

RATIONALE AND BRIEF ABOUT PREFERENTIAL ISSUE

Salient features of the preferential issue of Convertible Warrants are as under:

The proposed issue and allotment of Convertible Warrants, on a preferential basis, shall be governed by the applicable provisions of the ICDR Regulations and the Companies Act, 2013 read with the applicable provisions of the rules made there under.

Further, in terms of Regulation 163(1) of the SEBI ICDR Regulations, certain disclosures are required to be made to the Members of the Company which forms part of this Explanatory Statement to the Notice. Without generality to the above, the salient features of the preferential issue of Convertible warrants are:

- The “**Relevant Date**” as per the ICDR Regulations for determining the minimum price for the preferential issue of Convertible warrants is **Wednesday, 18th November, 2020**, which is a date 30 days prior to the date on which the resolution is deemed to be passed.
- The Convertible warrants shall be exercised within a period of 18 (eighteen) months from the date of their allotment, in one or more tranches.
- In case the option to subscribe to equity shares against such Convertible warrants is not exercised by the Proposed Allottee within 18 months, the consideration paid by such Allottee in respect of such Convertible warrants shall be forfeited by the Company.
- The Convertible Warrants and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis shall remain locked-in from such date and for such periods as specified under Chapter V of the SEBI ICDR Regulations. The entire pre-preferential allotment shareholding of the Proposed Allottee(s), if any, shall be locked-in terms of applicable provisions of Regulation 167 of SEBI ICDR Regulations; and
- The equity shares allotted on exercise of Convertible Warrants shall rank pari passu in all respects (including with respect to voting rights and dividend), with the then existing fully paid up equity shares of the Company.

Details of the Issue:

1. The allotment of the convertible warrants is subject to the Proposed Allottee(s) not having sold any equity shares of the Company during the 6 (Six) months preceding the Relevant Date. The Proposed Allottee(s) have represented that the allottee(s) have not sold any equity shares of the Company during the 6 (Six) months preceding the Relevant Date.
2. **The Object of the Issue through preferential offer**
 - i. To fund long term capital requirements for future growth of the company;
 - ii. To meet working capital requirement; and
 - iii. To meet General Corporate Purpose.



3. Maximum number of specified securities to be issued:

The resolutions set out in this Notice authorize the Board to issue 1,50,00,000 convertible warrants convertible in to equal number of equity shares of face of Rs 10/- each at a price of Rs. 12.50/- per warrant including premium of Rs 2.50/- as per the table specified below:

Sr. No.	Name of Proposed Allottees	Category	Maximum Number of warrants proposed to be allotted
1	Raghukul Trading (P) Limited	Promoter	1,00,00,000
2	Lochan Agro (P) Limited	Promoter	50,00,000

4. Pricing of the Preferential issue

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) . In terms of Regulation 164(5) of the SEBI ICDR Regulations, 2018, the shares of the Company are frequently traded on NSE ; therefore, the aforesaid warrants will be allotted in accordance with the price determined in terms of Regulation 164(1) of the SEBI (ICDR) Regulations, 2018. As per the said Regulation, if the shares are frequently traded, the price is needed to be determined by taking into account following parameters:

If the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
- the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

"Stock Exchange" for this purpose shall mean any of the recognized stock exchanges in which the equity shares are listed and in which the highest trading volume in respect of the equity shares of the Company has been recorded during the preceding twenty six weeks prior to the relevant date.

"Frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and are frequently traded at NSE. Accordingly, the minimum issue price has been calculated on the



basis of trading at NSE at which highest trading volume in respect of equity shares of the company has been recorded during the twelve calendar months preceding the relevant date. Therefore, in terms of Regulation 164(1) of the SEBI ICDR Regulations, the Issue Price has been computed as Rs. 12.50 per Warrant including premium of Rs. 2.50/-.

A Certificate will be obtained from Statutory Auditor confirming the minimum price for the preferential issue as per Preferential Issue Guidelines in Chapter V of SEBI (ICDR) Regulations, 2018 along with the calculation thereof and the same will be made available for inspection at the Registered Office of the Company.

5. Relevant date with reference to which the issue price has been arrived.

The “**Relevant Date**” in terms of Regulation 161 of the ICDR Regulations for determination of minimum price is **Wednesday, 18th November, 2020**, being a date which is 30 (Thirty) days prior to the date of passing of special resolution through postal ballot i.e. **18th December, 2020**, being last date specified for E Voting.

