Related party transactions

For details regarding our related party transactions for Fiscal 2022 and for the six months period ended September 30, 2022, in accordance with Ind AS 24, see "*Financial Statements*" on page 80.

Off-Balance Sheet Items

As of September 30, 2022, we do not have any other off-balance sheet arrangements**.**

Contractual Obligations and Other Commitments

For the periods indicated below, we had contractual obligations in the following amounts:

(in ₹ lakhs)

Particulars	Six months period ended September 30, 2022	Six months period ended September 30, 2021	Fiscal 2022	Fiscal 2021
Estimated amounts of contracts remaining to be executed on capital account and not provided for	24,175.92	32,368.63	23,140.62	30,268.02

Qualitative Disclosure about market Risk

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of our Company result in material concentration of credit risk.

Liquidity risk

Liquidity risk refers to the risk that our Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Our Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Our Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimise our Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which our Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of our Company. Our Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Our Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

Unusual or Infrequent Events or Transactions

Except as described in this Letter of Offer, there have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in "*Risk Factors*" and this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 14 and 147, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenue or income from continuing operations.

Future Relationships Between Expenditure and Income

Other than as described in "*Risk Factors*" on page 14 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 147, to our knowledge there are no known factors which we expect will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in "*Our Business*" on page 66, there are no new products or business segments in which we operate / intend to diversify.

Competitive Conditions

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products. For further details, please refer to "*Risk Factors*" and "*Our Business*" beginning on pages 14 and 66, respectively**.**

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company is subject to various legal proceedings from time to time. Our Company has a "Policy on criteria for determining materiality of events" framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by the Board.

*Notwithstanding such materiality policy approved by the Board, our Company has, solely for the purposes of this Issue, disclosed in this section, all outstanding civil, regulatory and tax proceedings involving our Company where the monetary amount of claim involved in such proceedings is in excess of 1% of the profit after tax of our Company for the year ended March 31, 2022 as per the Audited Financial Statements; or in excess of 1% of the net worth of our Company as on March 31, 2022 as per the Audited Financial Statements, whichever is lower, ("**Materiality Threshold**") or where amount is not quantifiable or is below the Materiality Threshold but which materially and adversely affect the operations or the financial position of our Company. ₹ 217.91 lakhs, which is 1% of the profit after tax of our Company for the year ended March 31, 2022 and ₹ 1,108. 77 lakhs, which is 1% of the net worth of our Company as on March 31, 2022. Accordingly, ₹ 217.91 lakhs, which is 1% of the profit after tax of our Company, has been considered as the Materiality Threshold for identification of material litigation involving our Company.*

Further, except as disclosed in this section, there are no outstanding matters involving our Company which: (i) if they result in an adverse outcome, would have a material adverse effect on our operations or financial position; (ii) involve issues of moral turpitude or criminal liability; (iii) involve material violations of statutory regulations; (iv) involve economic offences where proceedings have been initiated.

Pre-litigation notices received by our Company from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company are impleaded as defendants in litigation proceedings before any judicial forum.

Litigation involving our Company

A. Proceedings involving issues of moral turpitude or criminal liability on part of our Company

1. An FIR has been lodged and registered on May 17, 2019 before the Dundigal Police Station in Cyberabad against Maari Shiva Raj ("**Accused**") and our Company under Sections 447 and 427 of Indian Penal Code, 1860 ("**IPC**") alleging that the Accused has trespassed on a government land and given the land on lease ("**Disputed Land**") to our Company for commercial purposes. A criminal case has been registered under Sections 447 and 427 of the IPC. A criminal complaint has been filed before the Additional Metropolitan Magistrate, Medchal ("**Additional Metropolitan Magistrate**"), in relation to the Disputed Land leased to our Company. The matter is pending before the Additional Metropolitan Magistrate.

2. Our Company received a notice dated September 16, 2019 from the Food Safety Officer (Champawat) ("**FSO**") of the Food Safety and Standard Authority ("**FSSA**") informing us that on the basis of a food analysis report, one of our products, Hatsun Agro Ghee (the "**Product**") has been found to be substandard. Our Company filed an appeal before the designated officer of the FSSA praying for a reanalysis of the Product, through which the Product was found to be substandard and unsafe. Subsequently, a criminal complaint was filed by the FSO before the chief judicial magistrate (Champawat) alleging violations of the Food Safety and Standards Act, 2006, the Food Safety and Standards (Food Products, Standards and Food Additives) Regulations, 2011, the Food Safety and Standards (Packaging and Labelling) Regulations, 2011 and the Food Safety and Standards (Prohibition and Restriction of Sales) Regulations, 2011. Our Company has filed an application dated June 8, 2021 before the High Court of Uttarakhand at Nainital to quash the proceedings initiated by the FSO citing, among others, that the proceedings were initiated after the statute of limitations of one year as prescribed under the Food Safety and Standards Act, 2006. The matter is currently pending.

B. Proceedings involving material violations of statutory regulations by our Company

1. Our Company received a notice dated December 26, 2017 from the Food Safety Officer wherein we have been informed that a sample of one of our products, Hatsun Agmark Ghee was collected for inspection. In terms of the report dated January 6, 2018 issued by the food analyst it was alleged that the Hatsun

Agmark Ghee pack was misbranded. Subsequently, a case was instituted before the Additional District Magistrate, Vidisha, Madhya Pradesh ("**Additional District Magistrate**"). The Additional District Magistrate through its order dated July 5, 2021, imposed a penalty of ₹3 lakhs on our Company on account of violation of Food Safety and Standards (Packaging and Labelling) Regulations, 2011. Aggrieved by the Impugned Order, our Company has made an appeal before the Districts Sessions Court. The matter is currently pending.

2. A complaint has been filed against our Company by the Food Security Officer of the Food and Drugs Administration ("**FDA**") before the Judicial Magistrate First Class (Mangalvedha) alleging that our Company does not have a valid license for running the milk collection center at Ganeshwadi and is in violation of the FSS Act and the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011. The matter is currently pending.

3. A complaint has been filed against our Company by the Food Security Officer of the FDA before the Joint Commissioner (Food) of the Food and Drug Administration, Pune, under the FSS Act alleging that the milk collected from one of our milk collection centers at Khopsangi, Solapur does not conform to standards under the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. The matter is currently pending.

4. Two complaints have been filed against our Company and our Directors by the Food Security Officer of the FDA before the Joint Commissioner (Food) of the Food and Drugs Administration, Pune under the FSS Act in June, 2019, alleging that the milk collected from one of our milk collection centers at Ganeshwadi, Solapur does not conform to standards under the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. The matter is currently pending.

5. Our Company received a notice dated December 19, 2018 from the Food Safety Officer wherein we have been informed that a sample of one of our products "Arokya Standardised Milk" was collected for inspection. It was alleged that our product did not conform to the standards prescribed under the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011, thereby violating the provisions of the aforementioned regulations and the FSS Act. Subsequently, a case was instituted before the District Revenue Officer and Additional District Executive Magistrate, Sivagangai District ("**District Revenue Officer**"). The District Revenue Officer through its order dated February 15, 2022 ("**Impugned Order**") imposed a penalty of ₹ 25,000 on our Company. Aggrieved by the Impugned Order, our Company has preferred an appeal before the Food Safety Appellate Tribunal, Chennai, and the matter is pending.

6. A complaint dated October 10, 2019 has been filed against our Company by the Food Security Officer of the FDA before the Joint Commissioner (Food) of the Food and Drugs Administration, Pune, under the FSS Act alleging that the milk stored in one of our milk collection centers at Gunjegaon, Solapur is of sub-standard quality and does not conform to standards under the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. The matter is currently pending.

7. In addition to the above, our Company is involved in various labour and employment related proceedings pending before various fora including labour courts, High Courts and the Deputy Commissioner of Labour in various jurisdictions, under the provisions of the Workmen's Compensation Act, 1923 and Industrial Disputes Act, 1947. The aforementioned proceedings have been filed in connection with disputes relating to, among others, payment of compensation for injury, wrongful termination of service , restoration of contractual employment, objections to transfers of employees by various parties including Rajendran, Harish Ramachandran Betagar, Prabhakar Gavalakar, Tejraj Mitagar, Umesh Kawale, Vishal Nilajakar, M/s Udai Enterprises (on behalf of its contract workmen), M. Vijayakumar, N. Ramanujan and S. Balasanmugam. Further, our Company has filed a writ petition dated June 28, 2020 against an award passed by the Labour Court at Salem in favour of one of our former employees, R Sakhtivel, and the matter is currently pending.

C. Proceedings involving an amount exceeding the Materiality Threshold or where amount is not quantifiable or is below the Materiality Threshold but which materially and adversely affect the operations or the financial position of our Company.

1. Our Company, Dodla Dairy Limited and Vijay Dairy and Farm Products Private Limited (collectively, the "**Plaintiffs**") filed a plaint against Sri K.T Rajenthra Bhalaji ("**Defendant**"), bearing number 529 of 2017, dated July 4, 2017 under order IV rule I of the Code of Civil Procedure, 1908, before the High

Court of Judicature at Madras ("**Court**") ("**Plaint**"). The Defendant began a campaign in a private TV channel on May 24, 2017 alleging, amongst others, that products of private milk producers containers preservatives or chemicals and that he was collecting details of private producers using preservatives or chemicals in milk products and would take action against such private producers once reports from the investigation were obtained. Our Company and the other Plaintiffs being private dairies/producers, suffered reputational and financial damages as a direct consequence of the allegations made by the Defendant in television channels and other media against their milk and milk products. As a result, the Plaintiffs filed the Plaint and each sought a sum of ₹100 lakhs together with interest at the rate of 24% per annum. Additionally, a permanent injunction restraining the Defendant from making any further allegations against the Plaintiffs was also prayed for. On October 20, 2017, the Court passed an order directing the Plaintiffs to subject their milk and milk products for voluntary test analysis in accredited laboratories once every three months. Further, an order of interim injunction till disposal of the Plaint was also granted ("**Order**"). Further, the Defendant filed an appeal on October 22, 2017 before the Court to set aside the Order. The matter is currently pending.

2. Our Company has filed multiple suits regarding infringement of our trademarks, including "AROKYA", "ARUN I-BAR" and "HATSUN" against various parties, of which the following three matters are considered material by our Company:

   i. Our Company had filed a suit before the Madras High Court ("**High Court**") against M/s Patanjali Biscuits Private Limited and M/s Patanjali Ayurved Limited (collectively referred to as the "**Respondents**") regarding infringement of its trademark "AROKYA". The High Court through it order dated February 7, 2020 ("**Order**"), among other things allowed the application made by the Respondents for a summary judgment and the dismissed the suit. Pursuant to the Order, the Defendants have claimed an amount of ₹ 25.75 lakhs towards bill of costs, from our Company. Aggrieved by the Order, our Company preferred an appeal before the High Court on the Appellate Side. The matter is pending.

   ii. Our Company has filed an application before the Madras High Court against Hindustan Unilever Limited ("**Respondent**") regarding the infringement of the design of one of our products, under the trademark "ARUN I-BAR". Our Company has, among other thing, prayed for a judgment declaring that its product marketed under the trademark "ARUN I-BAR" is not an infringement of the design of Respondent's product. The matter is pending.

   iii. Our Company has filed an appeal before the High Court of Delhi ("**High Court**") against the order of the Learned Deputy Registrar of Trademarks ("**Deputy Registrar**") August 10, 2022 ("**Order**") granting a registration to M/s Bunge India Private Limited ("**Respondent**") in respect of an application for the word mark "HUDSON". Further, by way of Order, the Deputy Registrar granted the Respondent's application to sell its edible oils under the "HUDSON" wordmark. Aggrieved by the Order, our Company has preferred an appeal before the High Court and prayed to set aside the Order in relation to the registration of the Respondent's trademark. The matter is pending.

Other criminal matters

Our Company, in the ordinary course of business, initiated 47 proceedings against certain defaulting vendors under section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques due to insufficiency of funds in the customer's account aggregating to ₹90.87 lakhs. The matters are pending before various stages of adjudication.

Action initiated by SEBI against the entities operating in the Securities Market with which Directors are associated

Apart from P. Vaidyanathan, who is associated with Integrated Enterprises (India) Private Limited and Integrated Registry Management Services Private Limited as promoter and shareholder, none of our Directors are associated with entities operating in the securities market. Set forth below are the details with respect to the actions initiated by SEBI against the entities operating in the securities market with which P. Vaidyanathan is associated:

Sr. No.	Matter	Particulars
Integrated Enterprises (India) Limited ("IEIL")		
1.	Adjudication order no. EAD/BJD/BKM/ 89 /2017-18	The adjudicating officer imposed a penalty of ₹5 lakhs on account of violation of Clause A(2) of the Code of Conduct specified under Schedule II

Sr. No.	Matter	Particulars
	dated December 18, 2017	read with Regulation 9 of Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, SEBI circular SMD/Policy/Cir-6/97 dated May 7, 1997 and Rule 8(3)(f) of Securities Contract (Regulation) Rules, 1957.
2.	SEBI Order WTM/GA/80/ISD/07/06 dated August 10, 2006 ("**2006 SEBI Order**") read with Adjudication order no. ADJ/DSR - 45/2008 December 24, 2008 ("**2008 Adjudication Order**")	IEIL was found guilty of violating SEBI circular bearing no. SMDRP/Policy/Cir-36/2000 dated August 4, 2000 and NSDL Circulars bearing nos. NSDL/P1/2000/505 dated April 18, 2000, NSDL/P1/2000/1394 dated August 9, 2000 and NSDL/P1/119 dated July 22, 1997 and thereby violated Rules 7.1.1 and 7.1.2 of NSDL Business Rules and Regulation 20(2)(b) of SEBI (Depositories and Participant) Regulations, 1996. Accordingly, the whole time member of SEBI through its 2006 SEBI Order suspended IEIL's certificate of registration as Depository Participant of NSDL for a period of 15 days. An adjudication proceeding was initiated under Section 15 I of SEBI Act and Section 19H of Depositories Act. The adjudicating officer through its 2008 Adjudication Order disposed of the matter since a penalty was already imposed through the aforementioned 2006 SEBI Order.
3.	Misc Application no. 53 of 2007 in SEBI Special case no. 288 of 2006	An application was filed by SEBI against IEIL before the Additional Sessions Judge & Special Judge under SEBI Act at Kurla, Bombay under Section 24(1) of SEBI Act read with Section 23(1)(g) and (h) of Securities Contracts (Regulation) Act, 1956 alleging that IEIL had entered into transactions without registering as a sub-broker with SEBI. IEIL filed a compounding application. The application was allowed and IEIL paid ₹1 lakh towards compounding charges.
Integrated Registry Management Services Private Limited ("IRMS")		
4.	Show cause notice dated September 9, 2022 ("**SCN**") read with Adjudication order no. Order/VV/PSS/2022-23/21585 dated November 29, 2022 ("**2022 Adjudication Order**")	Pursuant to an inspection carried out by SEBI for the period April 1, 2011 to September 30, 2013, SEBI has issued the SCN to IEIL (*now known as Integrated Registry Management Services Private Limited*) ("**Noticee**"), wherein the Noticee is called upon to show cause as to why an inquiry should not be held against it in terms of Rule 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and why penalty should not be imposed under Sections 15B and 15HB of the SEBI Act read with Regulation 20 of SEBI (Registrar to an Issue and Share Transfer Agent) Regulations, 1993 ("**SEBI RTA Regulations**"). It was stated in the SCN that among other things the Noticee violated Regulation 9A(1)(b) of the SEBI RTA Regulations along with other circulars issued by SEBI. The Noticee has replied to the SCN and made written submissions to the SEBI. The adjudicating officer through the 2022 Adjudication Order imposed a penalty of ₹0.50 lakhs on the Noticee under Sections 15B and 15HB of the SEBI Act. IEIL's business of registry and share transfer has been demerged into a separate company, Integrated Registry Management Services Private Limited. IRMS received a license dated February 17, 2017 as registrar and share transfer agent. The Noticee has replied to the SCN through its letter dated September 23, 2022.

Tax Proceedings involving our Company

Details of outstanding tax proceedings along with a brief description of matters exceeding Materiality Threshold, involving our Company are disclosed below.

Nature of Proceedings	Number of Proceedings	Amount involved (₹ lakhs)*
Direct Tax		
Assessment Year 2018-19(1)	1	3,587.73
Assessment Year 2021-22(2)	1	641.35
TDS Defaults	1	11.98
Indirect Tax		
Goods and Service Tax(3)	5	832.30
Basic Customs Duty(4)(5)	2	765.24
Total	10	**5,838.60**

** To the extent quantifiable*

(1) *Our Company had filed its return of income for the Assessment Year 2018-19 on November 30, 2018 and declared a total income of ₹ 2,688.13 lakhs. The matter was selected for scrutiny and a reference was made to a transfer price officer ("**TPO**") for determining the arm's length price of specified domestic transaction entered into by our Company. Pursuant to a detailed scrutiny, including a transfer*

*pricing proceeding, the assessment was framed and the assessing officer arrived at a total income of 2,688.74 lakhs. The assessing officer and the TPO did not propose any additions to the income declared by our Company. However, the TPO initiated penalty proceedings under Section 271G of the Income-tax Act, 1961 and issued a show cause notice in this regard. Subsequently, the TPO passed an order dated March 31, 2022 ("**Impugned Order**") and levied a penalty of ₹ 3,587.73 lakhs on the grounds that our Company has failed to keep, maintain and furnish the information or documents as required by sub-section 3 of section 92D of the Income-tax Act, 1961 read with sub-rules (1)(e), (g), (h) and (j) of Rule 10D of the Income-tax Rules 1962. Aggrieved by the Impugned Order, our Company has preferred an appeal before the Commission of Income-tax (Appeals) and the matter is pending.*

(2) *Our Company has received an intimation of demand of ₹ 641.35 lakhs from the Centralized Processing Centre (Income Tax Department) under the Income-tax Act, 1961 for the assessment year 2021-22 in relation to an alleged mismatch between the tax credits claimed and allowed, particularly due to an adjustment of net impact of income computation and disclosure standards, a mismatch in the credits from TDS/TCS and an erroneous levy of additional interest by the assessing officer. Our Company has filed a petition for rectification of mistake apparent on record dated October 13, 2022 with the Assistant Commissioner of Income Tax (Chennai) and is currently awaiting further notification from authorities.*

(3) *The Additional Director, Directorate General GST Intelligence, Chennai Zonal Unit issued a show cause notice dated May 10, 2022 ("**SCN**") to our Company for misclassifying 'beverages containing flavoured milk' under HSN heading 04029990 and discharging GST at the rate of 5% instead of HSN 22029930 which attracts GST at the rate of 12%. In terms of the SCN, our Company was among other things required to show cause as to why differential tax under CGST, SGST and IGST along with interest and penalty on such amounts should not be demanded from us. Our Company replied to the SCN through its letter dated September 19, 2022. Subsequently, the Joint Commissioner issued an order-in-original dated September 26, 2022 and among other things, confirmed the demand of CGST, SGST and IGST differential tax on supply of flavoured milk, levied a penalty of ₹ 527.42 lakhs on our Company along with interest of ₹ 227.49 lakhs thereon.*

(4) *The Commissioner of Customs, Chennai – II (Import) issued a show cause notice dated October 31, 2022 ("**SCN**") to our Company for misclassifying certain ice cream makers which were imported for installation at one of our manufacturing plants in Telangana. The SCN alleged that our Company misclassified the machinery under the head 'ice cream machinery' and discharged a basic customs duty ("**BCD**") at the rate of 5% instead of the head 'industrial freezer' which attracts BCD at the rate of 15%. The SCN required our Company to show cause as to why the differential tax of ₹ 627.42 lakhs along with applicable interest rate should not be demanded in addition to the confiscation of the imported goods. The matter is currently pending.*

(5) *Our Company filed a writ petition before the High Court of Madras against the Central Board of Indirect Taxes and Customs, Ministry of Finance ("**Board**") in relation to a classification of sale of ice creams by our ice cream parlours. A circular dated October 6, 2021 ("**Circular**") was issued by the Board, re-classifying the sale of ice-creams by ice cream parlours as a supply of goods instead of the existing classification as a supply of service. In response to an application filed before the Karnataka Advance Ruling Authority seeking clarification on the taxability of supply by ice-cream parlours, our Company received a ruling stating that such supply would be classified as a composite supply, in contradiction to the Circular. Our Company has filed the petition praying for dismissal of the Circular, and the matter is currently pending.*

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled "*Objects of the Issue*" at page 46 of this Letter of Offer.

MATERIAL DEVELOPMENTS

Other than as disclosed below, no material developments have occurred since the date of the last balance sheet i.e., September 30, 2022 which materially or adversely affect or are likely to affect the performance or prospects of the Company:

Our Company inaugurated an automated chocolate manufacturing unit at its Govindpur dairy processing complex situated in Govindpur, Telangana on November 10, 2022. However, commercial productions have not begun at the chocolate manufacturing unit at Govindpur and this will not materially or adversely affect or is likely to affect the profitability of our Company or the value of its assets or its ability to pay its liabilities

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on September 19, 2022, pursuant to Section 62(1)(a) of the Companies Act for an amount aggregating up to ₹ 40,000 lakhs. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on December 3, 2022.

The Rights Issue Committee, in its meeting held on December 3, 2022 has resolved to issue up to 71,85,444 fully paid up Equity Shares aggregating up to ₹ 30,107.02 Lakhs to the Eligible Equity Shareholders, at ₹ 419 per Rights Equity Share (including a premium of ₹ 418 per Rights Equity Share) and the Rights Entitlement as 1 (one) Rights Equity Share for every 30 (thirty) fully paid-up Equity Share, as held on the Record Date . The Issue Price is ₹ 419 per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

This Letter of Offer has been approved by the Rights Issue Committee pursuant to their resolution dated December 3, 2022.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their respective letters dated November 29, 2022 and November 30, 2022, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE473B20019 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, please see the section entitled “Terms of the Issue” on page 180.

Prohibition by SEBI or Other Governmental Authorities

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

Further, the Promoter and the Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Apart from P. Vaidyanathan, who is associated with Integrated Enterprises (India) Private Limited and Integrated Registry Management Services Private Limited as promoter and shareholder, none of our Directors are associated with entities operating in the securities market. For details regarding actions initiated by SEBI against Integrated Enterprises (India) Private Limited and Integrated Registry Management Services Private Limited, please refer to the section “*Outstanding Litigation and Defaults - Action initiated by SEBI against the Entities operating in the Securities Market with which Directors are associated*” on page 167.

Neither our Promoter nor any of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

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

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoter and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as on the date of this Letter of Offer.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

2. The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange;

3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 25,000 lakhs in at least one of the Stock Exchanges;

4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period;

5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period;

6. Our Company has been in compliance with the equity listing agreement and the SEBI LODR Regulations, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;

8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, its Promoter or whole-time Directors as on the date of filing this Letter of Offer with the Designated Stock Exchange.

9. Further, no show-cause notices have been issued by SEBI or an adjudicating officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI against our Company, its Promoter or whole-time Directors;

10. Our Company, the members of our Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during the three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

11. Our Equity Shares have not been suspended from trading as a disciplinary measure during three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

12. There is no conflict of interest between the Lead Manager and our Company or its Group Companies in accordance with applicable regulations;

13. Our Promoter has undertaken and confirmed in relation to this Issue to subscribe on its own account, and not through any nominated entity or person to:

    a. the full extent of their Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the SEBI Takeover Regulations; and

    b. any unsubscribed portion in the Issue, in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations, to ensure subscription to the extent of 100% of the Issue.

    Our Promoter and members of our Promoter Group, have confirmed to (a) subscribe to the full extent of their Rights Entitlement and not renounce their Rights Entitlement; and (b) subscribe to, any Rights Entitlement renounced in their favour or additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations

    The Promoter has confirmed that such acquisition of Equity Shares will not result in a change of control or the management of our Company, and any such acquisition shall be subject to the aggregate shareholding of the Promoter and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue.

    Any participation by our Promoter and Promoter Group, over and above the Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

    As on date of the Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

    For subscription by our Promoter and details in relation to compliance with minimum public shareholding norms prescribed under the SCRR, please see the section entitled "*Capital Structure – Subscription to the Issue by the Promoter and the Promoter Group*" on page 42; and

14. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Financial Year for which such accounts are disclosed in this Letter of Offer.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI LODR Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN

CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, NAMELY AXIS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 3, 2022, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

  (a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

  (b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

  (c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. <u>COMPLIED WITH</u>

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. <u>NOT APPLICABLE</u>

(5) WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. <u>NOT APPLICABLE</u>

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE

(8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH

(14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH

(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN

THE SEBI ICDR REGULATIONS. COMPLIED WITH

(16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE

(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY. COMPLIED WITH

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from the Company and the Lead Manager

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

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

CAUTION

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

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

Disclaimer with respect to jurisdiction

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

Designated Stock Exchange

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

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to the Company, post scrutiny of the Letter of Offer prior to filing of the Letter of Offer is as under:

"*BSE Limited ("the Exchange") has given, vide its letter dated November 29, 2022 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed.*

The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

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

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

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Letter of Offer is as under:

"*As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter November 30, 2022 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.*

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, 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."

Selling Restrictions

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

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer/ Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Equity Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

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

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

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

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED IN THIS LETTER OF OFFER.

Filing

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

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Integrated Registry Management Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see the section entitled see *"Terms of the Issue"* on page 180.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L.B.S. Marg
Vikhroli (West)
Mumbai- 400083
Tel: +91 810 811 4949
E-mail: hatsunagro.rights@linkintime.co.in
Investor Grievance E-mail: hatsunagro.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

G. Somasundaram
Hatsun Agro Product Limited
No.41 (49), Janakiram Colony Main Road,
Janakiram Colony, Arumbakkam,
Chennai - 600 106.
Phone: 91-44-43659999
Fax: 91-44-43659998
Website: www.hap.in
E-mail: secretarial@hap.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, and SEBI Rights Issue Circular. Our Company will send / dispatch, at least three days before the Issue Opening Date, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

Further, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other materials relating to Issue will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address.

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

(i) our Company at www.hap.in;

(ii) the Registrar to the Issue at www.linkintime.co.in ;

(iii) the Lead Manager, i.e. Axis Capital Limited at www.axiscapital.co.in

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com;

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.hap.in).

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

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

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, please see the section entitled " - *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 193.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

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

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

(i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

(ii) the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see the section entitled "- ***Grounds for Technical Rejection*****" on page 189.** **Our Company, the Lead Manager, the Registrar to the Issue and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, please see the section entitled "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 184.

Options available to the Eligible Equity Shareholders

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

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

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

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

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021.

Don'ts for Investors applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Manager, the Registrar to the Issue, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

(f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(g) Do not submit multiple Applications.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

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

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

1. Name of our Company, being Hatsun Agro Product Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue

5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹ 419 per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16. All such Eligible Equity Shareholders are deemed to have accepted the following:

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

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

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer entitled "Restrictions on Foreign Ownership of Indian Securities" on page 207.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

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

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar to the Issue shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

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

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar to the Issue, shall be credited in a demat suspense escrow account opened by our Company.

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

(a) The Eligible Equity Shareholders shall send a letter to the Registrar to the Issue containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar to the Issue no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar to the Issue shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in the section entitled "-*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 184.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of Right Entitlements not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

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

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

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section entitled "- *Basis of Allotment*" on page 201.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

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

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section entitled "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 184.

(d) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Banker to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar to the Issue or the Lead Manager.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar to the Issue will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar to the Issue or Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar to the Issue or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(h) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar to the Issue, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar to the Issue will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar to the Issue in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

(u) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021.

Grounds for Technical Rejection

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

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar to the Issue.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar to the Issue.

(c) Sending an Application to our Company, the Lead Manager, Registrar to the Issue, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see the section entitled "- *Procedure for Applications by Mutual Funds*" on page 192.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the section entitled "*Capital Structure – Subscription to the Issue by the Promoter and the Promoter Group*" on page 42.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%)

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

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

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

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

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

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

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

Procedure for Applications by Mutual Funds

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

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in Application Form or a plain paper Application is Monday, January 9, 2023, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled "*- Basis of Allotment*" on page 201.

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

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar to the Issue informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

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

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

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

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.hap.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE473B20019. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

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

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

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar to the Issue (*i.e.* www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the Investor Education and Protection Fund ("**IEPF**") authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar to the Issue on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar to the Issue; or (d) credit of the Rights Entitlements returned/reversed/failed; or e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States. Eligible Equity Shareholders, holding Equity Shares in physical form as on Record Date are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar to the Issue not later than two clear Working Days prior to the Issue Closing Date, i.e., by Wednesday, January 4, 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

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

Renunciation of Rights Entitlements

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

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

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

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism. In accordance with SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, Shareholders holding shares in physical form shall required to provide their demat account details to our Company and the Registrar to the Issue for credit of Rights Entitlements not later than two Working days prior to the Issue Closing Date, such that credit of Rights Entitlements in their demat account takes place at least one day before the Issue Closing Date.

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

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

Payment Schedule of Rights Equity Shares

₹ 419 per Rights Equity Share (including premium of ₹ 418 per Rights Equity Share) shall be payable on Application.

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

(a) *On Market Renunciation*

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

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE473B20019 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

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

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Monday, December 19, 2022 to Tuesday, January 3, 2023 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE473B20019 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE473B20019, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

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

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

V. MODE OF PAYMENT

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

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

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

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

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

Mode of payment for Non-Resident Investors

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

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see the section entitled "*The Issue*" on page 35.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1 (one) Rights Equity Share for every 30 (thirty) Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 30 (thirty) Equity Shares or not in the multiple of 30 (thirty), the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

Further, the Eligible Equity Shareholders holding less than 30 (thirty) Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

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

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHT/JR/FIP/2854/2022-23 dated November 29, 2022 and from the NSE through letter bearing reference number NSE/LIST/33483 dated November 30, 2022. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531531) and NSE (Scrip Code: HATSUN) under the ISIN: INE473B01035. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

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

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, please see the section entitled "*Capital Structure – Subscription to the Issue by the Promoter and the Promoter Group*" on page 42.

Rights of Holders of Equity Shares of our Company

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

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

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

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

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

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

Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address.

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

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

Offer to Non-Resident Eligible Equity Shareholders/Investors

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

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

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

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

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at hatsunagro.rights@linkintime.co.in.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE THE SECTION ENTITLED "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 202.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Thursday, December 15, 2022
ISSUE OPENING DATE	Monday, December 19, 2022
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	Tuesday, January 3, 2023
ISSUE CLOSING DATE*	Monday, January 9, 2023
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Monday, January 16, 2023

DATE OF ALLOTMENT (ON OR ABOUT)	Tuesday, January 17, 2023
DATE OF CREDIT (ON OR ABOUT)	Thursday, January 19, 2023
DATE OF LISTING (ON OR ABOUT)	Monday, January 23, 2023

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

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

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Wednesday, January 4, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

IX. BASIS OF ALLOTMENT

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

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

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

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialized mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days’ period.

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

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

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

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

ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

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

a) Tripartite agreement dated January 6, 2006 amongst our Company, NSDL and Integrated Registry Management Services Private Limited (*erstwhile known as Alpha Systems Private Limited*); and

b) Tripartite agreement dated December 19, 2005 amongst our Company, CDSL and Integrated Registry Management Services Private Limited (*erstwhile known as Alpha Systems Private Limited*).

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

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

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar to the Issue but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar to the Issue, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar to the Issue or our Company at

least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

XIII. IMPERSONATION

Attention of the Bidders 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 for fraud involving an amount of at least ₹10 Lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹10 Lakhs or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹50 Lakhs or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date or as per Applicable Law, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of

the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) No further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

7) Adequate arrangements shall be made to collect all ASBA Applications.

8) As on date our Company does not have any convertible debt instruments.

9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "Hatsun Agro Product Limited – Rights Issue "on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

   Link Intime India Private Limited
   C-101, 247 Park
   L.B.S. Marg
   Vikhroli (West)
   Mumbai- 400083
   Tel: +91 810 811 4949
   E-mail: hatsunagro.rights@linkintime.co.in
   Investor Grievance E-mail: hatsunagro.rights@linkintime.co.in
   Website: www.linkintime.co.in
   Contact Person: Sumeet Deshpande
   SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar to the Issue (www.linkintime.co.in). Further, helpline number provided by the Registrar to the Issue for guidance on the Application process and resolution of difficulties is +91 810 811 4949.

4. The Investors can visit following links for the below-mentioned purposes:

   a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://web.linkintime.co.in/faq.html

   b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar to the Issue: www.linkintime.co.in

   c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in

   d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: hatsunagro.rights@linkintime.co.in

This Issue will be kept open for a minimum period of 21 (twenty-one) days in accordance with the Articles of Association of our Company. However, the Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Circular 2020 (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Circular 2020**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

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

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

SECTION VIII: STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

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

A. Material Contracts for the Issue

1. Issue Agreement dated December 3, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated December 3, 2022 between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated December 3, 2022 between our Company, the Lead Manager, Registrar to the Issue and the Banker to the Issue.
4. Monitoring Agency Agreement dated December 3, 2022 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of Incorporation dated April 7, 1998 of our Company.
3. Letter of Offer dated June 6, 2018 issued by our Company.
4. Consents of the Directors, Company Secretary and Compliance Officer, the Statutory Auditors, Lead Manager, Banker to the Issue, Legal Advisor to the Issue, the Registrar to the Issue, the Monitoring Agency, Chartered Engineer, Independent Chartered Accountant and CRISIL Limited for inclusion of their names in this Letter of Offer to act in their respective capacities.
5. Resolutions of our Board of Directors dated September 19, 2022 and Rights Issue Committee dated December 3, 2022 in relation to this Issue and other related matters.
6. Resolution of the Rights Issue Committee dated December 3, 2022 in relation to the terms of the Issue including the Record Date and Rights Entitlement Ratio.
7. The report of the Statutory Auditors, being Deloitte Haskins & Sells LLP, Chartered Accountants, dated April 27, 2022 on the annual financial results of our Company for the financial year ended March 31, 2022.
8. The report of the Statutory Auditors, being Deloitte Haskins & Sells LLP, Chartered Accountants, dated October 19, 2022 on the Unaudited Financial Results of our Company for the six-month period ended September 30, 2022.
9. Statement of possible special tax benefits dated December 3, 2022 issued by Deloitte Haskins and Sells LLP for our Company and its shareholders.
10. Annual Reports of our Company for the Fiscals 2022 and 2021.
11. Report entitled "*Dairy Outlook*" dated July, 2022 prepared by CRISIL Limited
12. Due Diligence Certificate dated December 3, 2022 addressed to SEBI from the Lead Manager.
13. In-principle listing approvals dated November 29, 2022 and November 30, 2022 issued by BSE and NSE, respectively.

14. Tripartite agreement dated January 6, 2006 amongst our Company, NSDL and Integrated Registry Management Services Private Limited (*erstwhile known as Alpha Systems Private Limited*).

15. Tripartite agreement dated December 19, 2005 amongst our Company, CDSL and Integrated Registry Management Services Private Limited (*erstwhile known as Alpha Systems Private Limited*)

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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Chandramogan R.G.
Chairman and Non-Executive Non-Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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C. Sathyan
Managing Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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Karuppiah Somasundaram Thanarajan
Non-Executive Non-Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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P Vaidyanathan
Non-Executive Non-Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

B. Thenamuthan
Independent Director

Date: December 3, 2022
Place: Bangalore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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Tammineedi Balaji Nagabushanam
Independent Director

Date: December 3, 2022
Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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Chalini Madhivanan
Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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S. Subramanian
Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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Sathyanarayan D
Non-Executive Non-Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE DIRECTOR OF THE COMPANY

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V R Muthu
Independent Director

Date: December 3, 2022
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

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Hariharan Ramachandran
Chief Financial Officer

Date: December 3, 2022
Place: Chennai