



PENNA CEMENT INDUSTRIES LIMITED

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of our Company was subsequently changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. For details of change in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 185.

Registered and Corporate Office Office: H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India

Contact Person: Raj Kumar Singh, Company Secretary and Compliance Officer; Tel: +91 40 4456 5100

E-mail: cs@pennacement.com; **Website:** www.pennacement.com

Corporate Identification Number: U26942TG1991PLC013359

OUR PROMOTERS: P. PRATHAP REDDY, PIONEER BUILDERS AND P R CEMENT HOLDINGS LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF PENNA CEMENT INDUSTRIES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹15,500 MILLION COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹13,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES BY OUR PROMOTER, P R CEMENT HOLDINGS LIMITED ("SELLING SHAREHOLDER") AGGREGATING UP TO ₹2,500 MILLION ("OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE THE "OFFER"). THE OFFER WILL CONSTITUTE [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE MANAGERS, MAY CONSIDER A PRE-IPO PLACEMENT OF SPECIFIED SECURITIES FOR A CASH CONSIDERATION AGGREGATING UP TO ₹5,000 MILLION. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE MANAGERS, AND THE PRE-IPO PLACEMENT WILL BE COMPLETED PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE AMOUNT RAISED FROM THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SCRR.

THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE MANAGERS, AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], ALL EDITIONS OF [●] AND ALL EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND TELUGU NEWSPAPERS, TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Promoter Selling Shareholder may, in consultation with the Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the website of the Managers and at the terminals of the members of the Syndicate and by intimation to other Designated Intermediaries and the Sponsor Bank.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations and through the Book Building Process wherein not more than 50% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), provided that our Company in consultation with the Selling Shareholder and Managers may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank accounts which will be blocked by the Self Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" on page 349.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price (decided by our Company in consultation with the Selling Shareholder and the Managers as stated under "Basis for Offer Price" on page 119) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 24.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company and the Selling Shareholder, having made all reasonable inquiries, accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission or inclusion of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder accepts responsibility that this Draft Red Herring Prospectus contains all information about it as Selling Shareholder in the context of the Offer for Sale and further severally assumes responsibility for statements in relation to it included in this Draft Red Herring Prospectus and the Equity Shares offered by it in the Offer and that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an "in-principle" approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Telangana at Hyderabad in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts which were made available for inspection from the date of the Red Herring Prospectus up to Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 379.

GLOBAL CO-ORDINATORS BOOK RUNNING LEAD MANAGERS				BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
Edelweiss Financial Services Limited 6th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra, India Tel: +91 22 4009 4400 E-mail: pcil ipo@edelweissfin.com Investor grievance e-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact person: Nishita John/ Mohit Kapoor SEBI registration no.: INM000010650	Axis Capital Limited 1st Floor, Axis House C-2, Wadia International Centre, P.B. Marg, Worli Mumbai 400 025 Maharashtra, India Tel: +91 22 4325 2183 E-mail: pcil ipo@axiscap.in Investor grievance e-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact person: Pratik Pednekar SEBI registration no.: INM000012029	ICICI Securities Limited ICICI Centre, H. T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2400 E-mail: penna.ipo@icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact person: Sameer Purohit/ Nidhi Wangnoo SEBI registration no.: INM000011179	JM Financial Limited 7th Floor Energy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030; +91 22 6630 3262 E-mail: penna.ipo@jmfl.com Investor grievance e-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact person: Prachee Dhuri SEBI registration no.: INM000010361	YES Securities (India) Limited Unit No. 602 A, 6th Floor Tower 1 & 2, ONE International Center Senapati Bapat Marg Elphinstone Road (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 7100 9830 Email: penna.ipo@ysil.in Website: www.yesinvest.in Investor grievance e-mail: igc@ysil.in Contact person: Sachin Kapoor/ Nidhi Gupta SEBI registration number: INM000012227	KFin Technologies Private Limited Selenium, Tower B Plot No - 31 and 32, Financial District, Nanakramguda Serilingampally Hyderabad 500 032 Rangareddy, Telangana India Tel: +91 40 6716 2222 E-mail: pennacement.ipo@kfintech.com Investor grievance e-mail: einward.nis@kfintech.com Website: www.kfintech.com Contact person: M Murali Krishna SEBI registration no.: INR000000221

BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●] (1)
BID/OFFER CLOSES ON	[●] (2)

- Our Company may, in consultation with the Selling Shareholder and the Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date
- Our Company may, in consultation with the Selling Shareholder and the Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, 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 Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in “Industry Overview”, “Key Regulations and Policies”, “Statement of Possible Special Tax Benefits”, “Financial Statements”, “Basis for Offer Price”, “History and Certain Corporate Matters”, “Financial Indebtedness”, “Other Regulatory and Statutory Disclosures”, “Outstanding Litigation and Material Developments” and “Description of Equity Shares and Terms of Articles of Association” on pages 125, 181, 122, 220, 119, 185, 307, 325, 310 and 366 respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
“our Company”, “the Company”, “the Issuer”	Penna Cement Industries Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
Articles of Association	Articles of Association of our Company, as amended
Auditors/Statutory Auditors	C. Ramachandram & Co., Chartered Accountants
Audit Committee	Audit committee of our Company, described in “Our Management” on page 192
Board/Board of Directors	Board of directors of our Company or a duly constituted committee thereof as disclosed in “Our Management” on page 192
Chairman and Managing Director	Chairman and Managing Director of our Company namely, P. Prathap Reddy
Chief Financial Officer/ CFO	Chief financial officer of our Company, Petluru Venugopal Reddy
CSR Committee/ Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, described in “Our Management” on page 192
Director(s)	Director(s) of our Company as disclosed in “Our Management” on page 192
Equity Shares	Equity shares of our Company of face value of ₹10 each
Executive Directors	Executive Directors of our Company as disclosed in “Our Management” on page 192
Group Companies	Companies (other than our Promoters and Subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and also other companies as considered material by our Board and as disclosed in “Our Group Companies” on page 212
Independent Directors	Independent directors of our Company
IPO Committee	The IPO committee of our Board
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, the Companies Act, 2013 and disclosed in “Our Management” on page 192
Materiality Policy	The policy adopted by our Board on March 26, 2021, for identification of material: (a) outstanding litigation proceedings; (b) Group Companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus
Material Subsidiary(ies)	Subsidiaries which contribute 10% or more to the turnover or net-worth or profits before tax of the immediately preceding financial year included in the Restated Financial Statements. Accordingly, Pioneer Cement Industries Limited and Marwar Cement Limited are the Material Subsidiaries of our Company
MCL	Marwar Cement Limited
Memorandum of Association	Memorandum of Association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, described in “Our Management” on page 192
Non-Executive Directors	Non-Executive Directors of our Company as disclosed in “Our Management” on page 192
Non-Executive Independent Directors	Non-Executive Independent Directors of our Company as disclosed in “Our Management” on page 192
Parasakti	Parasakti Cement Industries Limited

Term	Description
Pioneer Cement	Pioneer Cement Industries Limited
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations For details, see “ <i>Our Promoters and Promoter Group</i> ” on page 208
Promoters	Promoters of our Company namely, P. Prathap Reddy, Pioneer Builders and P R Cement Holdings Limited For details, see “ <i>Our Promoters and Promoter Group</i> ” on page 208
PRCHL	P R Cement Holdings Limited
Registered Office and Corporate Office	Registered Office and Corporate Office of our Company located at H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
Registrar of Companies/RoC	Registrar of Companies, Telangana situated at Hyderabad, India
Restated Financial Statements	Restated consolidated financial statements of our Company for the financial years ended March 31, 2021, 2020 and 2019 (prepared in accordance with Ind AS read with Section 133 of the Companies Act, 2013) with the restated consolidated statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies and other explanatory information thereon.
SCL	Singha Cement (Private) Limited
Shareholders	Shareholders of our Company from time to time
Stakeholders Relationship Committee	The stakeholders’ relationship committee of our Company, described in “ <i>Our Management</i> ” on page 192
Subsidiaries or individually known as Subsidiary	Subsidiaries of our Company, namely, 1. Pioneer Cement Industries Limited; 2. Marwar Cement Limited; and 3. Singha Cement (Private) Limited. For details, see “ <i>History and Certain Corporate Matters</i> ” on page 185
Whole-time Director	Whole-time Director of our Company as disclosed on “ <i>Our Management</i> ” on page 192

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares offered pursuant to the Fresh Issue and transfer of Offered Shares by the Selling Shareholder, pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Promoter Selling Shareholder, in consultation with the Managers during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Company, in consultation with the Selling Shareholder and the Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company, in consultation with the Selling Shareholder and the Managers, to Anchor Investors on a discretionary basis

Term	Description
	One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
Anchor Investor Pay-In Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/Offer Closing Date
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis Capital	Axis Capital Limited
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s) and Sponsor Bank, as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in “Offer Procedure” on page 349
Bid	An indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be published in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and all editions of the Telugu daily newspaper, [●] (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation Our Company and the Selling Shareholder, in consultation with the Managers may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the Managers and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be published in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and all editions of the Telugu daily newspaper, [●] (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centers	The centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Manager/ BRLM	YES Securities
Broker Centers	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker and in case of RIBs only ASBA Forms with UPI The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered into and amongst our Company, the Selling Shareholder, the Managers, Syndicate Members, the Escrow Collection Bank(s), Public Offer Bank(a), Sponsor Bank, Registrar to the Offer and the Refund Bank(s) in accordance with the UPI Circulars, for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations as per the list available on the websites of BSE and NSE
CRISIL	CRISIL Limited
CRISIL Report	Report titled “ <i>Assessment of cement industry</i> ” dated April 2021 issued by CRISIL, and commissioned by our Company
Cut-off Price	Offer Price, finalised by our Company, in consultation with the Selling Shareholder and the Managers, which shall be any price within the Price Band Only Retail Individual Bidders Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms and in case of RIBs only ASBA Forms with UPI. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs

Term	Description
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs and in case of RIBs only ASBA Forms with UPI. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated May 14, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer including any addenda or corrigenda thereto
Eligible FPI(s)	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices.
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account	Account to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Escrow Account will be opened, in this case being [●]
First Bidder or Sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹13,000 million by our Company
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the Managers
“Global Co-ordinators and Book Running Lead Managers” or “GCBRLMs”	Collectively, Edelweiss, Axis Capital, ICICI Securities and JM Financial
Managers	Global Co-ordinators and Book Running Lead Managers and Book Running Lead Manager
ICICI Securities	ICICI Securities Limited
JM Financial	JM Financial Limited
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mobile App(s)	The mobile applications listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be updated from time to time, which may be used by RIIs to submit Bids using the UPI Mechanism
Monitoring Agency	[●]
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
Net Proceeds	Proceeds of the Fresh Issue less our Company’s share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see “ <i>Objects of the Offer</i> ” on page 101
Net QIB Portion	The QIB Portion less the number of Equity Shares allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs and FPIs
NPCI	National Payments Corporation of India

Term	Description
Offer	<p>The initial public offering of up to [●] Equity Shares for a cash price of [●] each, aggregating upto ₹15,500 million, comprising of the Fresh Issue and the Offer for Sale.</p> <p>Our Company and the Selling Shareholder, in consultation with the Managers, may consider a Pre-IPO Placement of specified securities for a cash consideration aggregating up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder in consultation with the Managers, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR</p>
Offer Agreement	The offer agreement dated May 14, 2021 entered amongst our Company, the Selling Shareholder and the Managers, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating up to ₹2,500 million, at the Offer Price aggregating up to ₹[●] million being offered for sale in the Offer
Offer Price	<p>Final price within the Price Band at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus</p> <p>The Offer Price will be decided by our Company, in consultation with the Selling Shareholder and the Managers on the Pricing Date</p>
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholder. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” beginning on page 101
Offered Shares	[●] Equity Shares aggregating up to ₹2,500 million offered by P R Cement Holdings Limited in the Offer For Sale
Pre-IPO Placement	A further issue of Equity Shares, through a preferential offer or any other method as may be permitted in accordance with applicable law, aggregating up to ₹5,000 million, which may be undertaken by our Company and the Selling Shareholder, in consultation with the Managers, prior to the filing of the Red Herring Prospectus with the RoC.
Price Band	<p>Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof</p> <p>The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the Managers, and will be advertised, at least two Working Days prior to the Bid/Offer Opening Date, in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and all editions of the Telugu daily newspaper, [●] (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites</p>
Pricing Date	Date on which our Company, in consultation with the Selling Shareholder and the Managers, will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account	Account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]

Term	Description
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended with the stock exchanges having nationwide terminals, other than the Managers and the Syndicate Members and eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated May 4, 2021 entered amongst our Company, the Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE
Registrar to the Offer/Registrar	KFin Technologies Private Limited
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	(i) The banks registered with SEBI, offering services in relation to ASBA where the Bid Amount will be blocked by authorising an SCSB (other than through UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 , https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) The banks registered with SEBI enabled for UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered into and amongst our Company, the Selling Shareholder and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders and in case of RIBs only ASBA Forms with UPI
Sponsor Bank	The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request and/or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●]
Syndicate	Together, the Managers and the Syndicate Members
Syndicate Agreement	Agreement to be entered amongst our Company, the Selling Shareholder, the Managers, the Syndicate Members and the Registrar to the Offer, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries (other than the Managers) registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Systemically Important Non-Banking Financial Company/ Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	[●]
Underwriting Agreement	Agreement to be entered amongst our Company, the Selling Shareholder and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and any subsequent circulars or notifications issued by SEBI in this regard

Term	Description
UPIID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	<p>A request (intimating the RIB by way of a notification on the UPI linked mobile application and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.</p> <p>In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int_mId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.</p>
UPI Mechanism	The mechanism that may be used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid / Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.
YES Securities	YES Securities (India) Limited

Technical/Industry Related Terms/Abbreviations

Term	Description
AMRUT	Atal Mission for Rejuvenation and Urban Transformation mission
BIS	Bureau of Indian Standards
Contribution per tonne	Contribution per tonne represents revenue from operations (less: cost of raw materials, power and fuel, freight, packing and forwarding expense) divided by total cement sales volume
CPP	Captive Power Plant
EBITDA	EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year
EBITDA margin	EBITDA margin represents EBITDA divided by revenue from operations
EBITDA per tonne	EBITDA per tonne represents EBITDA divided by total cement sales volume
ISO	International Organization for Standardization
OHSAS	Occupational Health and Safety Assessment Series
Kg	Kilogram
KWh	kilowatt hour
Kcal	Kilocalorie
Logistics cost per tonne	Logistics cost per tonne represents total freight charges divided by total cement sales volume
MT	Metric tonne or tonne
MMTPA	Million Metric tonne per annum
MW	Mega watts
OPC	Ordinary Portland Cement
PPC	Portland Pozzolana Cement
PSC	Portland Slag Cement
Pet coke	Petroleum coke
Power and fuel cost per tonne	Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume
Return on Equity	Return on Equity represents profit after tax divided by closing shareholders' equity
Return on Capital Employed (pre-tax)	Return on Capital Employed (pre-tax) represents (EBIT (EBITDA less depreciation and amortization expense)/ capital employed for the period (total debt less cash and cash equivalents plus total equity and non-controlling interest)
SLSI	Sri Lanka Standards Institution
SCCL	The Singareni Colliery Company Limited
WHR	Waste heat recovery

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standards	Accounting Standards issued by the ICAI
BIS	Bureau of Indian Standard
BSE	BSE Limited
BMW Rules	Bio-Medical Waste Management Rules, 2016
Boilers Act	Indian Boilers Act, 1923
CAGR	Compounded Annual Growth Rate
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CEIG	Chief Electrical Inspector of Government
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CLRA	Contract Labour (Regulation & Abolition) Act, 1970
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, and the rules and clarifications issued thereunder to the extent in force pursuant to the notification of the Notified Sections
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DGMS	Directorate General of Mines Safety
DMG	Department of Mines and Geology
DIN	Director Identification Number
DPID	Depository Participant's Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DTCP	Director of Town and Country Planning
ED	Directorate of Enforcement, Government of India
EGM	Extraordinary General Meeting
Electricity Act	Electricity Act, 2003
EPA	Environment Protection Act, 1986
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
Factories Act	Factories Act, 1948
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, and the rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
Financial Year/Fiscal/FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General Index Register
GoI	Government of India
GST	Goods and Services Tax
Hazardous Waste Rules	Hazardous and Other Wastes (Management and Handling) Rules, 2016
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as adopted by the International Accounting Standards Board
Income Tax Act, IT Act	The Income-tax Act, 1961
India	Republic of India
Ind AS	Indian Accounting Standards referred to in the Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
Legal Metrology Act	Legal Metrology Act, 2009
LIBOR	London Interbank Offered Rate
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Mineral Rules	Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957
MoEF	Ministry of Environment and Forests
MTPA	Million Tonnes Per Annum

Term	Description
Mutual Fund(s)	Mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
MW	MegaWatt
N.A./ NA	Not Applicable
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	Net worth means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian and FPIs
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India, and are currently in effect
NR	Non-resident
NRE Account	Non Resident External Account
NRI	An individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
OCI	Other Comprehensive Income
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PCB	Pollution Control Board
PESO	Petroleum and Explosives Safety Organisation
PMLA	Prevention of Money Laundering Act, 2002
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
Rule 144A	Rule 144A under the U.S. Securities Act
₹/Rs./Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
SIA	Secretariat for Industrial Assistance, Ministry of Commerce and Industry, Government of India
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
State Government	The government of a state in India
State PCB	State Pollution Control Board
Stock Exchanges	The BSE and the NSE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S./USA/United States	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$	United States Dollars
US QIBs	As defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in

Term	Description
	this Draft Red Herring Prospectus as - QIBs
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
Water Act	Water (Prevention and Control of Pollution) Act, 1974

OFFER DOCUMENT SUMMARY

The following is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 24, 58, 70, 101, 125, 154, 220, 310, 349 and 366, respectively.

Summary of the primary business of our Company	We are one of the largest privately held cement companies in India and a leading integrated cement player in terms of cement production capacity, as of March 31, 2021, with a strong brand recall in the southern and western states of India. (Source: CRISIL Report) With over 25 years of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets and Sri Lanka, and intend to further expand into north, central and other east India markets through a phased expansion plan.																									
Summary of the industry in which our Company operates	The cement demand in India is expected to grow at a CAGR of 6%-7% from Fiscal 2021 to Fiscal 2026 in comparison to a CAGR of 4% during Fiscal 2015 and Fiscal 2020, primarily on account of a number of infrastructure investments and a healthy revival in housing demand. In particular, the cement demand in central India, north India, south India, east India and west India is expected to grow at a CAGR of 6.5%-7.5%, 4.5%-5.5%, 5%-6%, 8%-8.5% and 5.5%-6.5%, respectively, between Fiscal 2021 and Fiscal 2026. (Source: CRISIL Report)																									
Name of Promoters	P. Prathap Reddy, Pioneer Builders and P R Cement Holdings Limited																									
Offer size	<p>Initial public offer of Equity Shares for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹15,500 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹13,000 million and an Offer for Sale of up to [●] Equity Shares by the Selling Shareholder aggregating up to ₹2,500 million. The Offer will constitute [●]% of our post-Offer paid-up Equity Share capital.</p> <p>Our Company and the Selling Shareholder, in consultation with the Managers, may consider a Pre-IPO Placement of specified securities for a cash consideration aggregating up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder in consultation with the Managers, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.</p>																									
Objects of the Offer	<p>The objects for which the Net Proceeds from the Offer shall be utilized are as follows:</p> <p style="text-align: right;">(₹ in million)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount*</th> </tr> </thead> <tbody> <tr> <td>Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company</td> <td style="text-align: right;">5,500</td> </tr> <tr> <td>Funding of capital expenditure requirements of our Company towards our Krishnapatnam line II (“KP Line II”) project</td> <td style="text-align: right;">1,050</td> </tr> <tr> <td>Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu</td> <td style="text-align: right;">800</td> </tr> <tr> <td>Funding of capital expenditure requirements of our Company towards setting up the Tandur WHR Plant</td> <td style="text-align: right;">1,100</td> </tr> <tr> <td>Funding of capital expenditure requirements of our Company towards setting up the Talaricheruvu WHR Plant</td> <td style="text-align: right;">1,300</td> </tr> <tr> <td>General corporate purposes⁽¹⁾</td> <td style="text-align: right;">[●]</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">[●]</td> </tr> </tbody> </table> <p>* Our Company and the Selling Shareholder may, in consultation with the Managers consider a Pre-IPO Placement of specified securities for a cash consideration aggregating up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder in consultation with the Managers, and will be undertaken prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.</p> <p>(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.</p>		Particulars	Amount*	Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	5,500	Funding of capital expenditure requirements of our Company towards our Krishnapatnam line II (“ KP Line II ”) project	1,050	Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu	800	Funding of capital expenditure requirements of our Company towards setting up the Tandur WHR Plant	1,100	Funding of capital expenditure requirements of our Company towards setting up the Talaricheruvu WHR Plant	1,300	General corporate purposes ⁽¹⁾	[●]	Total	[●]								
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Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholder as a percentage of our paid-up Equity Share capital	<p>(a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">Number of Equity Shares</th> <th style="text-align: center;">Percentage of the pre-Offer Equity Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Promoters</td> </tr> <tr> <td>Pioneer Builders⁽¹⁾</td> <td style="text-align: right;">70,094,800</td> <td style="text-align: right;">52.39</td> </tr> <tr> <td>P R Cement Holdings Limited*</td> <td style="text-align: right;">44,701,100</td> <td style="text-align: right;">33.41</td> </tr> <tr> <td>P. Prathap Reddy</td> <td style="text-align: right;">13,635,000</td> <td style="text-align: right;">10.19</td> </tr> <tr> <td>Total (A)</td> <td style="text-align: right;">128,430,900</td> <td style="text-align: right;">95.99</td> </tr> <tr> <td colspan="3">Promoter Group</td> </tr> <tr> <td>P. Venkata Lakshmi</td> <td style="text-align: right;">750,000</td> <td style="text-align: right;">0.56</td> </tr> </tbody> </table>		Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Promoters			Pioneer Builders ⁽¹⁾	70,094,800	52.39	P R Cement Holdings Limited*	44,701,100	33.41	P. Prathap Reddy	13,635,000	10.19	Total (A)	128,430,900	95.99	Promoter Group			P. Venkata Lakshmi	750,000	0.56
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	P. Ramesh Reddy	600,000	0.45
	Puttamreddy Pratap Reddy (HUF)	450,000	0.34
	P. Venkata Divya Priyanka	400,000	0.30
	P. Venugopal Reddy	300,000	0.22
	P. Deepthi Reddy	250,000	0.19
	Total (B)	2,750,000	2.05
	Total (C=A+B)	131,180,900	98.04
	* Also participating in the Offer for Sale as a Selling Shareholder		
	⁽¹⁾ One of our Promoters, P. Prathap Reddy holds 70,094,800 Equity Shares aggregating 52.39% in his capacity as Managing Partner, Pioneer Builders, beneficially on behalf of Pioneer Builders. For further details, see "Capital Structure – History of the Equity Share Capital held by our Promoters - Build-up of our Promoters' shareholding in our Company" on page 75		
	(b) The aggregate pre-Offer shareholding of the Selling Shareholder, as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:		
	Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
	P R Cement Holdings Limited	44,701,100	33.41
	Total	44,701,100	33.41
Summary of Selected Financial Information	The details of our share capital, net worth, revenue, PAT, earnings per share, net asset value per equity share and total borrowings as at March 31, 2021, 2020, 2019 derived from the Restated Financial Statements are as follows:		
	(₹ in million, except per share data)		
	Particulars	As at March 31,	
		2021	2020
			2019
	(A) Equity share capital	1,338.00	1,338.00
	(B) Net worth	11,571.18	10,687.05
	(C) Revenue	24,763.99	21,676.14
	(D) PAT	1,520.73	230.24
	(E) Earnings per share (in ₹)	11.36	1.72
	(F) Net asset value per share (in ₹)	86.48	79.87
	(G) Total borrowings	13,519.46	14,703.22
			15,526.08
Auditor's qualifications which have not been given effect to in the Restated Financial Statements	There are no auditor qualifications which have not been given effect to in the Restated Financial Statements		
Summary table of outstanding litigations	A summary of outstanding litigation proceedings involving our Company, Subsidiaries, Promoters, Directors and Group Companies, as disclosed in "Outstanding Litigation and Material Developments" on page 310, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated April 15, 2021, as of the date of this Draft Red Herring Prospectus is provided below:		
	(in ₹ million)		
	Nature of cases	Number of cases	Total amount involved[^]
	Litigation involving our Company		
	<i>Against our Company</i>		
	Material civil litigation proceedings	Nil	Nil
	Criminal cases	5	Not quantifiable
	Action taken by statutory and regulatory authorities	3	Not quantifiable
	Taxation cases	36	723.28
	<i>By our Company</i>		
	Material civil cases	14	84.90
	Criminal cases*	123	96.64
	Litigation involving our Subsidiaries		
	<i>Against our Subsidiaries</i>		
	Material civil litigation proceedings	1	Not quantifiable
	Criminal cases	Nil	Nil
	Action taken by statutory and regulatory authorities	Nil	Nil
	Taxation cases	Nil	Nil
	<i>By our Subsidiaries</i>		
	Material civil cases	Nil	Nil
	Criminal cases	Nil	Nil
	Litigation involving our Directors		
	<i>Against our Directors</i>		
	Material civil cases	1	778.40

	Criminal cases	5	Not quantifiable	
	Action taken by statutory and regulatory authorities	2	Not quantifiable	
	Taxation cases	1	1.37	
	By our Directors			
	Material civil cases	2	Not quantifiable	
	Criminal cases	1	Not quantifiable	
	Litigation involving our Promoters			
	Against our Promoters			
	Material civil cases	1	778.40	
	Criminal cases	3	Not quantifiable	
	Action taken by statutory and regulatory authorities	2	Not quantifiable	
	Taxation cases	1	1.37	
	By our Promoters			
	Material civil cases	Nil	Nil	
	Criminal cases	1	Not quantifiable	
	Litigation involving our Group Companies			
	Against our Group Companies			
	Material civil cases	Nil	Nil	
	Criminal cases	4	Not quantifiable	
	Action taken by statutory and regulatory authorities	Nil	Nil	
	Taxation cases	Nil	Nil	
	By our Group Companies			
	Material civil cases	Nil	Nil	
	Criminal cases	Nil	Nil	
	^To the extent ascertainable			
	*Out of the 123 criminal cases involving the Company, 121 matters are cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881			
	For further details, see “Outstanding Litigation and Material Developments” on page 310.			
Risk Factors	For details of the risks applicable to us, see “Risk Factors” on page 24.			
Summary table of contingent liabilities	The following is a summary table of our contingent liabilities as at March 31, 2021:			
	(₹ in million)			
	Particulars	As at March 31, 2021		
	<i>a) Contingent Liabilities/claims not provided for</i>			
	i) In respect of Bank Guarantees	474.70		
	ii) In respect of Inland Letter of Credits	20.34		
	iii) In respect of Foreign Letter of Credits	531.04		
	iv) In respect of Unexecuted Capital Contracts	556.59		
	<i>b) Claims against the Group not acknowledged as Debt:*</i>			
	i) Sales Tax disputes in various legal forum	10.83		
	ii) Excise duty/service tax/ customs disputes in various legal forum	591.73		
	iii) Income tax (disputes in various legal forum)	87.10		
	iv) Disputes in respect of purchase of power / coal (disputes in various courts ₹376.42 million (previous year ₹376.42 million)	676.70		
	v) Others (entry tax & land disputes) in various legal forum	13.11		
	* Net of amounts paid under protest.			
	For further details of our contingent liabilities, see “Financial Statements – Note 30: Contingent Liabilities (IND AS 37)” on page 257.			
Summary of related party transactions	The details of related party transactions of our Company for the financial years ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures are set forth in the table below:			
	(in ₹ millions)			
	Name of the related party	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	Anrak Aluminium Limited	-	-	0.23
	Bezawada Vikram	12.00	12.50	12.00
	D. Lakshmi Kantham	13.37	13.50	14.06
	Krishna Hydro Energy Limited	-	-	0.09
	P. Deepthi Reddy	4.09	3.92	1.38
	P. Prathap Reddy	49.91	18.91	33.57
	P. Ramesh Reddy	0.05	-	-
	P.V. Lakshmi	26.76	25.48	23.36
	Parasakti Cement Industries Limited	200.00	200.00	-
	PCIL Power and Holdings Limited	1,084.75	-	-
	Penna Shipping Limited	101.01	80.38	4.50

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Details of all financing arrangements whereby our Promoters, members of our Promoter Group, the directors of our corporate Promoter, P R Cement Holdiings Limited, our Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus	Our Promoters, members of our Promoter Group, the directors of our corporate Promoter, P R Cement Holdiings Limited, our Directors and their relatives have not financed the purchase by any person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.																																																				
Weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholder, in the last one year	<p>The weighted average price at which the specified securities were acquired by our Promoters and the Selling Shareholder, in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:</p> <table border="1"> <thead> <tr> <th>Name of the Promoter</th> <th>Number of Equity Shares</th> <th>Weighted average price of acquisition per Equity Share (in ₹)⁺</th> </tr> </thead> <tbody> <tr> <td>P. Prathap Reddy</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Pioneer Builders</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>P R Cement Holdiings Limited⁽¹⁾</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>⁺ As certified by T Mohan & Associates, Chartered Accountants by their certificate dated May 13, 2021 ⁽¹⁾ Also participating in the Offer for Sale as a Selling Shareholder</p>	Name of the Promoter	Number of Equity Shares	Weighted average price of acquisition per Equity Share (in ₹) ⁺	P. Prathap Reddy	Nil	Nil	Pioneer Builders	Nil	Nil	P R Cement Holdiings Limited ⁽¹⁾	Nil	Nil																																								
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Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholder	<p>The average cost of acquisition of Equity Shares held by our Promoters is as follows:</p> <table border="1"> <thead> <tr> <th>Name of the Promoter</th> <th>Number of Equity Shares</th> <th>Average cost of acquisition per Equity Share (in ₹)⁺</th> </tr> </thead> <tbody> <tr> <td>P. Prathap Reddy</td> <td>13,635,000</td> <td>1.31</td> </tr> <tr> <td>Pioneer Builders</td> <td>70,094,800</td> <td>1.34</td> </tr> <tr> <td>P R Cement Holdiings Limited⁽¹⁾</td> <td>44,701,100</td> <td>1.06</td> </tr> </tbody> </table> <p>⁺ As certified by T Mohan & Associates, Chartered Accountants by their certificate dated May 13, 2021 ⁽¹⁾ Also participating in the Offer for Sale as a Selling Shareholder.</p>	Name of the Promoter	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹) ⁺	P. Prathap Reddy	13,635,000	1.31	Pioneer Builders	70,094,800	1.34	P R Cement Holdiings Limited ⁽¹⁾	44,701,100	1.06																																								
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Details of the pre-IPO placement	Our Company and the Selling Shareholder may, in consultation with the Managers consider a Pre-IPO Placement of specified securities for a cash consideration aggregating up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder in consultation with the Managers and																																																				

	the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.
Any issuance of Equity Shares in the last one year for consideration other than cash	Our Company has not issued any Equity Shares in the last one year from the date of this Draft Red Herring Prospectus, for consideration other than cash.
Any split/consolidation of Equity Shares in the last one year	Nil

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. All references to the “US”, “U.S.” “USA” or “United States” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Our Restated Financial Statements, have been derived from our audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “*Reports in Company Prospectuses (Revised 2019)*” issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI.

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the Restated Financial Statements.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular Financial Year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

Our Restated Financial Statements have been prepared in accordance with Ind AS. There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24, 154 and 283 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Currency and Units of Presentation

All references to:

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

Our Company has presented all numerical information in this Draft Red Herring Prospectus in “million” units or in whole numbers where the numbers have been too small to represent in millions. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

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

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and USD (in Rupees per USD):

Currency	As at		
	March 31, 2021	March 31, 2020	March 31, 2019
1 USD	73.50	75.39	69.17

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

In case March 31 of any of the respective years/ period is a public holiday, the previous working day not being a public holiday has been considered.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications and sources, including the report titled “Assessment of cement industry” released in India on April 2021 by CRISIL which has been commissioned by our Company for an agreed fee.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholder, the Managers or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 24. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the industry data, see “Risk Factors” beginning on page 24.

In accordance with the SEBI ICDR Regulations, “Basis for the Offer Price” on page 119 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, the Selling Shareholder, nor the Managers or any of their affiliates have independently verified such information.

Disclaimer of CRISIL

This Draft Red Herring Prospectus contains data and statistics from the report titled “Assessment of cement industry” released in India in April 2021 by CRISIL, which 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). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. 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. Penna Cement Industries 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 / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), 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 / CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval”

Notice to Prospective Investors in the United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the

United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “**U.S. QIBs**”) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

Notice to Prospective Investors in the European Economic Area

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity shares in Member States of the European Economic Area (“**EEA**”) (each a “**Member State**”) or the United Kingdom (“**UK**”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and Council EC (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA or the UK of Equity Shares which are the subject of the placement contemplated in the Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the members of the Managers to produce a prospectus for such offer. None of our Company and the Managers have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the members of the Syndicate which constitute the final placement of Equity Shares contemplated in the Draft Red Herring Prospectus.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) (“**Distributors**”) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal, or regulatory selling restrictions in relation to the Issue. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “can”, “could”, “expect”, “estimate”, “intend”, “may”, “likely to”, “objective”, “plan”, “project”, “seek to”, “shall”, “will”, “will continue”, “will pursue”, “will achieve”, “will likely” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industry in which we have businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Ongoing proceedings filed by the CBI, and the Directorate of Enforcement against our Company, our Promoter and others, relating to alleged corruption in the allotment of certain land parcels, mining leases and a prospecting license being determined against us;
- Dependency upon the pricing and continued supply of coal and raw materials, the costs and supply of which can be subject to significant variation due to factors outside our control;
- Proposed capacity expansion plans relating to our facilities are subject to the risk of unanticipated delays and cost overruns;
- Significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating;
- Our Promoter, P. Prathap Reddy has provided personal guarantees for loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoter, which may impact our Promoter’s ability to effectively service its obligations as our Promoter and thereby, adversely impact our business and operations;
- Our Promoters have pledged their Equity Shares and entered into agreement for the pledge of shares with certain lenders. Any exercise of such pledge by the lender or enforcement of such pledge could dilute the shareholding of these Promoters, which may adversely affect our business and future prospects;
- Operating in a highly competitive environment;
- Cement industry is capital intensive, and we may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows;
- Our business is dependent upon our ability to mine/ procure sufficient limestone for our operations;
- COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past and the extent to which it will impact our future business and results of operations will depend on future developments, which are difficult to predict.

Certain information in “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 125, 154 and 283, respectively of this Draft Red Herring Prospectus has been obtained from the report titled “*Assessment of cement industry*” released in India in April 2021 by CRISIL.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24, 154 and 283, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Company, our Directors, the Selling Shareholder, the Managers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally (to the extent of statements specifically made or confirmed or in relation to its respective portion of Offered Shares) ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. Potential investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations and financial condition could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” beginning on pages 154, 125, 283 and 220, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.

Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See “Forward-Looking Statements” on page 22.

Our fiscal 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 otherwise requires, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Financial Statements” on page 220.

In this section, unless otherwise indicated or the context otherwise requires, references to “we”, “us”, or “our” refers to Penna Cement Industries Limited on a consolidated basis and references to “the Company” or “our Company” refers to Penna Cement Industries Limited on a standalone basis.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report “Assessment of Cement Industry” dated April 2021 (the “CRISIL Report”) prepared and issued by CRISIL Research, a division of CRISIL Limited, commissioned by us. Also see, “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data” on page 19.

Risks relating to our Business

- 1. There are ongoing proceedings filed by the Central Bureau of Investigation, the investigative agency in India and the Directorate of Enforcement against our Company, one of our Promoters and others, relating to alleged corruption in the allotment of certain land parcels, mining lease and a prospecting license. If these proceedings are determined against us, it could have a material adverse effect on our financial condition, results of operations and our reputation.***

The Central Bureau of Investigation, Hyderabad (“**CBI**”), pursuant to an order passed by the High Court of Andhra Pradesh (“**High Court**”) in a writ petition filed before it, registered a case under sections 120B (punishment for criminal conspiracy) and 420 (cheating and dishonestly inducing delivery of property) of the Indian Penal Code, 1860 and various provisions of the Prevention of Corruption Act, 1988, against our Company and 76 others including, one of our Promoters, P. Prathap Reddy, Penna Tandur Cement Company Limited (which was subsequently amalgamated with our Company), P R Energy Holding Limited (our Group Company) and Pioneer Holiday Resorts Limited (our Group Company), which are a part of our Promoter Group as well as Group Companies (“**Accused**”). It was alleged that the Accused received favours including allotment of public properties, licenses, projects, mining lease and other benefits in exchange for certain quid pro quo investments in Jagati Publications Private Limited and Carmel Asia Holdings Private Limited, entities owned by Mr. Y. S. Jagan Mohan Reddy, son of the then Chief Minister of Andhra Pradesh and Late Y.S. Rajasekhara Reddy, the erstwhile chief minister of Andhra Pradesh. The CBI, in the charge sheet filed in the matter (“**Charge Sheet**”), alleged that the following favours *inter-alia* were obtained by our Company in return for these investments:

- i. Our Company was allotted land to an extent of 231.09 acres at Yadiki Mandal of Anantapur District, in the year 2008 (“**Anantapur Land**”);
- ii. Prospecting license for limestone over an extent of 304.74 hectares in Kurnool District, was granted for a period of three years, in the year 2008 (the “**Prospecting License**”);
- iii. Penna Tandur Cement Company Limited, which was subsequently amalgamated with our Company, was granted a mining lease for limestone for 822.13 acres in Ranga Reddy District in the year 2009 for a period of 20 years (the “**Mining Lease**”); and
- iv. Benefits given to Blitz Hotels Private Limited in favour of Pioneer Holiday Resorts Limited, including incentives in the form of exemption of impact fee, conversion charges and setback relaxations given thereon.

The Government of Andhra Pradesh, *vide* its order dated March 15, 2013, cancelled the Mining Lease. Subsequently, the Joint Director, Directorate of Enforcement, Government of India (“**ED**”), pursuant to an order (“**Order**”) passed under Section 8 of the Prevention of Money Laundering Act, 2002 (“**PMLA**”), attached the Anantapur Land. Our Company filed an appeal before the Appellate Tribunal under the PMLA to grant stay on the order (“**Appeal**”), which was granted by the Appellate Tribunal. Further, the Appellate Tribunal by an order dated June 14, 2019 (“**Appellate Order**”), partially modified the Order to the extent that the attachment of Anantapur Land will continue but the ED will not take possession of the said land. Pursuant to the Appellate Order, the ED represented by the Assistant Director filed a second appeal (“**Second Appeal**”) before the High Court to set aside the Appellate Order. The High Court, *vide* an interim order dated November 28, 2019, directed that the attachment of the Anantapur Land will continue but ED will not take possession of the said land. The Second Appeal is pending before the High Court.

Pursuant to the Charge Sheet, the Principal Special Judge for CBI Cases, Hyderabad took cognizance and issued summons to our Company and our Promoter (“**CBI Proceedings**”). Further, P. Prathap Reddy, our Promoter filed a criminal petition before the High Court praying for quashing of the CBI Proceedings (“**Quash Petition**”). The High Court, *vide* an order dated December 28, 2018 (“**High Court Order**”) partially allowed the Quash Petition and quashed the proceedings only under Section 12 of the Prevention of Corruption Act, 1988. The criminal petition filed by our Company for quashing the CBI Proceedings was also dismissed by the abovementioned High Court Order. Pursuant to the High Court Order, our Company and our Promoter filed special leave petitions before the Supreme Court of India seeking to quash the CBI Proceedings (“**SLPs**”). The Supreme Court of India dismissed the SLPs by a common order dated March 3, 2020. Our Promoter has filed a discharge application before the Principal Special Judge, CBI, Hyderabad (“**Discharge Application**”) to discharge him in the Charge Sheet. The CBI Proceedings and the Discharge Application are currently pending. For details of these matters, see “*Outstanding Litigation and Material Developments – Litigation involving our Company*” and “*Outstanding Litigation and Material Developments – Litigation involving our Promoters*” on pages 310 and 317, respectively.

While these matters are currently pending, we cannot assure you that an adverse order for the alleged offences will not be passed against us, for which we may be subjected to fines and/or imprisonment under applicable law. We also cannot assure you that our Promoter will not be held liable for alleged offences, which cannot be determined at this stage. Further, we cannot assure you that the ED will not proceed to initiate any further prosecution proceedings against our Company. These proceedings may divert our management’s time and attention, and consume financial resources in our defence.

Unfavourable order(s) in the aforementioned proceedings may impact our interest in the Anantapur Land including relocating certain utilities which may impact our supply chain, which could have an adverse effect on our business, results of operation, reputation and our financial condition.

2. We are dependent upon the pricing and continued supply of coal and raw materials, the costs and supply of which can be subject to significant variation due to factors outside our control.

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials (such as limestone, gypsum, fly ash and slag) and coal at acceptable prices. In Fiscals 2019, 2020 and 2021, the cost of materials consumed (including changes in inventories, stock-in trade and work in progress) accounted for 16.60%, 16.28% and 17.46%, respectively, of our revenue from operations. In Fiscals 2019, 2020 and 2021, the cost of coal accounted for 54.00%, 48.72% and 48.02%, respectively, of our total cost of materials consumed (including power and fuel expenses, stores and spares, and packing material). Raw materials are subject to price volatility caused by external factors beyond our control, such as climatic and environmental conditions, commodity price fluctuations, market demand, spread of infectious diseases, such as the COVID-19 pandemic, production and transportation cost, change in fuel prices which may significantly affect transportation costs, and changes in government policies including duties and taxes and trade restrictions. In addition, competition in the industry may result in increase in prices of raw materials, which we may not be able to match, thereby affecting our procurement. Further, the supply of raw coal, pet coke and raw material could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophes, spread of infectious diseases, such as the COVID-19 pandemic or raw material supply disruptions, including by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017. Subsequently, the Supreme Court *vide* its order dated July 26, 2018 has imposed limited import of pet coke throughout India and has clarified that such import of pet coke should be permitted only in those industries where pet coke is used as a feedstock or in the manufacturing process, and not as a fuel.

Such industries being cement, lime kiln, calcium carbide and gasification, where the pet coke and furnace oil gets absorbed along with product in the manufacturing process. Raw petroleum coke in calcined pet coke units has been allowed with condition of 90% recovery of sulphur dioxide emission. State and central governments have been instructed by the Supreme Court to enforce policies regarding the use of pet coke and furnace oil in line with the Supreme Court of India orders passed on October 24, 2017. We, therefore, cannot predict whether such a ban on pet coke may be implemented in the future. Although there was no impact of the Supreme Court order on our operations, there can be no assurance that any such ban on pet coke in the future will not affect our production volumes, business, profitability and results of operations. In Fiscals 2019, 2020 and 2021, pet coke consumption accounted for 0.20%, 23.22% and 9.50%, respectively, of our total coal and pet coke consumption. In addition, although we have not faced significant disruptions in the procurement of raw materials in the past, on account of the operating restrictions/ lockdown consequent to outbreak of COVID-19 pandemic temporarily affected our ability to source raw materials, coal and petcoke from certain vendors, located both internationally and domestically, who were unable to transport raw materials to us, in the months of March and April 2020. Any such ban on import or use of pet coke may therefore affect our production volumes, as well as profitability. Further, in the past, several states such as Uttar Pradesh, Bihar and Rajasthan have imposed a ban on sand mining resulting in decrease in the demand and price for cement.

The pricing of coal under our supply arrangements is directly linked to market prices and accordingly we bear the risk of coal price fluctuations. We cannot predict future price trends for coal, or the degree of any volatility. We are subject to fluctuations in the quantity and quality of the lignite mined by third parties. In the past, there have been instances where the lignite made available was insufficient, while we were able to supplement our requirements with imported coal, we cannot assure you that such disruptions in supply of our raw materials or fuels, as the case may be, will not take place or that we will be able to anticipate shortfalls in time to compensate with other sources in every instance. Further, as majority of our annual coal requirement is sourced from coal mines located outside of India, we are exposed to the risk of increases in freight rates. There can be no assurance that any future increases in our cost of power and fuel will be able to be passed on to our customers.

In addition, other than our agreements with The Singareni Colliery Company Limited for the supply of coal, which we typically enter for a period of five years, we do not have and do not intend to enter into long or medium-term contracts with any of our coal/ pet coke or gypsum or slag suppliers since we typically place orders with them on the basis of our anticipated requirements. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw material that we require and we may be unable to pass these costs onto our customers and which could negatively affect the overall profitability and financial performance of our business. If we are unable to obtain adequate supplies of coal and raw materials (such as gypsum, slag and fly ash) or power and fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

3. *Our proposed capacity expansion plans relating to our facilities are subject to the risk of unanticipated delays and cost overruns.*

We have made and intend to continue making investments to expand the capacity of our existing facilities and establish additional manufacturing facilities, grinding units and packing terminals. For further information, see “*Our Business - Our Strategies*” and “*Our Business - Expansion Plans*” on pages 160 and 171, respectively. Although we have implemented capacity addition plans in the past, our expansion plans remain subject to the potential problems and uncertainties that construction projects face. Problems that could adversely affect our expansion plans include delays in completion, cost overruns, labour shortages, increased costs of equipment or manpower, delays in procurement of equipment and machinery, inadequate performance of the equipment and machinery installed in our facilities, defects in design or construction, operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic and the possibility of unanticipated future regulatory restrictions. We cannot assure you that the proposed capacity additions and process improvements will be completed as planned or as scheduled. Further, we are yet to place orders for the plant and machinery for our proposed facilities in north India as well as for the capital expenditure we propose to undertake in respect of the expansion of the Krishnapatnam Line II project and the Tandur and Talaricheruvu waste heat recovery (“WHR”) unit through the utilization of certain portion of the Net Proceeds. For further information, see “*Objects of the Offer*” and “*- We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements*” on pages 101 and 30, respectively. In addition, capacity expansion plans may even result in our capacity utilization rates not increasing at the desired rate. If our actual capital expenditures significantly exceed our budgets, which may due to various factors beyond our control, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects.

4. *We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating.*

As of March 31, 2021, our total indebtedness was ₹ 13,519.46 million (with long-term borrowings (including current maturity) of ₹ 11,184.55 million and short-term borrowings of ₹ 2,334.90 million). We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings, which contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure, further issuance of any shares, effecting any scheme of amalgamation or reconstitution, restructuring or

changing the management, dilution of Promoters' shareholding, making corporate investments and change in constitution of the Board of Directors. Some of our lenders are also entitled to a right of first refusal in case of any further equity or debt raising mandates. For instance, YES Bank Limited has the right to appoint nominee director on the board of our Company. While the lenders have not exercised these rights, they may do so in the future. Further, in terms of security, we are required to create a charge on all our fixed and current assets, mortgage over our immovable properties and hypothecation of our movable properties. Further, our Promoters are required to provide guarantees and create security over their shareholding in our Company. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. For the purpose of the Offer, our Company has obtained necessary consents from our lenders as required under the relevant borrowing arrangements for undertaking activities relating to the Offer.

Our Company has also provided a letter of comfort to YES Bank Limited in respect of loan of ₹ 4,000.00 million sanctioned to certain companies, namely Pioneer Power Limited, Pioneer Genco Limited and Pioneer Power Corporation Limited, and as of March 31, 2021, the amount outstanding in respect of such loan was ₹ 3,688.90 million. Our Company has also provided a letter of support in respect of our Subsidiary, Singha Cement (Private) Limited, as required under the local laws of Sri Lanka. In the event that these entities are unable to honour their repayment obligations, our Company will be liable for the same. In addition, as of March 31, 2021, outstanding indebtedness amounting to ₹ 12,617.79 million was on floating rate of interest. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. In addition, lenders under our credit facility could foreclose on and sell our assets if we default under our credit facilities. For further information, see "*Financial Indebtedness*" on page 307.

In addition, we also have an unsecured loan of ₹850.30 million in the nature of sales tax deferment. Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or guarantors or otherwise cured could lead to a termination of our credit facilities, acceleration of all amounts due under such facilities or trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans.

5. *Our Promoter, P. Prathap Reddy has provided personal guarantees for loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoter, which may impact our Promoter's ability to effectively service its obligations as our Promoter and thereby, adversely impact our business and operations.*

As of March 31, 2021, all of our secured long-term borrowings except borrowings from SREI Equipment Finance Limited, ICICI Bank Limited, YES Bank Limited (GC2 and FITL on GC2), are further secured by spring lien pledge of 30% equity shares of our Company held by our Promoters and the personal guarantee of P. Prathap Reddy, Chairman and Managing Director of our Company. As of March 31, 2021, outstanding amounts from credit facilities personally guaranteed by our Promoter, P. Prathap Reddy, amounted to ₹ 10,274.93 million (net of Ind AS adjustments of ₹ 168.57 million), which constituted 76.00% of our indebtedness as on such date.

Any default or failure by us to repay our loans in a timely manner or at all could trigger repayment obligations on the part of P. Prathap Reddy in respect of such loans. This, in turn, could have an impact on their ability to effectively service their obligations as Promoter of our Company or cause a dilution of our Promoter's shareholding, thereby having an adverse effect on our business, results of operation and financial condition. Further, in the event that P. Prathap Reddy withdraws or terminates the guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our business prospects, financial condition, results of operations and cash flows.

6. *Our Promoters have pledged their Equity Shares and entered into agreement for the pledge of shares with certain lenders. Any exercise of such pledge by the lender or enforcement of such pledge could dilute the shareholding of these Promoters, which may adversely affect our business and future prospects.*

As on the date of this Draft Red Herring Prospectus, 68,238,000 Equity Shares, which represents 51.00% of the issued and paid up Equity Share capital of our Company, which is held by P. Prathap Reddy in his capacity as the Managing Partner of Pioneer Builders have been encumbered pursuant to a non-disposal undertaking by P. Prathap Reddy in his capacity as Managing Partner of Pioneer Builders in favour of IDBI Trusteeship Services Limited in relation to a loan availed by our Company from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited. Further, (i) 8,028,000 Equity Shares constituting 6.00% of the pre-Offer capital of our Company, held by our Promoter, P Prathap Reddy and (ii) 5,352,000 Equity Shares constituting 4.00% of the pre-Offer capital of our Company, held by P. Prathap Reddy, in his capacity as Managing Partner, Pioneer Builders has been pledged in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Pioneer Power Corporation Limited and Promoter Group entity, Pioneer Power Limited from YES Bank Limited.

Additionally, P. Prathap Reddy, in his capacity as Managing Partner of Pioneer Builders has entered into an agreement to pledge with IDBI Trusteeship Services Limited pursuant to which it has agreed to a spring lien pledge over such number of Equity Shares aggregating 30% of the issued and paid up capital of our Company in relation to loans availed by our Company from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited (“**Lenders**”). The pledge will only become effective upon the occurrence of an event of default as prescribed under the terms of the loan agreement entered into with the Lenders. Any default by the Company, under the respective borrowing arrangements pursuant to which these Equity Shares have been pledged, will entitle the lender to enforce such pledge. Moreover, the Debt Recovery Tribunal-II, Hyderabad (“**DRT-II Hyderabad**”), has directed our Promoter, P. Prathap Reddy, in his capacity as the personal guarantor to the loan availed by Anrak Aluminium Limited, a company forming part of our Promoter Group and a Group Company, to deposit 56,07,000 Equity Shares held by him, before the DRT-II Hyderabad, pending disposal of the matter O.A. 224 of 2020 (the “**DRT Case**”). In case the lender chooses to invoke the pledge, or if there is an adverse decision in the DRT Case, the aggregate shareholding of our Promoters in our Company will be reduced and may also result in the price of the Equity Shares being adversely affected. For further details in relation to the DRT Case, see “*Outstanding Litigation And Material Developments – Litigation Involving our Promoters – Civil Litigation*” on page 317. For details in respect of encumbrances created on the Promoters’ shareholding, see “*Capital Structure*” on page 70, and for guarantees given by our Promoter, P. Prathap Reddy to third parties, see “*Our Promoters and Promoter Group - Material guarantees given by our Promoters to third parties with respect to specified securities of our Company*” on page 210.

7. We operate in a highly competitive environment which could have an adverse effect on our business, results of operations, financial condition and future prospects.

The Indian cement industry is highly fragmented with a presence of few large players and several medium and small players. Regional cement players include Nuvoco Visatas, India Cement, JK Cement, JK Lakshmi Cement, Ramco Cement, Star Cement and Sanghi Cement. Pan-India (multi-regional players) include UltraTech Cement, Ambuja Cement, ACC Limited, Shree Cement and Dalmia Cement. (*Source: CRISIL Report*) We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies.

Our competitors include large companies that have over a period of time acquired certain local interests as part of their strategy. These competitors may limit our opportunity to increase our market share and may compete with us on pricing of products. Some of our competitors may be larger than we are, some may be diversified with operations across India, may have greater financial resources, technology, research and development capability, than we do and may have access to a cheaper cost of capital and may be able to produce cement more efficiently or to invest larger amounts of capital into their businesses. Our business could be adversely affected if we are unable to compete with our competitors and sell cement at comparable prices. For example, if any of our competitors develop more efficient facilities, enabling them to produce cement and clinker at a significantly lower cost and sell at lower prices than us, we may be required to lower the prices of our products to match the comparable rates in the market and our business and results of operations could be adversely impacted. Our competitors may also introduce new and more competitive products and strong supply chain management, make strategic acquisitions or establish relationships among themselves or with third parties, including dealers/ distributors of our products, thereby increasing their ability to address the needs of our target customers. If we cannot effectively compete in pricing, provide competitive products or services or expand into new markets, this could have a material negative effect on our business, financial condition and prospects of the Company.

8. The cement industry is capital intensive, and we may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows.

The cement industry is capital intensive. We require a substantial amount of capital to build our facilities, purchase equipment and develop and implement new technologies in our new and existing facilities. In Fiscals 2019, 2020 and 2021, our additions to fixed assets were ₹ 3,146.75 million, ₹ 524.80 million, and ₹ 7,634.50 million, respectively, representing 14.59%, 2.42% and 30.83% of our revenue from operations, in such periods, respectively. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, spread of infectious diseases, such as the COVID-19 pandemic, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

9. Our business is dependent upon our ability to mine/ procure sufficient limestone for our operations. If we are unable to mine/ procure sufficient limestone or our rights are revoked or not renewed, or significant restrictions on the usage of the rights are imposed or we are required to pay substantially higher royalties, it could have an adverse impact on our business, financial condition and results of operations.

Limestone is the principle raw material for cement manufacturing process which we directly source from our mines situated at Andhra Pradesh and Telangana. We have mining leases of five limestone mines in Andhra Pradesh, two limestone mines in Telangana and four limestone mines in Rajasthan. We are required to obtain a lease from the relevant state government in order to mine the limestone deposits and have, accordingly, obtained long-term leases to mine limestone from these mines. The lease period for our mines are typically 50 years in accordance with the current provisions of the Mines and Minerals (Regulation and Development) Act, 1957 (“**MMDR**”), as amended, and the Mineral (Other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 1960. The lease granted after 2015 shall be of 50 years and leases granted before 2015 shall be deemed to be granted for 50 years and shall be put on auction after expiry of lease period with right of first refusal granted to the holder of the mining lease granted for captive purposes. In addition, in terms of the recent amendments to the MMDR Act, all mining leases shall undertake mining operations such as production and dispatch within a period of two years and by a further period not exceeding one year, with effect from March 28, 2021.

Mining rights are subject to compliance with certain terms and conditions and are also governed by the relevant state authorities and accordingly, any change in state policy would impact the operations of the relevant mine. Further, the Government of India has the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalties payable for mining the mines. Such royalties have been reviewed by the Government of India periodically and increased from time to time. In case of increase of rate of royalty for mining of lime stone, our cost of production will also increase to that extent. There can be no assurance that we will be able to retain such leasehold rights on acceptable terms, or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably. Moreover, entering into new license or mining lease contracts or extending existing license or mining lease contracts is time-consuming and requires the review and approval of several government authorities. In addition, we have also obtained the letter of intent for the one limestone mine in Andhra Pradesh. For further details of our mining leases, see “*Our Business – Raw Materials – Limestone*” on page 173. However, until we obtain the mining leases, there can be no assurance that we will in fact be granted these limestone mines. There can also be no assurance that if we were to be granted these limestone mines, that such limestone mines will not be subject to other conditions that may not be acceptable to us, or that we will be able to meet such conditions specified by the mining leases, within time, or at all.

State governments also have the right of pre-emption with respect to the minerals lying in or upon the lands in relation to which the mining leases have been granted to us. Under the MMDR Act, we have the right of first refusal in relation to renewal of the mining leases used for captive purposes, however there can also be no assurance that we will be able to retain such mining leasehold rights on acceptable terms, or meet the price discovered through auction bidding or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably or otherwise due to change in law we may no longer have right of first refusal at all. Although we believe that our mining rights are sufficient to meet our current and anticipated levels of production, in case such rights are revoked or our mining leases have expired and have been not renewed upon expiration or renewed via auction at a higher price, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our plants situated in close proximity to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

Further, our licenses or mining lease contracts contain various obligations and restrictions, including the requirement for commencing operations within a specified period from the date of execution of the lease. If we breach these obligations, we may suffer adverse consequences, such as penalties and/ or termination of our license or mining lease contracts. Our mining leases for Kolimigundla Mandal, Kurnool District, Andhra Pradesh, Tandur Mandal, Ranga Reddy District, Telangana and Tadipatri Mandal, Andhra Pradesh have been cancelled in the past due to our failure to comply with the conditions stipulated by the Director of Mines and Geology Department, Andhra Pradesh. We have filed two writ petition and one revision petition, challenging the said cancellation, which are currently pending before the High Court of Judicature at Hyderabad and the Ministry of Mines, Government of India, respectively. For further details, see “*Outstanding Litigation and Other Material Developments – Litigation by our Company – Civil Litigation*” on page 313. In addition, changing circumstances may require us to amend these licenses or mining lease contracts. In addition, we had been issued a letter of intent in relation to Kowlapalli limestone mine on June 29, 2018, however, subsequently, the Hyderabad Regional Office of the Indian Bureau of Mines issued a letter dated April 1, 2021 stating that on account of the Mines and Mineral (Development and Regulation) Amendment Act, 2021 dated March 28, 2021 (“**MMDR Amendment Act**”), our Company’ right to obtain mining lease in relation to the Kowlapalli limestone mine has lapsed and accordingly, our letter of intent was rejected in accordance with Section 10A of the MMDR Amendment Act. There can be no assurance that the relevant Indian regulatory authorities will agree to future amendments of our obligations. The loss of our license or mining lease contracts would have a material adverse effect on our business, financial condition, results of operations and profits.

10. The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past and the extent to which it will impact our future business and results of operations will depend on future developments, which are difficult to predict.

The World Health Organization declared the novel coronavirus disease (“COVID-19”) outbreak a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020. The rapid and diffused spread of COVID-19 and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity and growth. Resurgence of the virus or a variant of the virus that causes a rapid increase in cases and deaths, if measures taken by governments fail or if vaccinations are not administered as planned, may cause significant economic disruption in India and in the rest of the world. In addition, while the Government of India in coordination with the state governments have started the bulk immunization process or vaccination drive, achieving a complete vaccination scale may take significant amount of time and there is also no assurance that the vaccines that are developed will be fully effective.

On March 14, 2020, India declared COVID-19 as a ‘notified disaster’ and imposed a nationwide lockdown announced on March 24, 2020. Subsequently, progressive relaxations were granted for movement of goods and people and cautious re-opening of businesses and offices. State Governments in India also announced state level lockdowns. In compliance with the lockdown orders/ operating restrictions imposed on account of COVID-19 the Governments of the states where our facilities are located, we temporarily closed our manufacturing facilities, grinding units and packing terminals. We gradually re-opened our manufacturing facilities, grinding units and packing terminals in compliance with state level directives over the months of April and May 2020. By May 7, 2020, all our manufacturing facilities, grinding units and packing terminals were operational, subject to certain adjustments in working patterns, social distancing measures and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. During the period that our facilities were closed, our manufacturing operations were impeded, and we also faced disruptions in selling our manufactured products due to movement restrictions, which adversely affected our sales volumes and revenues. The COVID-19 pandemic resulted in some disruptions in the supply of raw materials from our domestic and international suppliers during the months of March, and April 2020. We also experienced disruptions in supply chain and inventory management, as well as delays in orders, payments and collections. In addition, we faced disruptions in relation to raw materials for packing as well as in availability of trucks for transportation of our raw materials and products on account of COVID-19 pandemic. Further, even during the period our facilities were not operating due to the lockdown restrictions, we continued to incur fixed and semi-variable costs, including paying salaries to our employees and contract labour as well as incurring costs towards equipment hire and rentals, which adversely affected our profitability and margins. We continue to closely monitor the impact that COVID-19 may have on our business and results of operations. Adverse effects of the COVID-19 pandemic may also significantly increase the effect of the aforementioned factors affecting our results of operations.

The COVID-19 pandemic could also impact the sales, volumes and prices of our products by, amongst others, (i) shutdown in operations in the real estate industry which could result in lower construction activity and lower demand for cement products; (ii) decrease in residential construction activity due to lower household disposable income driven by heightened uncertainty and higher unemployment rates; (iii) delays in infrastructure projects; and (iv) our customers, service providers or suppliers experiencing financial distress, file for bankruptcy protection or insolvency, or suffer disruptions in their businesses. In particular, due to the operating restrictions/ lockdown imposed by the Government of India on account of the COVID-19 pandemic, demand for our products was severely impacted for a part of Fiscal 2020 and the nine months ended December 31, 2020, particularly for the quarter ended June 30, 2020. Although we have observed an increase in market demand as lockdown measures are gradually lifted, there is no assurance that our cement sales will rebound to pre-pandemic levels.

The extent to which the COVID-19 impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. Further, our Statutory Auditors have in their reports to the audited consolidated financial statements for the financial years ended March 31, 2020 and 2021 have included an emphasis of matter on impact of the COVID-19 pandemic on our operations.

As of the date of this Draft Red Herring Prospectus, there is significant uncertainty relating to the severity of long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

11. We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements.

We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements which includes, *inter alia*, purchase of electrical equipment, and plant and machinery etc. We have estimated the total cost of such capital expenditure to be ₹ 5,309.31 million (of which ₹ 704.88 million has already been incurred). We are yet to place orders for the total capital expenditure of ₹ 4,442.18 million, which is 83.67 % of the capital expenditure. We have not entered into any definitive agreements to utilize the Net Proceeds for this object of the Offer and have relied on the quotations received from third parties for estimation of the cost. While we have obtained the quotations from various vendors in relation to such capital expenditure, most of these quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. For details, see “*Objects of the Offer*” at page 101.

12. There are outstanding criminal, regulatory/statutory, tax and material civil proceedings involving our Company, Subsidiaries, Directors, Group Companies and Promoters, including investigations by the CBI and the Enforcement Directorate against our Promoter and Chairman and Managing Director, P. Prathap Reddy. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.

There are outstanding criminal, regulatory/statutory, tax and material civil legal proceedings involving our Company, Subsidiaries, Directors, Group Companies and Promoters, which are pending at varying levels of adjudication at different fora.

A summary of outstanding litigation proceedings involving our Company, Subsidiaries, Promoters, Directors and Group Companies, as disclosed in “*Outstanding Litigation and Material Developments*” on page 310, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated April 15, 2021, as of the date of this Draft Red Herring Prospectus is provided below:

(in ₹ million)

Nature of cases	Number of cases	Total amount involved [^]
Litigation involving our Company		
<i>Against our Company</i>		
Material civil litigation proceedings	Nil	Nil
Criminal cases	5	Not quantifiable
Action taken by statutory and regulatory authorities	3	Not quantifiable
Taxation cases	36	723.28
<i>By our Company</i>		
Material civil cases	14	84.90
Criminal cases*	123	96.64
Litigation involving our Subsidiaries		
<i>Against our Subsidiaries</i>		
Material civil litigation proceedings	1	Not quantifiable
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil
Taxation cases	Nil	Nil
<i>By our Subsidiaries</i>		
Material civil cases	Nil	Nil
Criminal cases	Nil	Nil
Litigation involving our Directors		
<i>Against our Directors</i>		
Material civil cases	1	778.40
Criminal cases	5	Not quantifiable
Action taken by statutory and regulatory authorities	2	Not quantifiable
Taxation cases	1	1.37
<i>By our Directors</i>		
Material civil cases	2	Not quantifiable
Criminal cases	1	Not quantifiable
Litigation involving our Promoters		
<i>Against our Promoters</i>		
Material civil cases	1	778.40
Criminal cases	3	Not quantifiable
Action taken by statutory and regulatory authorities	2	Not quantifiable
Taxation cases	1	1.37
<i>By our Promoters</i>		
Material civil cases	Nil	Nil

Nature of cases	Number of cases	Total amount involved [^]
Criminal cases	1	Not quantifiable
Litigation involving our Group Companies		
<i>Against our Group Companies</i>		
Material civil cases	Nil	Nil
Criminal cases	4	Not quantifiable
Action taken by statutory and regulatory authorities	Nil	Nil
Taxation cases	Nil	Nil
<i>By our Group Companies</i>		
Material civil cases	Nil	Nil
Criminal cases	Nil	Nil

[^]To the extent ascertainable

*Out of the 123 criminal cases involving the Company, 121 matters are cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

For further details, see “*Outstanding Litigation and Other Material Developments*” beginning on page 310.

There can be no assurance that these legal proceedings will be decided in our favor. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

13. We have limited experience in port based logistics, which is subject to the risk of accidents and rough weather on the high seas which could adversely affect our business.

Our venture into port based logistics infrastructure and distribution system is relatively new and accordingly, we have limited experience in undertaking shipment of cement by sea. We cannot assure that we will be successful in effectively implementing infrastructure and transportation of cement by sea or that such logistics operations would help in reducing our overall transportation costs.

Our access to coastal markets and the related cost benefits over distribution by road are dependent on the operation of our port based logistics infrastructure and distribution system and any disruption in this system could have a cascading effect on our distribution capabilities and diminish our timely delivery guarantees. We do not have control over the commercial ports where Krishnapatnam grinding unit and packing terminals are located, namely, Cochin, Gopalpur, Karaikal and Colombo. Our ability to move product and maintain inventory could be disrupted by congestion at the port or on account of any failure on the part of the port operator.

Logistics cost (specifically related to transportation through road, rail and sea) is the largest cost component and accounted for 28% to 30% of the total operating cost for cement manufacturing during Fiscal 2017 and Fiscal 2020. Currently, a major portion of cement is transported through road and rail. The sea route provides the highest cost advantage for transporting cement at ₹ 0.7 to ₹ 1.0 per tonne per km and acts as a cost advantage specifically for coast-based manufacturers. This has resulted in increasing attractiveness towards sea based transportation for coastal based plants in the recent times. In comparison, the average transportation cost through rail and road was ₹ 1.4 to ₹ 1.6 per tonne per kilometer and ₹ 3.2 to ₹ 3.4 per tonne per kilometer, depending upon the distance. (Source: CRISIL Report) However, transportation of cement by sea also exposes us to factors that are beyond our control such as cyclonic weather, where we are forced to reduce loads to compensate for rough seas which in turn could result in an unanticipated increase in the cost of delivery. We cannot guarantee that any damage to ships operated by us will be repaired in time or at all thus adversely affecting our ability to deliver in bulk and put us at risk of breaching delivery guarantees. Accordingly, the occurrence of any of these events could have an adverse effect on our ability to deliver in our products bulk, on our volume of sales and related costs and as a result, on our business, financial condition and results of operations.

14. We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.

As of March 31, 2021, our contingent liabilities that have not been provided for were as follows:

Particulars	Amount
	(₹ million)
(a) Contingent liabilities/ claims not provided for	
(i) In respect of bank guarantees	474.70
(ii) In respect of inland letter of credits	20.34
(iii) In respect of foreign letter of credits	531.04
(iv) In respect of unexecuted capital contracts	556.59
(b) Claims against the Group not acknowledged as debt:*	
(i) Sales tax disputes in various legal forum	10.83
(ii) Excise duty/ service tax/ customs disputes in various legal forum	591.73
(iii) Income tax (disputes in various legal forum)	87.10

Particulars	Amount
	(₹ million)
(iv) Disputes in respect of purchase of power / coal (disputes in various court ₹ 376.42 million (previous year ₹ 376.42 million))	676.70
(v) Others (entry tax and land disputes) in various legal forum	13.11
<i>*Net of amounts paid under protest</i>	

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. For further information on our contingent liabilities, see “Financial Statements - Note 30 – Contingent Liabilities” on page 257. As of March 31, 2021, our contingent liabilities (to the extent not provided for) accounted for 25.60% of our net worth (excluding fair valuation reserve, foreign exchange fluctuation reserve and amalgamation reserve).

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

15. Some of our Group Companies have incurred losses in the preceding fiscals. We cannot assure you that these companies or any of our other Group Companies will not incur losses in the future, or that there will not be an adverse effect on our reputation or business as a result of such losses.

Some of our Group Companies have incurred losses during the precedent fiscals, as set out below:

Name of the Group Companies	Profit/(Loss) after tax		
	Fiscal 2020	Fiscal 2019	Fiscal 2018
	(₹ million)		
Parasakti Cement Industries Limited	(41.71)	0.34	108.18
Pioneer Power Corporation Limited	39.61	(11.17)	6.83
Pioneer Genco Limited	110.38	30.48	(29.96)
Penna Shipping Limited	(47.96)	(5.70)	(0.09)
Anrak Aluminium Limited	(707.64)	(596.76)	(758.96)
PCIL Power & Holdings Limited	(14.35)	(34.60)	(62.72)
Pioneer Holiday Resorts Limited	0.28	(0.41)	0.39
P R Energy Holding Limited	19.16	18.95	(3.89)

There is no assurance that these companies or any other ventures promoted by our Promoters will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses.

16. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.

The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated.

Particulars	Fiscal		
	2021	2020	2019
	(₹ million)		
Net cash flows from operating activities	5,627.96	2,775.42	2,551.96
Net cash flows used in investing activities	(1,303.86)	(387.98)	(3,439.18)
Net cash flows from/ (used in) financing activities	(3,227.84)	(3,014.80)	1,269.91
Net increase/(decrease) in cash and cash equivalents	1,096.26	(627.36)	382.70
Cash and cash equivalents at the end of the year	1,152.42	56.25	648.83

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 283.

17. We will continue to depend on our distribution network for the sale and distribution of our products. Any disruption in our distribution network including disruptions in supply and transport of inputs and finished products will adversely affect our business and results of operations.

Currently, we sell our cement primarily in south India particularly in Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry, Telangana and Kerala as well as in west India in Maharashtra and Goa, and east India in West Bengal and Odisha. In the trade segment (which typically includes retail customers and wholesale customers including dealers and distributors), we distribute our products through our dealer network, which comprised 3,310 dealers and distributors, as of March 31, 2021. In addition, our agents and distributors also engage a number of stockists, other distributors and sub-distributors who distribute our products to a number of retail outlets. Further, we have devised phased expansion plans in across the different regions in India.

For further information on our proposed expansion plans, see “*Our Business – Strategies*” and “*Our Business - Expansion Plans*” on pages 160 and 171, respectively. Our future growth also depends on expanding our sales and distribution network to enter new markets, through different sales and distribution channels. As a result, we rely and will continue to rely to a significant extent on the relationships we have with our dealers and agents. Further, as our authorized dealers have day-to-day contact with customers, we are exposed to the risk of our dealers failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect our customers’ perception of our brand and products. If our competitors provide better commissions or incentives to our dealers and agents, it could result in them favoring the products of other cement manufacturers including our direct competitors.

The production of cement is dependent on a steady supply of various raw materials and delivery of cement as the finished product. Our suppliers either deliver our raw materials and coal directly to us or we are required to collect the coal from our suppliers, depending on the contract terms, at our own costs. Our raw materials are transported to our facilities and cement is transported to our customers by ship, road and rail transport. Transport of our raw materials and finished products is subject to various factors beyond our control, including poor infrastructure, accidents, adverse weather conditions, strikes and civil unrest, which may adversely affect our business and results of operations. In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks being written-off. In Fiscals 2019, 2020 and 2021, we wrote-off ₹ 0.28 million, ₹ 0.20 million and ₹ 0.18 million worth of stock, respectively. Similarly, our cement is sold in bags, which may be subject to wear and tear during transport, resulting in stocks being written-off. Although we have not encountered any significant disruption to the supply and transportation of raw materials and finished products in the past, on account of the operating restrictions/ lockdown consequent to outbreak of COVID-19 pandemic temporarily affected our ability to supply and transport our raw materials and finished products in the months of March and April 2020. There can be no assurance that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. Transportation strikes have had in the past, and could have in the future, an adverse effect on our Company’s receipt of supplies and its ability to deliver its products. In addition, transportation costs have been steadily increasing. Any significant disruption in the distribution network could have a significant impact on our business and results of operations.

18. *We have and may continue to enter into related party transactions in the future in the ordinary course of our business on an arm’s length basis.*

We have entered into transactions on an “arm’s length basis” with related parties, including our Promoters, relatives of our Promoters, parties having significant influence and associate companies in Fiscals 2019, 2020 and 2021 and may continue to enter, into such related parties transactions in the future in the ordinary course of our business on an arm’s length basis. In particular, we have entered into various transactions with Pioneer Builders Limited in relation to, amongst others, the sale of products, investments, advances, freight charges, services received and other payables. Such related party transactions may potentially involve conflicts of interest.

In Fiscals 2019, 2020 and 2021, the aggregate amount of such related party transactions was ₹ 1,458.32 million, ₹ 3,096.23 million and ₹ 6,120.41 million, respectively. The percentage of the aggregate value such related party transactions to our revenue from operations in Fiscals 2019, 2020 and 2021 was 6.76%, 14.28% and 24.71%, respectively. For further information on our related party transactions, see “*Financial Statements - Related Party Transactions*” on page 259. While we have entered into transactions with related parties on an arm’s length basis in Fiscals 2019, 2020 and 2021, we cannot assure you that any related party transaction in the future, individually or in the aggregate, will always have a positive effect on our business, results of operations, cash flows and financial condition.

19. *After the completion of the Offer, our Promoters along with the Promoter Group will continue to collectively hold substantial shareholding in our Company.*

Our Promoters and members of the Promoter Group held 98.04% of the share capital of our Company, for details of their shareholding pre and post Offer, see “*Capital Structure*” on page 70. After the completion of the Offer, our Promoters along with the Promoter Group will continue to collectively hold substantial shareholding in our Company. Our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders’ approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. Further, some of our lenders require that our Promoters, provide personal guarantees or pledge their Equity Shares in order to secure debt availed by us. We cannot assure that our Promoters will be amenable to provide such security in future. The interests of the Promoters as our controlling shareholder could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

20. *Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders’ approval.*

We propose to utilise the Net Proceeds for repayment or prepayment of certain borrowings availed by our Company and for general corporate purposes. For further details of the proposed objects of the Offer, see “*Objects of the Offer*” on page 101. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 13(8) and 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds without obtaining the shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders’ approval may adversely affect our business or operations.

Further, our Promoters would be required to provide an exit opportunity to Shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders may deter the Promoters from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

21. The limestone reserve data and reserve life in this Draft Red Herring Prospectus is only an estimate and our actual production with respect to our reserves may differ from such estimate along with our reserve life which could be lower than such estimate which could affect our financial condition and results of operations adversely.

The limestone reserve data given in this Draft Red Herring Prospectus are based on various estimates of our management that have been taken into account by K. Surya Narayana Murthy, an independent chartered engineer. The independent chartered engineer has verified and certified the limestone reserve data and reserve life based on the information, representations and explanations provided by the Company, the review of the various documents related to the limestone mines provided by the Company and reserve details approved by the Indian Bureau of Mines, Ministry of Mines, Government of India (“IBM”). The limestone residual reserves as of March 31, 2021 has been computed by the independent chartered engineer by taking into account the reserves as per the last IBM approved mining plan and subtracting the annual consumption of limestone by the Company which has been calculated based on *inter alia* the royalties paid by the Company to the Department of Mines and Geology of the relevant state Government. For further details of our mining leases, see “*Our Business – Raw Materials – Limestone*” on page 173.

Our Company’s actual production and consumption with respect to its reserves may differ from such estimate. There are numerous uncertainties inherent in estimating quantities of our limestone reserves, including many factors beyond our control. In general, estimates of limestone reserves are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, historical production performance from the properties, the quality and quantity of technical and economic data, extensive engineering judgments, the assumed effects of regulation by government agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. Therefore, actual limestone reserves may vary significantly from such estimates. To the extent actual reserves are significantly less than the estimates, the residual reserve life our limestone mines will be reduced and our financial condition and results of operations are likely to be materially and adversely impacted. While these estimates are based on detailed studies conducted by independent experts, there can be no assurance that these estimates would not be materially different from estimates prepared in accordance with recognized international method or norms.

22. We typically do not have long term agreements with our customers which would have a material adverse effect on our business, results of operations and financial condition.

We distribute and sell our cement products either directly to the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations) and the trade segment (which typically includes retail customers and wholesale customers including dealers and distributors). In Fiscals 2019, 2020 and 2021, sales to the trade segment were 54.22%, 53.45% and 51.04%, respectively, of our total gross revenue from cement sales in such period while sales to the non-trade segment were 45.78%, 46.55% and 48.96%, respectively, of our total gross revenue from cement sales in such period. Though we have had repeat orders from customers and have developed long term relationships with certain customers, we do not typically enter into long term contracts with our customers. In the absence of long-term contracts, we cannot assure you that our existing customers will continue to purchase our products and that we will

be able to continue to enter into contracts with customers which would have a material adverse effect on our business, results of operations and financial condition. We are also exposed to risks of lower volume or lower price realization on such volumes depending on prevailing market conditions. The orders placed by our customers are dependent on factors such as customer satisfaction in terms of consistency of supply, quality and our standing in price comparisons, timely delivery of product, the demand for quality of product and price comparisons with other brands, amongst others. Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction with the customers, any change in the buying pattern of customers can adversely affect our business and financial condition.

23. *Our existing operations and revenues are majorly concentrated in the southern region of India and the inability to retain and grow our business in this region or diversify our business may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.*

Although through our phased expansion plans, we believe we will be able to establish presence across all the regions of India and become a pan-India player, our present operations and revenues are concentrated in the southern region, particularly in the states of Andhra Pradesh, Karnataka, Goa, Tamil Nadu, Pondicherry, Telangana and Kerala. For further information on our proposed expansion plans, see “*Our Business – Strategies*” and “*Our Business - Expansion Plans*” on pages 160 and 171, respectively.

In Fiscals 2019, 2020 and 2021, gross cement revenue from southern region of India (comprising Andhra Pradesh, Karnataka, Goa, Kerala, Tamil Nadu, Pondicherry and Telangana) accounted for 86.24%, 77.27% and 79.56%, respectively, of our total gross cement revenue. Any materially adverse social, political or economic development, natural calamities, civil disruptions, changes in the policies of the state or local governments in this region or operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic, could adversely affect manufacturing activities at our facilities, and require a modification of our business strategy, or require us to incur significant capital expenditure. Any such adverse development affecting continuing operations at our facilities could result in significant loss from inability to meet customer contracts and production schedules and could materially affect our business reputation within the industry. We cannot assure you that there will not be any significant disruptions in our operations in the future. In addition, the concentration of number of cement manufacturing companies in South India reduces the amount of revenues we can generate from the sale of our cement products. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

24. *An inability to effectively manage our growth and expansion may have a material adverse effect on our business prospects and future financial performance.*

We have experienced significant growth over the past three years and we have significantly expanded our operations. Our EBITDA and restated profit for the year have grown at a CAGR of 24.63% and 33.65%, respectively, from Fiscal 2019 to Fiscal 2021. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further, or at the same rate.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth depends, amongst other factors, on increasing/ expanding presence across India, focusing on port based logistics infrastructure and distribution, establishing new facilities, increasing manufacturing capacity, optimizing capacity utilization levels, increasing sales of blended cement, and improving operational efficiency. For further information, see “*Our Business – Strategies*” on page 160. Our ability to achieve growth will be subject to a range of factors, including, ability to identify trends and demands in the industry; competing with existing companies in our markets; continuing to exercise effective quality control; recognition of our brand in the new regions; hiring and training qualified personnel; and ability to transport our finished products efficiently. Many of these factors are beyond our control, such as, operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic, and there can be no assurance that we will succeed in implementing our strategy. Our future growth also depends on expanding our sales and distribution network to enter new markets, through different sales and distribution channels. We face increased risks when we enter new markets in India. We may find it more difficult to hire, train and retain qualified employees. In addition, we may have difficulty in finding reliable suppliers with adequate supplies of raw materials meeting our quality standards and distributors with efficient distribution networks. 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.

Our expansion plans and business growth could strain our managerial, operational and financial resources. For further information on our expansion plans, see “*Our Business - Expansion Plans*” on page 171. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. Our inability to manage our

business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability.

25. *Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.*

All of our existing facilities and grinding units are located in Andhra Pradesh, Telangana, Kerala and Maharashtra. The success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our capacity utilization is also affected by the product requirements of, and procurement practice followed by, our customers. In recent times, we have made significant investments for the expansion of our manufacturing capacities and are continuing to undertake additional investments to increase our existing capacity. In case of oversupply in the industry or lack of demand we may not be able to utilize our expanded capacity efficiently. Our capacity utilization for cement was 53.90%, 52.47% and 54.25% in Fiscals 2019, 2020 and 2021, respectively, and our capacity utilization for clinker was 86.77%, 83.81% and 63.59%, respectively, in the same periods. For further information, see “*Our Business - Capacity and Capacity Utilization*” on page 170. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

26. *We are in the process of expanding our operations and establishing facilities into territories where we do not have a significant presence and prior experience. Any failure to expand into these new regions could adversely affect our sales, financial condition and result of operations.*

In order to meet the growing market demand for cement across south, east, west and north India markets and expand our presence geographically across India, we plan to further expand our manufacturing capabilities through construction of new facilities, including integrated manufacturing facilities and grinding units in Rajasthan, National Capital Region and Punjab, and packing terminal in Kolkata. For further information on our proposed expansion plans, see “*Our Business – Strategies*” and “*Our Business - Expansion Plans*” on pages 160 and 171, respectively. Historically, our sales have been made almost entirely in south India (comprising Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry, Telangana, Kerala and Odisha) and in west India, particularly Maharashtra and Goa. Accordingly, we do not possess the same level of familiarity with the economic condition, consumer base, commercial operations and state specific legal regulations in these new markets such as north and east India and therefore, we will be initially exposed to a degree of risk in realisation and volume of sales.

There can however be no assurance that our expansion plans in these new regions will be successful or that we will be able to expand into these new regions, as our competitors may have more established brands in this segment, more experience in consumer trends and deeper relationship with customers and distribution channels in this region. Further, having limited or no presence in such new markets may lead to lower product pricing due to lack of brand presence and higher expenditure on brand building. We may also find it more difficult to hire, train and retain qualified employees compared to our competitors in this segment. As a result, it may be more expensive for us to manufacture and/or distribute cement products in these new regions and it may take longer to reach expected sales and profit levels than anticipated, which could affect the viability of these operations or our overall profitability. Entering into new markets and regions can be risky and expensive, and we cannot assure you that our products will gain market acceptance or meet the particular tastes or requirements of consumers in these new markets and regions. If we do not successfully establish our reputation and brand image in these new markets and regions, our sales, financial condition and results of operations could be materially and adversely affected.

27. *We depend on limited suppliers for the supply of raw materials, coal and pet coke. The loss of one or more such suppliers could adversely affect our business, results of operations, financial condition and cash flows.*

We currently rely on limited suppliers to provide certain raw materials, including gypsum, fly ash and slag, and coal and pet coke. In Fiscals 2019, 2020 and 2021, top three suppliers of coal and pet coke accounted for 72.86%, 100.00% and 95.43%, respectively, of our total coal and pet coke requirements. The loss of one or more of our significant suppliers or a reduction in the amount of raw materials or coal or pet coke we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability meet our requirements and accordingly result in a significant decrease in our revenues. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials, coal and pet coke. If we experience a significant or prolonged shortage of raw materials or coal or pet coke from any of our suppliers, and we cannot procure the raw materials or coal or pet coke from other sources, we will be unable to meet our production schedules and to ship such products to our customers on time, which will adversely affect our sales and customer relations. Although we have not encountered any significant disruption to the supply of raw materials, coal and pet coke in the past, on account of the operating restrictions/ lockdown consequent to outbreak of COVID-19 pandemic temporarily affected our ability to supply of raw materials, coal and pet coke from our suppliers in the months of March and

April 2020. In addition, we faced disruptions in relation to raw materials for packing as well as in availability of trucks for transportation of our raw materials and products on account of COVID-19 pandemic. In the absence of long-term supply contracts, we cannot assure you that a particular supplier will continue to supply our products in the future. Any change in the supplying pattern of our raw materials, coal and pet coke can adversely affect our business and profits.

28. *Non-compliance with and changes in health, safety and environmental laws and other applicable regulations to our manufacturing operations may adversely affect our business, results of operations and financial condition.*

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water release or discharge, noise levels, storage handling, the management, use, generation, treatment, processing, handling, storage, transport or disposal of hazardous materials, including the management of certain hazardous waste used as a fuel substitute at our cement kiln along with other aspects of our manufacturing operations. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our facilities. For further information, see “*Key Regulations and Policies*” on page 181.

Mining operations (such as renewal and grant of mining leases) are also subject to the provisions of the MMDR Act, the Mines and Minerals (Development and Regulation) Amendment Act, 2015, MMDR (Amendment) Act, 2016, Mines and Mineral (Development and Regulation) Amendment Act, 2021 and the rules issued thereunder such as the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. The recent amendment empowers the GoI to notify the area and conduct auction in cases where the State Governments face difficulty in notifying the areas and conducting auction. This measure ensures auction of mineral blocks on regular basis for continuous supply of minerals. Under the newly amended regime, the GoI shall stipulate a timeline for completion of the auction process. Further, it provides that all the valid rights, approvals, clearances, licences, and the like granted to a lessee regarding a mine shall remain valid even post expiry or termination of lease and that such authorisations shall be transferred and conferred to the successful bidder of the mining lease. The GoI is not only empowered under these legislations to review and revise royalty payments for a particular mineral but is also empowered to introduce new levies. In case of increase of rate of royalty for mining of limestone or the introduction of additional levies, the cost of production will also increase to that extent. For instance, by a 2015 amendment to the MMDR Act and the issuance of the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015, the GoI established District Mineral Foundation and required a percentage contribution of royalty in respect of mining leases to be contributed towards it, which was either 10% or 30% of royalty depending upon whether the mining lease was granted after or prior to January 2015 (it being 30% in our case).

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

29. *The Indian cement industry is cyclical and is affected by a number of factors beyond our control which could affect our business and results of operations adversely. Further, our results of operations are subject to seasonal changes in demand for cement products which can be affected adversely on account of fluctuations in revenues.*

The Indian cement industry is cyclical and seasonal in nature. A number of factors influence supply and demand for cement, including production overcapacity, general economic conditions, in particular activity levels in certain key sectors such as housing and construction, our competitors’ actions, spread of infectious diseases, such as the COVID-19 pandemic, and local, state and central government policies, which in turn affect the prices and margins we and other Indian cement manufacturers can realize. Excess production capacity in the market has been one of the major factors impacting the Indian cement market (*Source: CRISIL Report*). Such excess capacity in cement production has in the past had a direct impact on the price at which we can sell our cement and the margins we realize. The long lead time required to add or expand capacity in the cement industry has also led to supply/demand imbalances (*Source: CRISIL Report*). The long lead time makes it more difficult for Indian cement companies to time the commencement of new facilities at a time when demand out-balances supply (*Source: CRISIL Report*). To the extent it does, our business and results of operations may be materially and adversely impacted.

In addition, our results of operations are subject to seasonal fluctuations. We generally record lower sales volume during the monsoon season when construction activities are generally slow. We generally record higher sales volumes in other periods

when construction activities remain at a relatively stable level. As a result of these seasonal fluctuations, our sales volume and revenue tend to fluctuate. Such fluctuations in our sales volumes and accordingly, our revenues, profitability and EBITDA may also cause our share price to fluctuate significantly, and the price of our Equity Shares may decline.

30. *We are reliant on the demand for cement from various industries such as housing, infrastructure, and commercial real estate. Any downturn in the cement consuming industries could have an adverse impact on our business, growth and results of operations.*

The cement manufacturing companies are heavily reliant on demand from the cement-consuming industries such as infrastructure, housing and commercial real estate. These industries are, in turn, affected by macro-economic factors and the general Indian economy.

Demand for cement industries is principally dependent on sustained economic development in the regions in which we operate. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement (*Source: CRISIL Report*), there can be no assurance that these expectations will be met. In addition, key Government of India's initiatives, such as, 'AatmaNirbharBharat', Product Linked Incentive Scheme, 'Make in India', Smart Cities Mission, Bharatmala, 'Housing for All', 'Sagar Mala', and metro rail projects are expected to drive the growth of the domestic cement industry in India (*Source: CRISIL Report*). However, there can be no assurance that the Government of India or the state governments will continue to place emphasis on the infrastructure projects. In the event of any adverse change in budgetary allocations for infrastructure development or a downturn in available work in the infrastructure sector or resulting from any change in government policies or priorities as well as operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic, our business prospects and our financial performance, may be adversely affected as a significant portion of our business is dependent on public infrastructure spending. Accordingly, a slowdown, downturn or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our business, growth and results from operations.

In addition, the introduction of alternatives for cement, such as glass, wood, steel, aluminium and plastics, in the markets in which we operate and the development of new construction techniques could cause a significant reduction in the demand and prices for our cement products and could have an adverse effect on our business, results of operations and financial condition.

31. *Our business is dependent on the delivery of adequate and uninterrupted supply of electrical power and water at a reasonable cost. We also face certain risks with regard to the operation of our captive power plant in Telangana. Any shortages or any prolonged interruption or increase in the cost of power and water, could adversely affect our business, result of operations and financial conditions.*

Adequate and cost effective supply of electrical power and water is critical to our operations. We have four integrated manufacturing facilities and two grinding units in three states in India. Although, we have commissioned a captive coal based power plant and waste heat recovery units, we still rely on the various State electricity boards through a power grid for the supply of electricity. In Fiscals 2019, 2020 and 2021, the power and fuel (including coal consumed for power generation) cost accounted for 31.32%, 28.62% and 28.47%, respectively, of our total expenses. For further details, see "*Our Business – Facilities*" on page 168. There may be power cuts in the supply provided by the relevant state electricity boards from time to time and so we have stand-by diesel generator sets for our operations to ensure that there is no stoppage in our production. Power costs represent a significant portion of our operating costs. If the per unit cost of electricity is increased by the state electricity boards our power costs will increase. Also, if fuel costs or the costs of operating our power generation plants go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. An interruption in or limited supply of electricity may result in suspension of our manufacturing operations. A prolonged suspension in production could materially and adversely affect our business, financial condition or results of operations. Further, we currently sell our excess power generated from our captive power plant to the Telangana state grid and through an energy exchange, however, in recent times, sale of power has significantly decreased due to various factors including the state grids obtaining power from other sources and an increase in our captive consumption, adversely affecting our revenue and financial condition. There can be no assurance that state grids will continue to purchase power from us or that the amount of power sold to third parties will not reduce in the future.

Our operations and facilities are dependent on a steady and stable supply of water, and irregular or interrupted supply of water, or government intervention are factors that could adversely affect our daily operations. If there is an insufficient supply of water to satisfy our requirements or a significant increase in prices, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. We cannot assure you that we will always have access to sufficient supplies of water in the future to accommodate our production requirements and planned growth. In addition to the production losses that we would incur during production shutdowns in the absence of supply of electrical power or water, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs and water costs could adversely affect our operations and financial condition.

32. *Activities in our business, including mining operations, are subject to risks of mishaps, operational hazards and can cause injury to people or property in certain circumstances. Any such adverse effect may hamper our reputation, business, financial condition and results of operations.*

Our facilities require individuals to work with heavy machinery and other materials as well as in high temperatures near our kilns and at potentially dangerous heights at our preheaters, grinding mills and storage silos. This work environment has the potential to cause harm and injury when due care is not exercised. Our operations, which include activities undertaken by our third-party contractors, such as assisting in civil, mechanical and electrical related works, also involve significant risks. An accident or injury that occurs in the course of our operations could result in disruptions to our business and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, prospects, financial condition and results of operations. While we carry insurance which we believe to be in line with industry practice in the cement industry, there can be no assurance that such policies will provide adequate coverage in the event of a claim.

In addition, our mining operations are also subject to risks and hazards associated with the exploration, development and production of natural resources, such as inclement weather, fires and explosions, which can disrupt our operations by limiting our ability to extract limestone from the mines and cause injury to people or property in situations when the safety and precautionary measures are breached. Mining operations can also lead to severe environmental consequences including those resulting from effluent management, disposal of waste water and rehabilitation of land. Further, opposition to mining operations has also increased recently due to the perceived negative environmental impact and as a result, public protests over our mining operations could disrupt our operations, damage our reputation and also affect our ability to obtain necessary licenses to expand existing facilities or establish new operations.

33. *Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation.*

We have been unable to trace certain documents including certain minutes of the Board and Shareholders meetings of our Company and certain share transfer deeds. Despite having conducted a search, we have been unable to trace the copies of the minutes of the meetings of Board for the periods between October 24, 1991 to December 27, 1993, and copies of the minutes of the meetings of shareholders for the periods between Fiscal 1992 to Fiscal 2012, one share transfer deed recording transfer of a total of 5,000 Equity Shares to our promoter P. Prathap Reddy on June 20, 2000, and nine transfer deeds recording transfer of a total of 22,500 Equity Shares to our promoter, Pioneer Builders on June 20, 2000, October 20, 2000 and October 20, 2006. Further, we are also unable to trace the minutes of the share transfer committee of the Company for the period from its inception to March 31, 2007. We are accordingly unable to ascertain details of the transactions transacted during these meetings. We cannot assure you that the abovementioned share transfer deeds and resolutions will be available in the future.

There have also been instances of delays in making certain statutory filings with the RoC. For instance, there have been significant delays in filing the declaration of beneficial ownership of shares with the RoC in respect of shares held by our Promoter, P. Prathap Reddy in his capacity as Managing Partner of Pioneer Builders.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the aforementioned matters as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing corporate records or delays in filing statutory returns. Our Company could be subject to legal proceedings and/ or penalties as may be imposed by regulatory authorities for each of the non-compliances set out above. We have received show cause notices from the RoC and the MCA in respect of alleged violations and irregularities in secretarial record keeping including *inter alia*, failure to include all relevant details in AGM notice to members, failure to disclose in the board report, the activities relating to exports and compliance with corporate social responsibility requirements of the Company. For details, see “*Outstanding Litigation and Material Developments*” on page 310. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation.

34. *We do not have documentary evidence for certain details in relation to some of our Directors included in “Our Management”, in this Draft Red Herring Prospectus.*

We do not have documentary evidence for certain details in relation to the educational qualifications of Puttamreddy Venugopal Reddy and Lakshmi Kantham Dabbara included in “*Our Management*” on page 192. The details included in this section are based on the details provided by the Directors. Such details are supported by certificates provided by the Directors certifying the authenticity of the information provided. While Puttamreddy Venugopal Reddy vide his letters dated August 23, 2018 and March 9, 2021 and Lakshmi Kantham Dabbara, vide his letters dated August 21, 2018 and March 8, 2021 have written to the relevant educational institutions requesting for copies of the degree certificates, they have not received copies

of such certificates. We cannot assure you that all the details in relation to our Directors included in this section are complete, true and accurate.

35. *Fragmentation of the cement industry in India may result in downward pricing pressure, while consolidation among cement manufacturers may result in greater competition.*

The Indian cement industry is fragmented, with the presence of few large players and many medium and small players. The market share of top eight cement manufacturers was approximately 56%, the remaining market share of 55 medium and small players was approximately 44%. (Source: CRISIL Report) Accordingly, small, regional and local manufacturers have in the past tried to gain market share by discounting their prices, putting pressure on us and other leading cement companies to lower prices as well, so as to maintain their respective market shares.

Over the past decade many large mergers and acquisitions have taken place in the Indian cement industry. Some have been in the form of global companies acquiring domestic players, whereas others have been domestic companies looking to consolidate their market position. Since demand growth is likely to pick up only gradually from current levels due to COVID-19 pandemic disruptions, further consolidation in the industry is likely in near term. (Source: CRISIL Report) Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. The large number of smaller manufactures in the market are likely targets for acquisition as the sector further consolidates. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

36. *An inability to protect and further strengthen and enhance our brand and business reputation could adversely affect our business prospects and financial performance.*

Our business reputation and the 'Penna' brand are critical to the success of our business. Various factors, some of which are beyond our control, are critical for maintaining and enhancing our brand, which may negatively affect our brand if not properly managed. These include our ability to, effectively manage the quality of our products and address customer grievances; increase brand awareness among existing and potential customers; and adopt new technologies or adapt our systems to user requirements or emerging industry standards.

Our brand could also be harmed if our services fail to meet the expectation of our customers, if we fail to maintain our established standards or if we become the subject of any negative media coverage. Our marketing and business promotion efforts may be costly and may fail to effectively enhance our brand or generate additional revenues. Our failure to develop, maintain and enhance our brand may result in decreased revenue and loss of customers, and in turn adversely affect our business, financial condition and results of operations.

37. *Our inability to collect receivables and default in payment from our dealers and customers could result in the reduction of our profits and affect our cash flows.*

In our sales through dealers, we strive to operate on immediate and at times with partial advance payment terms, but we cannot guarantee that our dealers will not default on their payments. Our inability to collect receivables from our dealers in a timely manner or at all in future, could adversely affect our working capital cycle, and cash flow. We also experienced delays in orders, payments and collections on account of the COVID-19 pandemic. In Fiscals 2019, 2020 and 2021, our trade receivables (net of provision) were ₹ 1,372.50 million, ₹ 1,798.12 million and ₹ 1,814.66 million, respectively.

Our institutional customers include large organizations to whom we extend credit periods upto 182 days and we cannot guarantee that our clients will not default on their payments which might adversely affect our profits margins and cash flows. Our receivable turnover day was 17 days, 22 days and 19 days in Fiscals 2019, 2020 and 2021, respectively, and any increase in our receivable turnover days will negatively affect our business.

38. *The loss or shutdown/ breakdown of operations at our facilities may have a material adverse effect on our business, financial condition and results of operations. In addition, our inability to continue to obtain equipment and ancillary services from our key suppliers could affect our business and results of operations.*

Our facilities are subject to various operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes and lock-outs, natural disasters, industrial accidents, spread of infectious diseases, such as the COVID-19 pandemic, and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Further, our results of operations are also dependent on the successful operation of our facilities. Long periods of business disruption could result in a loss of customers. In particular, due to the COVID-19 pandemic, operations at our manufacturing facilities, grinding units and packing terminals were temporarily suspended post the nationwide lockdown imposed by the Government of India. However, since manufacturing of cement was determined to be an essential commodity pursuant to the Ministry of Home Affairs order dated March 27, 2020, we were allowed to resume operations in a phased manner. Accordingly, all of our

manufacturing facilities, grinding units and packing terminals restarted operations in a phased manner by May 7, 2020, subject to certain adjustments in working patterns, social distancing measures and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at facilities, including due to any of the factors mentioned above.

In addition, we depend on our key suppliers, vendors and other partners to provide the necessary equipment and services that we will need for our continuing operations. 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.

39. *We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our facilities, and any delay or inability in obtaining, renewing or maintain such permits, licenses and approvals could result in an adverse effect on our results of operations.*

We require numerous statutory and regulatory permits, licenses and approvals to operate our business. This includes renewing (and for any future greenfield units, obtaining) consents from the state pollution control boards, environmental clearances from the Ministry of Environments and Forests, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, licenses to purchase, transport and use explosives in our mining operations, licenses to dispose hazardous biomedical waste, licenses for boilers, licenses for possession and transport of explosive substances, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST. Our licenses, permits and approvals impose certain terms and conditions that require us to incur costs and *inter alia*, providing for limits on the maximum quantity that can be manufactured as well as limits and manner of effluent discharge. We have obtained, or are in the process of obtaining or renewing, all environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information including pending material approval and licenses, see “*Government and Other Approvals*” on page 321. Further, we have implemented a monitoring mechanism which enables us to track compliance, including renewals and claims, for all statutory and regulatory permits, licenses and approvals.

There can be no assurance that we will be able to apply and obtain such approvals, licenses or renewals in a timely manner or that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

40. *Any failure or delay in the acquisition or leasing of land or an inability to acquire or lease such land at acceptable costs or on commercially reasonable terms may adversely affect our business, results of operations and financial condition.*

We require substantial amount of land for the purposes of operating our facilities. We own the land of our four integrated manufacturing facilities located in Talaricheruvu, Boyareddypalli, Ganeshpahad and Tandur, and grinding unit located in Patas. Our packing terminals in Cochin, Gopalpur, Karaikal and Colombo are located on leased premises, while we have entered into a right to use agreement for Krishnapatnam port. We have also leased land for setting up our packing terminal at Kolkata port. In addition, we have also acquired land in Jodhpur, Rajasthan for our proposed integrated manufacturing facility and a portion of land in Kathuwas, Neemrana, National Capital Region for our proposed grinding unit. In the event we intend to expand the capacity of our facilities and grinding units, and require additional land for such purposes, we cannot assure you that we will be able to identify or acquire adequate land either on a freehold or leasehold basis, or that land acquisitions will be completed in a timely manner, at acceptable costs and/or on commercially reasonable terms, without opposition or relocation and resettlement costs, or at all.

The cost of acquiring land on a freehold or leasehold basis for our facilities may be higher than we estimated and is subject to a number of factors, including the type of land being acquired, market prices, the level of economic development in the area where the land is located and government regulations pertaining to the price of land, among others. In addition, we may face significant opposition to the construction of our facilities from local communities, tribes, non-government organizations and other parties. Such opposition or circumstances may be beyond our control. If we are unable to acquire the required amount of land for our facilities, the viability and efficiency of such projects may be affected. In addition, any inability to complete the acquisition of the necessary land in a timely manner may cause construction delays. The occurrence of any such event could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

41. Some of our facilities, grinding unit, packing terminals, offices including our Registered and Corporate Office are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

Some of our facilities, grinding unit, packing terminals and offices, including our registered and corporate office, are located on leased premises. For further details, see “*Our Business – Properties*” on page 180. Our Registered Office and Corporate Office are leased from members of the Promoter Group, and such leases are for a period of nine years with effect from May 1, 2019, subject to renewal on mutually agreed terms. These lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations. In addition, these leases generally have annual escalation clauses for rent payments. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

42. We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performing certain of our ancillary operations, including, assisting in civil, mechanical and electrical related works and housekeeping activities. The numbers of contract labourers vary from time to time based on the nature and extent of work contracted to independent contractors. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the state government from time to time. Any upward revision of wages that may be required by the state government to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect the business and future results of our operations.

43. An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. While we have made certain insurance claims in the past, we cannot assure you that, in the future, 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. Our insurance cover for property, plant and equipment as of March 31, 2021 was ₹ 41,744.08 million, while our gross block of property, plant and equipment was ₹ 36,572.65 million as of March 31, 2021 and gross block of property, plant and equipment (including capital work in progress and excluding freehold land) was ₹ 37,235.06 million, as of March 31, 2021. Consequently, our insurance cover as a percentage of gross block of property, plant and equipment (including capital work in progress and excluding freehold land) as of March 31, 2021 was 112.11%. Our inability to maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further information on our insurance arrangements, see “*Our Business – Insurance*” on page 179.

44. We may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations.

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in cement manufacturing operations. As of March 31, 2021, we employed 1,245 full-time employees across our various facilities. Our employees are not unionised into any labour or workers’ unions. Although we have not experienced any major interruption to our operations as a result of labour disputes in the recent past, there can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force, which may adversely affect our ability to continue our business operations. We may also have to incur additional expense to train and retain skilled labour. Any labour unrest experienced by 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. In the event of any prolonged delay or disruption of our business, results of operations and financial condition could be materially and adversely affected.

45. We face foreign exchange risks that could adversely affect our results of operations and cash flows.

Some of our expenditures, including the costs for the import of coal and pet coke, cost of machinery and equipment, sea vessels and freight costs are also denominated in foreign currencies. As a consequence, we are exposed to currency rate fluctuations between the Indian Rupee, Sri Lankan Rupee, U.S. dollars and other foreign currencies. We do not currently engage in any hedging activities against such a risk. Any fluctuation in the value of the Indian Rupee against such currencies including as noticed recently in the case of the US Dollar, may adversely affect our results of operations.

46. We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the online travel industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance, such as, EBITDA, EBITDA Margin, EBITDA per tonne, Logistics cost per tonne, Power and fuel cost per tonne, Contribution per tonne, Return on Equity, and Return on Capital Employed, have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial and operational measures, and such other industry related statistical and operational information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of online travel businesses, many of which provide such non-GAAP financial and operational measures, and other industry related statistical and operational information.

These non-GAAP financial and operational measures, and such other industry related statistical and operational information relating to our operations and financial performance 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 and operational measures, and industry related statistical information of similar nomenclature that may be computed and presented by other online travel companies. The industry related statistical and other relevant information identified and included in the CRISIL Report takes into account such information for cement manufacturing companies contributing to more than 60% of the total capacity in India) only to the extent available to CRISIL (see “Industry Overview – Financial Benchmarking” on page 151). For example, we have derived certain industry information in this Draft Red Herring Prospectus from the CRISIL Report, and the CRISIL Report highlights certain industry and market data relating to us and our competitors, which is not based on any standard methodology and subject to various assumptions. In particular, certain industry measures, such as, EBITDA per tonne, return on equity, return on capital employed, and liquidity ratios, has been calculated differently for us and our competitors in the CRISIL Report since there are no standard data gathering methodologies in our industry. We cannot assure you that CRISIL’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the industry related statistical and other relevant financial information of the cement manufacturing companies, including our Company, included in the CRISIL Report are based on the audited and/or reviewed financial information of these respective companies, including our Company for the relevant periods indicated. Accordingly, such information relating to our Company included in the CRISIL Report is not comparable to our Restated Financial Statements.

Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our Restated Financial Information disclosed elsewhere in this Draft Red Herring Prospectus. Also, see “Risk Factors - Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.” on page 46.

47. Our inability to accurately forecast demand or price for our products and manage our inventory may adversely affect our business, results of operations and financial condition.

Our business depends on our estimate of the demand for our products from customers. As is typical in the cement manufacturing industry, we maintain a reasonable level of inventory of raw materials, work in progress and finished goods. However, if we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. If we overestimate demand, we may incur costs to build capacity or purchased more raw materials and manufacture more products than required. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

48. We rely on a limited number of customers for a portion of our revenue from operations. Significant decrease in

revenue from any of those customers may adversely affect our business, results of operations and financial condition.

A portion of our revenues from operations is derived from a limited number of key customers. In Fiscals 2019, 2020 and 2021, our top five customers contributed 4.76%, 5.91% and 6.68%, respectively, of our gross cement revenue in such periods, while our single largest customer contributed 1.09%, 1.76% and 1.87%, respectively, of our gross cement revenue in such periods. Our customers typically do not enter into any long-term supply agreements with us. We deliver our products to our customers based on purchase orders raised by customers from time to time depending on their requirements. There can be no assurance that our significant customers in the past will continue to place similar orders with us in the future. A significant decrease in business from any such key customer, whether due to circumstances specific to such customer or adverse market conditions affecting the cement industry or the economic environment generally, such as the COVID-19 pandemic, may materially and adversely affect our business, results of operations and financial condition.

While we have established long-standing relationships with several of our key customers, our relationship with our customers through agents are to a large extent dependent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, and consistent product quality. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers and agents. In addition, our customers are typically concentrated in the southern region and western region of India and any adverse economic policy change in the region could have an adverse effect. Further, the deterioration of the financial condition or business prospects of these customers could reduce their requirement for our products and could result in a significant decline in the revenues we derive from such customers. We cannot assure you that we will be able to maintain historic levels of business from our significant customers, or that we will be able to significantly reduce customer concentration in the future. If we are unable to replace any or all of such sales to key customers, our business, results of operations and financial condition may be materially and adversely affected.

49. Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which we own or intend to acquire in connection with the development of our manufacturing facilities and grinding units.

There is no central title registry for real property in India and the documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and in local languages, and are updated manually through physical records. Therefore, property records may not be available online for inspection or updated in a timely manner, or may be illegible, untraceable, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such property records. In addition, title insurance is not commercially available in India to guarantee title or development rights in respect of land. The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented and the land may have multiple owners.

Further, non-executed or improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our current manufacturing facilities and grinding units are located or the manufacturing facilities and grinding units that we plan to construct may arise. Any defects in, or irregularities of, title may result in loss of development or operating rights over land.

50. The introduction of substitutes for cement in the markets in which we operate and the development of new construction techniques could have an adverse effect on our business, results of operations and financial condition.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction to substitute cement. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement, ready-mix concrete and mortars. Further, new construction techniques and modern materials may be introduced in the future. The increase in use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products and have an adverse effect on our business, results of operations and financial condition.

51. Product liability claims may be brought against us and, whether or not successful, could harm our business, financial condition and results of operations.

We are exposed to risks associated with product liability claims if the use of our cement products results in property damage or personal injury. Our cement products are mainly used as construction materials. While we seek to conform our products to meet a variety of contractual specifications and regulatory requirements, we cannot assure you that product liability claims against us will not arise, whether due to product malfunctions, defects, or other causes. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. Further, we cannot assure you that we will be able to successfully defend such claims. If any such claims against us are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

52. A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from YES Bank Limited which is an affiliate of our Book Running Lead Manager, YES Securities (India) Limited.

We propose to repay or pre-pay certain loans obtained from YES Bank Limited from the Net Proceeds as disclosed in “*Objects of the Offer*” on page 101. YES Bank Limited is an affiliate of our Book Running Lead Manager, YES Securities (India) Limited. While the repayment or pre-payment of loans will result in reduction of our total debt, however, such transactions may give rise to current or potential conflicts of interest. For further details, see “*Objects of the Offer*” on page 101. The deployment of the Net Proceeds will be at the discretion of our Board.

53. Information relating to the installed manufacturing capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.

Information relating to the installed manufacturing capacity, actual production and capacity utilization of our facilities and grinding units included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by an independent chartered engineer in the calculation of the installed manufacturing capacity, actual production and capacity utilization of our manufacturing facilities. These assumptions and estimates include the standard capacity calculation practice of cement industry after examining the kiln capacity, cement grinding capacity and other ancillary equipment installed at the plant, the calculations and explanations provided by our management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. In addition the information relating to the actual production at our manufacturing facilities are based on, amongst other things, the examination of our internal production records, the period during which our manufacturing facilities operate in a year, expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Further, capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period. Accordingly, actual production levels and rates may differ significantly from the installed capacity information of our facilities or historical installed capacity information of our facilities depending on the product type. Undue reliance should therefore not be placed on our historical installed capacity information for our existing facilities included in this Draft Red Herring Prospectus.

54. Any failure of our information technology systems could adversely affect our business and operations.

We have information technology systems that support our business processes such as, amongst others, SAP enterprise resource planning solution, salesforce and CARE. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, and similar events, even with our disaster recovery system in place. Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. For instance, any breakdown of our information technology systems could impair our ability to operate effectively. For example, in the past, our SAP ERP application stopped working due to storage issues and it took us 12 hours to restore our services. 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.

55. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, our business and results of operations could be adversely affected.

Our business requires working capital for activities including purchase of raw materials, for our limestone mining operations as well as for the purchase of packing materials for our cement products. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, timely payment of, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected. We cannot assure that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with banks, face claims under cross-default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations and financial condition.

56. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

We have availed the services of an independent third party research agency, CRISIL Research, a division of CRISIL Limited, to prepare an industry report titled “Assessment of Cement Industry” dated April 2021, for purposes of inclusion of such information in this Draft Red Herring Prospectus and have paid for it. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. 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 information, the information has not been prepared or independently verified by us, or the Managers or any of our or its respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to subjective 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 Draft Red Herring Prospectus.

57. Changes in technology may affect our business by making our facilities or equipment less competitive.

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. Changes in technology and high fuel costs may make newer facilities or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facility. If we are unable, for technical, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and results of operations could be adversely affected.

58. The success and wide acceptability of our products is largely dependent upon certain quality accreditations which are valid for a limited time period and to maintain an effective quality control system. An inability to ensure the renewal of these quality accreditations in a timely manner or at all may adversely affect our business prospects and financial performance.

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities. Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001:2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have received the Sri Lanka Standard Institution (“SLSI”) certification for OPC 42.5N supplies to Sri Lanka for our Krishnapatnam unit. We also comply with prescribed specifications and standards of quality approved by the Government of India in connection with the products we manufacture. We manufacture our OPC, PPC and PSC products as per Bureau of Indian Standards (“BIS”) specifications. For further information, see “Our Business – Our Products” and “Government and Other Approvals” on pages 163 and 321, respectively. Such specifications and standards of quality is an important factor in the success and wide acceptability of our products. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

The quality of our products is critical to the success of our business, and quality depends on the effectiveness of our quality control system, which, in turn, depends on a number of factors, including the design of our system, our quality control training program, and the implementation and application of our quality control policies and guidelines. Any significant failure or deterioration of our quality control system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

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

We are dependent on our Promoters, Directors, senior management and other key personnel for setting our strategic business direction and managing our business. Our Managing Director and other senior members of our management team have extensive experience in the cement sector. For further information, see “Our Management” on page 192. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management in our industry is intense. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced

personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

60. We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.

We have registered our brand name *Penna* together with the logo  under classes 19 (cement, cement slabs, cement poles and other building material), 39 (electricity distribution) and 99 (multiclass application) under the Trade Marks Act, 1999. In addition, we have also obtained the registration of various other trademarks, including *Penna Suraksha*, *Penna Power*, *Penna Gold*, *Penna Super*, *Penna Cement Building Quality Relationships*, *Penna Cement Strength Within*, *Penna Coastal and Penna Concrete Guard*, *Penna Concrete Guard*, *P (One Letter)*, *Penna Cement – Future Ready* and *Penna Concrete Guard – Promise to Protect* trademarks under the Trade Marks Act, 1999. For further information, see “*Government and Other Approvals – Intellectual Property Rights*” on page 323. However, there can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property.

61. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

We have declared dividend in the past. For further information, see “*Dividend Policy*” on page 219. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders’ investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

Further, our Subsidiaries may not pay cash dividends on shares that we hold in them. Consequently, our Company may not receive any return on investments in our Subsidiaries.

62. Certain of our Directors are directors of companies which are engaged in the same line of business activities as those undertaken by our Company, which may result in conflict of interest.

Certain of our Directors, such as P. Prathap Reddy and P. Venugopal Reddy who are also the directors of Pioneer Cement Industries Limited and Lakshmi Kantham Dabbara who is the director of Marwar Cement Limited and Singha Cement (Private) Limited, which are engaged the business of cement manufacturing/ trading which may result in conflict of interest. For further details, see “*Our Management*” on page 192. We have not entered into any non-compete agreement with such companies. There can be no assurance that such companies will not compete with us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts may have a material adverse effect on our reputation, business and results of operations.

63. Certain Promoters and Directors hold Equity Shares in our Company. Further, one of our Promoters, P. Prathap Reddy, receives a commission not exceeding 3.00% of the net profits of our Company in each Fiscal. Accordingly, our Promoters and Directors are interested in the Company’s performance in addition to their remuneration and reimbursement of expenses.

Certain of our Promoters and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Further, one of our Promoters, P. Prathap Reddy, receives a commission not exceeding 3.00% of the net profits of our Company in each fiscal. Our Promoters will continue to exercise significant control over us, which will allow them to vote together in capacity as shareholders of the Company on certain matters in the general meetings of the Company. Accordingly, the interests of our Promoters in capacity as shareholders of the Company may conflict with the interests of the Company or that of minority shareholders. For further information on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see “*Our Management*” and “*Our Promoters and Promoter Group*” on pages 192 and 208, respectively.

64. Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other

sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. We provide services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

65. *We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.*

The Offer consists of a Fresh Issue and an Offer for Sale. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale.

EXTERNAL RISK FACTORS

RISKS RELATING TO INDIA

66. *The demand for our products is largely dependent on the level of investments and government's spending on civil infrastructure projects in India. Any economic downturn or other factors adversely affecting investments in this sector may result in a decrease in the demand for our services and adversely affect our business, results of operations and financial condition.*

Our business also depends upon the continued spending by the relevant Government agencies on civil infrastructure projects such as public transportation infrastructure. Various factors would affect, including the nature, scale, location and timing of the Government's public investment plans in the civil infrastructure of India. These factors include the government's policy and priorities regarding different regional economies across India and the general condition and prospects of the overall economy of India. Any significant reduction in the Indian government's budget relating to infrastructure spending, particularly the transportation infrastructure sector, will lead to a decline in revenue arising from a smaller number of projects, lower contract value for our projects and/or a decline in profit margin due to increased competition for available projects. This could have a material and adverse effect on our business, financial position and results of operations.

67. *Fluctuations in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, including the cement manufacturing industry, which could have an adverse effect on our business and results of operations.*

Owing to the complete shutdown of the airlines sector in major economies, limited road transportation activities, and significant industrial output cuts driven by the COVID-19 pandemic, oil demand fell further in 2020. This, in turn, had a direct impact on crude prices. Crude oil prices declined approximately 35% on-year to \$42.3 per barrel in 2020, given the global oil demand contraction on account of the COVID-19 pandemic. The oil demand loss was substantial in the second quarter of 2020. Thereafter, although global demand continued to contract, the momentum of decline reduced. The price of crude oil is expected to increase approximately 35% on-year to \$55-\$60 per barrel in 2021 from \$42.3 per barrel in 2020, led by gradual recovery in oil demand and continued restriction on production from OPEC. (Source: CRISIL Report)

India relies significantly on imports to meet its requirements of crude oil. Crude oil prices are volatile and are subject to several factors, including the level of global production and political factors, such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil reserves are located. Any significant increase in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, including the cement manufacturing industry and consequently an adverse effect on our business, logistics costs and results of operations.

68. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian

securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could hamper our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

69. *If there is any change in laws or regulations, including taxation laws, or their interpretation, such changes may significantly affect our financial statements.*

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Act, 2019 prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Due to COVID -19 pandemic, the Government of India also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, amongst others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975.

Further, the Government of India has announced the Union Budget for Fiscal 2021, pursuant to which the Finance Act of 2021 has introduced various amendments. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

70. *The occurrence of natural or man-made disasters or outbreak of global pandemics, such as the COVID-19 pandemic, could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, infectious disease outbreaks such as the COVID-19 pandemic and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that

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

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

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 virus.

Other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia and Middle East. Financial turmoil in Asia, United States, United Kingdom, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("Brexit"), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants

to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

73. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our restated consolidated statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies and other explanatory information thereon (collectively, the “**Restated Financial Statements**”), have been derived from our audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “*Reports in Company Prospectuses (Revised 2019)*” issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Presentation of Financial Information*” on page 285. Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

74. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India’s sovereign rating decreased from Baa2 with a “negative” outlook to Baa3 with a “negative” outlook by Moody’s and from BBB- with a “stable” outlook to BBB- with a “negative” outlook (Fitch) in June 2020. India’s sovereign ratings from S&P is BBB- with a “stable” outlook. Any further adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India’s credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

75. Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.

We are incorporated under the laws of India and all of our Company’s Directors and key management personnel reside in India. A substantial portion of our assets are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such 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 (the “CPC”).

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the CPC on a statutory basis. Section 44A of the CPC provides that where a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the CPC is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

Among other jurisdictions, the United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the government to be reciprocating territories for the purposes of Section 44A of the CPC. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the CPC. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the CPC, and not by proceedings in execution. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of

India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

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 views 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.

76. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our clients thereby reducing our margins.

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

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

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

77. Adverse geopolitical conditions such as increased tensions between India and China, could adversely affect our business, results of operations and financial condition.

Adverse geopolitical conditions such as increased tensions between India and China resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries.

RISKS RELATING TO THE OFFER AND THE EQUITY SHARES

78. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities 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 and wide-spread 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.

79. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Income Tax Act levies taxes on long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions.

A securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognised stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Such long term capital gains exceeding ₹ 100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax exempt in such cases. Further, STT will be levied on and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹ 100,000. Short-term capital

gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. 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. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

The Finance Act 2019 has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

80. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

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

81. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to compliance with sectoral norms and certain other restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Further, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Rules, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions or at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 364.

82. Any future issuance of Equity Shares may dilute your shareholding and sale of Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth, whether organic or inorganic, through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us (including under an employee benefit scheme) or disposal of our Equity Shares by the Promoters or any of our other principal shareholders or any other change in our shareholding structure to comply with minimum public shareholding norms applicable to listed companies in India or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that our existing shareholders including our Promoters will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares. Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

83. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/ Offer Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if an allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

84. Holders of Equity Shares 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 equity 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. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our 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 we make 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 the 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-emption rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

85. QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid amount) at any stage after submitting a bid, and Retail Individual Bidders are not permitted to withdraw their Bids after Bid/Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to block the Bid amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of equity shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Bidders can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/ Offer Closing date, but not thereafter. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the

investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing. Therefore, QIBs and Non-Institutional Bidders will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise between the dates of submission of their Bids and Allotment.

86. *Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Offer, an active trading market for the Equity Shares may not develop, the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.*

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book building process. This price will be based on numerous factors, as described in the section "*Basis for Offer Price*" on page 119. This price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

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

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public's reaction to our press releases and adverse media reports; and
- general economic conditions.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

87. *Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.*

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

88. *U.S. holders should consider the impact of the passive foreign investment company rules in connection with an*

investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company (“**PFIC**”) for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are “passive assets,” which generally means that they produce passive income or are held for the production of passive income.

Our Company believes it was not a PFIC for fiscal year ended March 31, 2021, and does not expect to be a PFIC for the current year or any future years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company’s income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company’s PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

SECTION III: INTRODUCTION

THE OFFER

Equity Shares Offered	
Offer of Equity Shares	Up to [●] Equity Shares aggregating up to ₹15,500 million
<i>of which</i>	
Fresh Issue ^{(1)#}	Up to [●] Equity Shares aggregating up to ₹13,000 million
Offer for Sale ⁽²⁾	Up to [●] Equity Shares aggregating up to ₹2,500 million
A) QIB Portion ⁽³⁾⁽⁴⁾	Not more than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion	[●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion ⁽⁴⁾	Not less than [●] Equity Shares
C) Retail Portion ⁽⁴⁾	Not less than [●] Equity Shares
Pre and post Offer Equity	
Equity Shares outstanding prior to the Offer	133,800,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See “ <i>Objects of the Offer</i> ” on page 101 for information about the use of the Gross Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

Our Company and the Selling Shareholder may, in consultation with the Managers consider a Pre-IPO Placement of specified securities for a cash consideration aggregating up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder, in consultation with the Managers, and will be undertaken prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

- (1) This Offer has been authorized by a resolution of our Board of Directors dated March 26, 2021 and by a special resolution of our Shareholders in their EGM dated April 20, 2021
- (2) The Selling Shareholder has authorised the offer of such number of Equity Shares aggregating up to ₹2,500 million in the Offer, by way of its board resolution dated March 27, 2021 and consent letter dated March 27, 2021. The Selling Shareholder confirms that the Equity Shares being offered by it in the Offer, have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations
- (3) Our Company may, in consultation with the Selling Shareholder and the Managers allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB portion will accordingly be reduced from the shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Any unsubscribed portion in the Mutual Funds portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 349
- (4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company in consultation with the Selling Shareholder, the Managers and the Designated Stock Exchange. In the event of an under-subscription in the Offer, subject to receipt of minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, our Company and the Managers shall first ensure Allotment of Equity Shares offered pursuant to the Fresh Issue, followed by Allotment of Equity Shares offered by the Selling Shareholder

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to a availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see “Offer Procedure” on page 349. For details of the terms of the Offer, see “Terms of the Offer” on page 341.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 220 and 283 respectively.

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RESTATED CONSOLIDATED BALANCE SHEET

(in ₹ millions, except share data and where otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
NON CURRENT ASSETS			
a) Property, Plant and Equipment	24,915.18	18,783.90	19,579.84
b) Capital work-in-progress	2,477.15	7,830.25	6,668.91
c) Other Intangible Assets	7.28	7.76	7.56
d) Right to use Assets	222.78	161.38	29.53
e) Goodwill on Consolidation	571.38	571.38	1.75
f) Financial assets			
i) Investments	26.29	727.12	747.96
ii) Loans	231.34	997.53	1,003.56
iii) Other financial assets	268.47	259.45	144.15
h) Other non-current assets	1,704.51	1,117.82	1,767.38
Total Non Current Assets	30,424.39	30,456.59	29,950.63
CURRENT ASSETS			
a) Inventories	3,198.13	4,215.90	3,711.13
b) Financial assets			
i) Trade receivables	1,814.66	1,798.12	1,372.50
ii) Cash and cash equivalents	1,152.42	56.25	648.83
iii) Other bank balances	218.17	212.10	186.94
v) Other financial assets	224.06	223.25	153.57
c) Other current assets	712.45	560.07	1,194.80
Total Current Assets	7,319.90	7,065.69	7,267.77
Total Assets	37,744.29	37,522.27	37,218.40
SHAREHOLDER'S FUNDS			
a) Equity share capital	1,338.00	1,338.00	1,338.00
b) Other equity	10,739.74	9,855.95	9,231.38
Total Equity	12,077.74	11,193.95	10,569.38
Non-Controlling Interest	256.83	256.35	256.60
NON CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	9,161.46	10,402.41	11,362.12
ii) Other financial liabilities	5,071.27	6,025.26	5,359.16
b) Provisions	96.08	76.08	48.45
c) Deferred tax liabilities (Net)	2,669.24	2,338.36	2,286.88
Total Non-Current Liabilities	16,998.05	18,842.11	19,056.62
CURRENT LIABILITIES			
a) Financial Liabilities			
i) Borrowings	2,334.90	2,472.37	2,269.20
ii) Trade payables			
-Payable to Micro, Medium and Small	55.88	18.00	23.30
-Others	1,434.26	1,550.20	2,049.71
iii) Other financial liabilities	2,454.49	2,342.66	2,180.91
b) Other current liabilities	1,635.30	716.64	610.24
c) Provisions	53.02	36.62	31.89
d) Current tax liabilities (Net)	443.81	93.39	170.54
Total current liabilities	8,411.67	7,229.87	7,335.79
Total Equity and liabilities	37,744.29	37,522.27	37,218.40

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(in ₹ million, except share data and where otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
REVENUE			
Revenue from Operations	24,763.99	21,676.14	21,561.81
Other Income	1,229.51	86.39	29.41
Total income	25,993.50	21,762.53	21,591.22
EXPENSES			
Cost of materials consumed	3,527.58	3,395.04	3,922.00
Purchase of Stock in Trade	568.61	375.23	-
Changes in Inventories of Finished Goods, Stock in trade & Work in Progress	226.81	(241.66)	(342.50)
Employee benefit expenses	1,189.06	1,107.25	1,112.05
Finance costs	2,290.85	1,866.22	1,398.85
Depreciation and amortisation expense	1,437.61	1,219.06	1,165.89
Freight & Forwarding Expenses	5,995.44	6,055.08	5,809.95
Other expenses	8,466.69	7,639.14	8,057.06
Less: Captive Consumption of Cement	(8.66)	(37.54)	(86.24)
Total Expenses	23,694.00	21,377.81	21,037.06
Restated Profit before Tax expenses and before Profit / (Loss) of Associates	2,299.49	384.72	554.16
Restated Share of Profit / (Loss) from Associates	-	(20.34)	0.17
Restated Profit Before Tax Expenses	2,299.49	364.38	554.33
Tax Expense :			
Current tax	444.06	93.38	173.61
Prior Period Tax Adjustment	19.19	(10.55)	-
MAT Credit	(200.60)	(89.43)	(169.38)
Deferred tax (Credit) / charge	516.11	140.74	(301.24)
Total Tax Expenses	778.76	134.15	(297.00)
Restated Profit for the period	1,520.73	230.24	851.33
Restated Profit / (Loss) attributable to non controlling interest	0.48	(0.25)	0.33
Restated Profit / (Loss) attributable to Owners of the Parent	1,520.25	230.49	851.00
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plan	(7.84)	(10.93)	(3.71)
Fair value changes on equity instruments through OCI (FVTOCI)	4.68	-	0.14
Share of Profits from Associates	(539.49)	(0.50)	0.09
Income-tax effect	-	-	(0.05)
Other Comprehensive Income / (loss) for the year attributable to non controlling interest	-	-	-
Other Comprehensive Income / (loss) for the year attributable to Owners of the Parent	(542.65)	(11.42)	(3.53)
Total Comprehensive Income / (loss) for the year attributable to non controlling interest	0.48	(0.25)	0.33
Total Comprehensive Income / (loss) for the year attributable to Owners of the Parent	977.60	219.07	847.47
Earnings per equity share (nominal value of INR 10) in INR			
Basic and Diluted	11.36	1.72	6.36

RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(in ₹ million, except share data and where otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities			
Profit before tax	2,299.49	364.38	554.33
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation	1,437.27	1,219.07	1,165.92
Interest Expenses	2,004.71	1,631.70	1,069.28
Share of (Profit) / loss from the associates	-	20.34	(0.17)
Unwinding of Interest	286.14	234.52	329.57
Provision for Doubtful debts	(22.27)	(43.94)	92.99
Provision for Retirement Benefits	21.10	33.38	21.32
Fair valuation of investments	0.01	0.00	-
Foreign exchange (gain)/ Loss	(36.57)	62.55	(23.45)
Profit on sale of asset	(0.11)	(19.90)	(0.14)
Profit / Loss on Sale of Investments	(1,184.37)	-	-
Interest Income	(44.64)	(66.55)	(29.53)
Operating profit before working capital changes	4,760.77	3,435.55	3,180.11
<i>Working capital adjustments:</i>			
Increase / (Decrease) in Trade payable & Other Liabilities	(263.06)	(291.23)	1,655.78
(Increase) / Decrease in Trade Receivables	225.89	(356.23)	(289.89)
(Increase) / Decrease in Inventories	1,010.69	(461.45)	(1,921.64)
(Increase) / Decrease in Other current assets	(9.09)	507.43	75.05
Cash generation from operations	5,725.20	2,834.07	2,699.42
Income tax paid	(97.24)	(58.65)	(147.45)
Net cash flows from operating activities	5,627.96	2,775.42	2,551.96
Investing activities			
Purchase of Fixed Assets	(2,274.22)	(785.88)	(7,061.38)
Sale of Fixed Assets	0.37	23.52	0.86
Purchase of Investments	(1,768.66)	(250.50)	-
Sale of Investments	3,119.03	-	-
Increase / (Decrease) Non Current Liabilities & Provisions	(1,042.56)	543.81	2,831.48
(Increase) / Decrease in Non current Loans	617.54	14.53	760.33
Interest Income	44.64	66.55	29.53
Net cash flows used in investing activities	(1,303.86)	(387.98)	(3,439.18)
Financing activities			
Proceeds from Long term Borrowings	702.84	73.91	2,923.00
Repayment of long term Borrowings	(1,925.96)	(1,294.06)	(422.50)
Dividend paid	-	(162.95)	(161.31)
Interest paid	(2,004.71)	(1,631.70)	(1,069.28)
Net cash flows from/ (used in) financing activities	(3,227.84)	(3,014.80)	1,269.91
Net increase / (decrease) in cash and cash equivalents	1,096.26	(627.36)	382.70
Cash and cash equivalents at the beginning of the year	56.16	683.61	266.13
Cash and cash equivalents at the end of the year	1,152.42	56.25	648.83

GENERAL INFORMATION

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of our Company was subsequently changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. For details of change in the name and registered office of our Company, see “*History and Certain Corporate Matters*” on page 185.

Registered Office and Corporate Office of our Company

Penna Cement Industries Limited

H. No.: 8-2-268/A/1/S & S1
Plot No.705, Road No.3, Banjara Hills
Hyderabad 500 034
Telangana, India
Corporate Identification Number: U26942TG1991PLC013359
Registration Number: 013359

Address of the RoC

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

Registrar of Companies

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

Company Secretary and Compliance Officer

Raj Kumar Singh

Penna Cement Industries Limited

H. No.: 8-2-268/A/1/S & S1
Plot No.705, Road No.3, Banjara Hills
Hyderabad 500 034
Telangana, India
Tel: + 91 40 4456 5100
E-mail: cs@pennacement.com

Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of our Company comprises the following:

Name	Designation	DIN	Address
P. Prathap Reddy	Chairman and Managing Director	00093176	H. No.8-2-309/M/1 to 4, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad 500 034, Telangana, India
Lakshmi Kantham Dabbara	Whole-time Director	00822385	Plot No. 20. Flat No. 101, Padmajalaya Apartment, Srinagar Colony, Hyderabad 500 073, Telangana, India
P. Deepthi Reddy	Non-Executive Director	00264481	H. No. 8-2-309/M/6, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad 500 034, Telangana, India
P. Venugopal Reddy	Non-Executive Director	00094146	Plot No. 702, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
Anil Kumar K.	Non-Executive Independent Director	00055634	Plot No. 125, Prashasan Nagar, Jubilee Hills, Hyderabad 500 033, Telangana, India
Kancherla Ravindranath	Non-Executive Independent Director	00117940	Plot No. 303F, Road No. 25, Jubilee Hills Hyderabad 500 033, Telangana, India
P. Pradeep Kumar	Non-Executive Independent Director	03614568	‘Bhaskara’, 21, 1 st Main Road, 4 th Cross, Gaurav Nagar, J.P. Nagar, 7 th Phase, Bangalore 560 078, Karnataka, India
Sairam Mocherla	Non-Executive Independent Director	01430951	8-2-472/B/6, Road No. 4, Opp. GVK Mall, Banjara Hills, Hyderabad 500 034, Telangana, India
Umanath Varahabhotla	Non-Executive Independent Director	06539204	103 Surabhi Enclave, Road No. 14, Banjara Hills, Near Banjara Hills Police Station, Khairatabad, Hyderabad – 500 034, Telangana, India

For further details of our Directors, see “*Our Management*” on page 192.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus is being filed electronically with SEBI on SEBI’s online portal and at cfddl@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing – CFD”.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 shall be filed with the RoC and a copy of the Prospectus shall be filed under Section 26 of the Companies Act, 2013 with the RoC.

Global Co-Ordinator and Book Running Lead Managers

Edelweiss Financial Services Limited

6th Floor, Edelweiss House

Off CST Road, Kalina

Mumbai 400 098

Maharashtra, India

Tel: +91 22 4009 4400

E-mail: pcil.ipo@edelweissfin.com

Investor grievance e-mail: customerservice.mb@edelweissfin.com

Website: www.edelweissfin.com

Contact person: Nishita John/ Mohit Kapoor

SEBI registration No.: INM0000010650

Axis Capital Limited

1st Floor, Axis House

C-2, Wadia International Centre, P.B. Marg, Worli

Mumbai 400 025

Maharashtra, India

Tel: +91 22 4325 2183

E-mail: pcil.ipo@axiscap.in

Investor grievance e-mail: complaints@axiscap.in

Website: www.axiscapital.co.in

Contact person: Pratik Pednekar

SEBI registration no: INM000012029

ICICI Securities Limited

ICICI Centre, H. T. Parekh Marg

Churchgate

Mumbai 400 020

Maharashtra, India

Tel: +91 22 2288 2460

E-mail: penna.ipo@icicisecurities.com

Investor grievance e-mail: customercare@icicisecurities.com

Website: www.icicisecurities.com

Contact person: Sameer Purohit/ Nidhi Wangnoo

SEBI registration no.: INM000011179

JM Financial Limited

7th Floor Cnergy

Appasaheb Marathe Marg

Prabhadevi

Mumbai 400 025

Maharashtra, India

Tel: +91 22 6630 3030; +91 22 6630 3262

E-mail: penna.ipo@jmfl.com

Investor grievance e-mail: grievance.ibd@jmfl.com

Website: www.jmfl.com

Contact person: Prachee Dhuri

SEBI registration No: INM000010361

Book Running Lead Manager

YES Securities (India) Limited

Unit No. 602 A, 6th Floor, Tower 1 & 2

ONE International Center

Senapati Bapat Marg

Elphinstone Road (West)

Mumbai 400 013

Maharashtra, India

Tel: +91 22 7100 9830

Email: penna.ipo@ysil.in

Website: www.yesinvest.in

Investor grievance e-mail: igc@ysil.in

Contact person: Sachin Kapoor/ Nidhi Gupta

SEBI registration no: INM000012227

Syndicate Members

[•]

Indian Legal Counsel to the Company as to Indian law

Cyril Amarchand Mangaldas

3rd Floor, Prestige Falcon Towers

19, Brunton Road

Bengaluru 560 025, Karnataka

India

Tel: +91 80 6792 2000

Indian Legal Counsel to the Managers as to Indian law

Khaitan & Co

One World Centre

10th and 13th Floors, Tower 1C

841 Senapati Bapat Marg

Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000

International Legal Counsel to the Managers

Squire Patton Boggs Singapore LLP
Dubai International Financial Centre (DIFC)
Burj Daman Office Tower, Level 10
Dubai 111713
United Arab Emirates
Tel: +971 4447 8700

Statutory Auditors of our Company

C. Ramachandram & Co., Chartered Accountants
606, Lingapur La Builde Complex
Himayath Nagar
Hyderabad, Telangana
India
Tel: +91 40 23264144
E-mail: crcoca@gmail.com
Firm registration no.: 002864S
Peer review no.: 011080

Registrar to the Offer

KFin Technologies Private Limited
Selenium, Tower - B, Plot No - 31 and 32
Financial District, Nanakramguda
Serilingampally
Hyderabad 500 032
Rangareddi, Telangana
India
Tel: +91 40 6716 2222
E-mail: pennacement.ipo@kfintech.com
Investor grievance email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact person: M Murali Krishna
SEBI registration no.: INR000000221

Bankers to the Offer and/or Escrow Collection Banks

[•]

Refund Bankers

[•]

Sponsor Banks

[•]

Public Offer Account Bank

[•]

Bankers to our Company

State Bank of India
CCG Branch (13039)
1ST floor and 2nd floor
D. no.- 8-2-684/2/A
Anand Banjara Colony, Road no. 12
Banjara Hills, Hyderabad – 500 034
Telangana, India
Tel: +91 40 2342 1402/ +91 40 2342 1422
Website: www.sbi.co.in
E-mail: sbi.13039@sbi.co.in
Contact person: K.K. Durga Rao

IDBI Bank Limited

No 5-9-89/1&2/1&2
Chapel Road
Hyderabad – 500 029
Telangana, India
Tel: +91 40 67694249/ 67694137
E-mail: ravi.immaneni@idbi.co.in/ m.sreenivasulu@idbi.co.in

YES Bank Limited

Corporate Banking, YES Bank Limited
Third Floor, Mayank Towers, No. 6-3-1090/B/1&2
Raj Bhavan Road, Somajiguda
Hyderabad – 500 082
Telangana, India
Tel: +91 40 4673 0200
E-mail: dlcorpdeshyderabad@yesbank.in/
sreenivasulu.k@yesbank.in/ manisha.nair@yesbank.in,
venkata.murarishetty@yesbank.in
Website: www.yesbank.in/
Contact person: Sreenivasulu K., Executive vice
president, LC division

Website: www.idbi.com
Contact person: I.D.B. Ravi Kumar (AGM)/ M. Sreenivasulu (DGM)

Changes in auditors

There have been no changes in our statutory auditors during the last three years.

Designated Intermediaries

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or such other website as may be updated from time to time. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time. Further, in relation to RIIs using the UPI Mechanism, a list of SCSBs eligible as 'Issuer Banks' for UPI is available on the website of SEBI at <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> or such other website as updated from time to time.

Applications through UPI in the Offer can be made only through the SCSBs and mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

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

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

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

Collecting Depository Participants

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

Experts

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

Our Company has received written consent dated May 13, 2021 from C. Ramachandram & Co., Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated April 15, 2021 on our Restated Financial Statements; and (ii) their report dated May 13, 2021 on the statement of possible special tax benefits in this Draft

Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

In addition, our Company has received written consents dated May 7, 2021 from K. Surya Narayana Murthy, Chartered Engineer, as chartered engineer to include his name as an “expert” as defined under Section 2(38) and other applicable provisions of the Companies Act, 2013 in respect of the certificates dated May 7, 2021, on the manufacturing capacity at both the Company’s manufacturing facilities and its utilization at both the manufacturing facilities, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Monitoring Agency

Our Company shall appoint a Monitoring Agency to monitor the utilization of the Net Proceeds in terms of Regulation 41 of SEBI ICDR Regulations prior to filing the Red Herring Prospectus.

Appraising Entity

The objects for which the Net Proceeds will be utilized have not been appraised by any agency.

IPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Inter-se Allocation of Responsibilities:

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

Sr. No	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	Managers	Edelweiss
2.	Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	Managers	Edelweiss
3.	Drafting and approval of all statutory advertisements	Managers	Edelweiss
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, media monitoring, etc. & filing of media compliance report	Managers	ICICI Securities
5.	Appointment of Registrar to the Offer, printers, Escrow Collection Banks, share escrow agent, monitoring agency, advertising agency (including coordinating all agreements to be entered with such parties)	Managers	JM Financial
6.	Preparation of road show presentation	Managers	Edelweiss
7.	Preparation of frequently asked questions	Managers	Axis Capital
8.	International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings Finalising international road show and investor meeting schedules	Managers	Edelweiss
9.	Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> • Finalising the list and division of domestic investors for one-to-one meetings Finalising domestic road show and investor meeting schedules	Managers	Axis Capital
10.	Conduct retail marketing of the Offer, which will cover, inter-alia: <ul style="list-style-type: none"> • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for brokers etc. Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	Managers	ICICI Securities
11.	Conduct non-institutional marketing of the Offer which will cover, inter alia, formulating marketing strategies for non-institutional investors	Managers	JM Financial
12.	Managing the book and pricing presentation/finalization of pricing in consultation with our Company	Managers	ICICI Securities

Sr. No	Activities	Responsibility	Coordination
13.	Coordination with Stock Exchanges for book building process, filing of letters including for software, bidding terminals and mock trading and anchor investor intimation, and deposit of 1% security deposit with the designated stock exchange	Managers	Axis Capital
14.	Post-Bidding activities – management of escrow accounts, finalization of the basis of allotment based on technical rejections, Basis Advertisement, listing of instruments, demat credit and refunds/ unblocking of funds, payment of the applicable STT coordination with SEBI and Stock Exchanges for the refund of 1% security deposit and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, SCSBs, including responsibility for execution of underwriting arrangements, as applicable and submission of all post-Offer reports including the initial and final post-Offer report to SEBI	Managers	YES Securities

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band, and minimum Bid Lot size will be decided by our Company and the Selling Shareholder in consultation with the Managers, and advertised in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and all editions of [●], a Telugu (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company in consultation with the Selling Shareholder and the Managers after the Bid/Offer Closing Date.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

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

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer. For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 346 and 349, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 349.

Underwriting Agreement

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. Our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

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

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

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

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

As on the date of this Draft Red Herring Prospectus, YES Securities which is a BRLM to the Offer is also an associate of YES Bank Limited who is a Banker to the Company. Our Company proposes to utilise a portion of the Net Proceeds towards repayment of certain loans availed from YES Bank Limited. For details see “*Objects of the Offer*” on page 101.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth below:

(In ₹, except share data)

	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A	AUTHORIZED SHARE CAPITAL⁽¹⁾		
	200,000,000 Equity Shares of face value ₹10 each	2,000,000,000	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER		
	133,800,000 Equity Shares of face value ₹10 each	1,338,000,000	
C	PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
	Fresh Issue of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹13,000 million ⁽²⁾	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of face value of ₹10 each by Selling Shareholder aggregating up to ₹2,500 million ⁽³⁾	[●]	[●]
D	SECURITIES PREMIUM ACCOUNT		
	Before the Offer	Nil	
	After the Offer	[●]	
E	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER		
	[●] Equity Shares	[●]	

* To be updated upon finalization of the Offer Price

- (1) For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters" on page 185
- (2) The Offer has been authorised by the Board of Directors pursuant to their resolution dated March 26, 2021 and the Shareholders pursuant to their special resolution dated April 20, 2021
- (3) The Selling Shareholder i.e. P R Cement Holdings Limited, has authorised the offer of such number of Equity Shares aggregating up to ₹2,500 million in the Offer, by way of board resolution dated March 27, 2021 and consent letter dated March 27, 2021. For details on the authorization by the Selling Shareholder in relation to the Offered Shares, see "The Offer" on page 58. The Selling Shareholder, confirms that the Equity Shares being offered by it in the Offer, have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, is eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations

Notes to the Capital Structure

1. Share Capital History of our Company

- (a) The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
October 24, 1991*	70	10	10	Cash	Initial subscription to MoA ⁽¹⁾	70	700
May 27, 1992*	47,400	10	10	Cash	Preferential Allotment ⁽²⁾	47,470	474,700
June 6, 1992*	276,670	10	10	Cash	Preferential Allotment ⁽³⁾	324,140	3,241,400
January 1, 1994	2,385,000	10	10	Cash	Preferential Allotment ⁽⁴⁾	2,709,140	27,091,400
December 5, 1994	2,243,400	10	10	Cash	Preferential Allotment ⁽⁵⁾	4,952,540	49,525,400
February 6, 1995	1,969,400	10	10	Cash	Preferential Allotment ⁽⁶⁾	6,921,940	69,219,400
June 30, 1995	417,000	10	10	Cash	Preferential Allotment ⁽⁷⁾	7,338,940	73,389,400
March 29, 1996	5,941,060	10	10	Cash	Preferential Allotment ⁽⁸⁾	13,280,000	132,800,000
December 28, 1996	100,000	10	10	Cash	Preferential Allotment ⁽⁹⁾	13,380,000	133,800,000
July 9, 2018	120,420,000	10	NA	NA	Bonus issue of nine Equity Shares for every one Equity Share ⁽¹⁰⁾	133,800,000	1,338,000,000

- (1) 10 Equity Shares were allotted to P. Prathap Reddy, 10 Equity Shares were allotted to N. Radhakrishna Reddy, 10 Equity Shares were

- allotted to P. Munikrishna, 10 Equity Shares were allotted to V.R. Vasudevan, 10 Equity Shares were allotted to D.M. Rao, 10 Equity Shares were allotted to K. Prakash Rao and 10 Equity Shares were allotted to M. Hanmanth Rao
- (2) 5,000 Equity Shares were allotted to K. Eswaran, 2,000 Equity Shares were allotted to Chander Parkesh, 1,900 Equity Shares were allotted to C. Rani, 1,900 Equity Shares were allotted to B. Chakravarthi, 1,900 Equity Shares were allotted to E. Santha Kumari, 1,900 Equity Shares were allotted to Sanjeev Kumar Gupta, 1,600 Equity Shares were allotted to P. Seeta Ramam, 1,600 Equity Shares were allotted to P.K. Ramam, 1,100 Equity Shares were allotted to Sheela Devi, 1,000 Equity Shares were allotted to N. Venkateswara Rao, 1,000 Equity Shares were allotted to N. Subba Rao, 1,000 Equity Shares were allotted to N. Lakshmi Eswari, 1,000 Equity Shares were allotted to K. Prabhakar Rao, 1,000 Equity Shares were allotted to Padnavati K, 1,000 Equity Shares were allotted to M. Venkateswara Rao, 1,000 Equity Shares were allotted to C. Satyanarayanamma, 1,000 Equity Shares were allotted to O.P. Rama Krishanan, 1,000 Equity Shares were allotted to Pista Devi Aggarwal, 1,000 Equity Shares were allotted to Baij Nath Aggarwal, 1,000 Equity Shares were allotted to Anubhav Gupta, 1,000 Equity Shares were allotted to Dalip Kumar Gupta, 1,000 Equity Shares were allotted to Sudhir Kumar Gupta, 1,000 Equity Shares were allotted to Anil Kumar Gupta, 1,000 Equity Shares were allotted to Shakuntla Gupta, 1,000 Equity Shares were allotted to Rajeev Gupta, 1,000 Equity Shares were allotted to Vijay Gupta, 1,000 Equity Shares were allotted to Valsala Ramakrishna, 800 Equity Shares were allotted to V.R. Vasudevan, 500 Equity Shares were allotted to K. Prakash Rao, 500 Equity Shares were allotted to K. Vijay Prakash, 500 Equity Shares were allotted to N. Srinivas Rao, 500 Equity Shares were allotted to K. Raveendra Sekhar, 500 Equity Shares were allotted to M. Veereswara Rao, 500 Equity Shares were allotted to S. Narsi Reddy, 500 Equity Shares were allotted to Purvima, 500 Equity Shares were allotted to M. Rajeshwari, 500 Equity Shares were allotted to M. Rukhma Bai, 500 Equity Shares were allotted to Bharathi Peddi, 500 Equity Shares were allotted to L. Ashok, 500 Equity Shares were allotted to B. Satyalakshmi, 500 Equity Shares were allotted to Y. Lakshmi Sukanya, 300 Equity Shares were allotted to B.V.S.P. Somayajulu, 300 Equity Shares were allotted to Venkata Surya Narsimha Raju P, 300 Equity Shares were allotted to Geevarughese John, 200 Equity Shares were allotted to D.M. Rao, 200 Equity Shares were allotted to M. Hanmanth Rao, 200 Equity Shares were allotted to K. Prakash Rao, 200 Equity Shares were allotted to N. Radha Krishna Reddy, 200 Equity Shares were allotted to T. Subramaniam Pillai, 200 Equity Shares were allotted to D. Kullai Reddy, 200 Equity Shares were allotted to Girish Bhagwan Rao K, 200 Equity Shares were allotted to U.V.V.L. Narasimham, 200 Equity Shares were allotted to K. Mohammed Shariff, 100 Equity Shares were allotted to A. D Prasad Rao, 100 Equity Shares were allotted to A. Uma Maheswara Rao, 100 Equity Shares were allotted to B Ramanarasaiah, 100 Equity Shares were allotted to P.K.D. Nagalakshmi and 100 Equity Shares were allotted to P. Rama Krishna Rao
- (3) 60,000 Equity Shares were allotted to P. Prathap Reddy, 40,000 Equity Shares were allotted to P. Prathap Reddy, 30,000 Equity Shares were allotted to P. Prathap Reddy, 30,000 Equity Shares were allotted to P. Prathap Reddy, 22,500 Equity Shares were allotted to P. Prathap Reddy, 10,000 Equity Shares were allotted to Verendra Kumar Agarwal, 10,000 Equity Shares were allotted to Verendra Kumar Agarwal, 5,000 Equity Shares were allotted to P. Prathap Reddy, 5,000 Equity Shares were allotted to P. Prathap Reddy, 4,000 Equity Shares were allotted to K.V.N. Sathyanarayana Rao, 2,000 Equity Shares were allotted to E.R. Padmanabhan, 2,000 Equity Shares were allotted to Vasantha, 2,000 Equity Shares were allotted to D. Subba Reddy, 2,000 Equity Shares were allotted to D. Srinivasulu Reddy, 2,000 Equity Shares were allotted to K. Seetha Devi, 2,000 Equity Shares were allotted to G. Srinivasulu Reddy, 1,500 Equity Shares were allotted to S. Venkaiah Naidu, 1,500 Equity Shares were allotted to S. Kanthamma, 1,500 Equity Shares were allotted to G. Mallikarjuna Naidu, 1,500 Equity Shares were allotted to T. Prabhakar Naidu, 1,500 Equity Shares were allotted to G. Krishnamma Naidu, 1,500 Equity Shares were allotted to K. Vijayalakshmi, 1,500 Equity Shares were allotted to K. Sharmila, 1,500 Equity Shares were allotted to K. Vimala, 1,500 Equity Shares were allotted to K. Prakash Babu, 1,500 Equity Shares were allotted to N. Ramanathan, 1,500 Equity Shares were allotted to Saroja, 1,500 Equity Shares were allotted to V. R. Rajanarayanan, 1,500 Equity Shares were allotted to R. Savithri, 1,500 Equity Shares were allotted to E K Govindan, 1,500 Equity Shares were allotted to Sumathi, 1,500 Equity Shares were allotted to S B Venkatram, 1,500 Equity Shares were allotted to S B Shiva Kumar, 1,500 Equity Shares were allotted to S B Krishna Kumar, 1,500 Equity Shares were allotted to Annapurni, 1,500 Equity Shares were allotted to E.R. Kalyana Sundaram, 1,500 Equity Shares were allotted to Seethammal, 1,500 Equity Shares were allotted to Meenakshi, 1,500 Equity Shares were allotted to Bhagyalakshmi, 1,000 Equity Shares were allotted to P. Munikrishna, 1,000 Equity Shares were allotted to P. Prathap Reddy, 1,000 Equity Shares were allotted to V. Ramesh, 1,000 Equity Shares were allotted to Parmanand Junaja, 1,000 Equity Shares were allotted to Parmanand Junaja, 1,000 Equity Shares were allotted to Parmanand Junaja, 800 Equity Shares were allotted to P. Munikrishna, 800 Equity Shares were allotted to P. Prathap Reddy, 500 Equity Shares were allotted to P. Munikrishna, 500 Equity Shares were allotted to C. Anjaiah, 500 Equity Shares were allotted to K. Venu Gopal, 500 Equity Shares were allotted to P.K. Geetha, 500 Equity Shares were allotted to Y Ganapati Rao, 500 Equity Shares were allotted to B Mallika, 400 Equity Shares were allotted to Vijayan Varjakshan Menon, 300 Equity Shares were allotted to A V Nanda Kumar Raju, 300 Equity Shares were allotted to D. Durga Prasad Rao, 300 Equity Shares were allotted to R Basavaiah, 300 Equity Shares were allotted to C Rajani, 300 Equity Shares were allotted to P Ventakeswar Rao, 200 Equity Shares were allotted to M. Ravinder Reddy, 200 Equity Shares were allotted to P.K. Jayathilak, 200 Equity Shares were allotted to Usha Sobhan Kumar, 200 Equity Shares were allotted to K Anna, 170 Equity Shares were allotted to P. Munikrishna, 100 Equity Shares were allotted to S. Rajan and 100 Equity Shares were allotted to P.L.N. Srinivas
- (4) 8,20,000 Equity Shares were allotted to P R Cement Holdings Limited, 55,000 Equity Shares were allotted to Ravindranath B, 40,000 Equity Shares were allotted to Shamantha K, 29,000 Equity Shares were allotted to Ritesh Reddy C, 25,000 Equity Shares were allotted to Ramachandra Rao K V P, 25,000 Equity Shares were allotted to Suneetha K, 22,000 Equity Shares were allotted to Rohit Reddy C, 21,000 Equity Shares were allotted to Sridhar Reddy B, 20,000 Equity Shares were allotted to Rajagopal Reddy V, 20,000 Equity Shares were allotted to Sampath Kumar Reddy V, 20,000 Equity Shares were allotted to Sham Sunder Reddy V, 20,000 Equity Shares were allotted to Sridevi K, 15,000 Equity Shares were allotted to Vasudevan V R, 10,500 Equity Shares were allotted to Anand Prasad V, 10,000 Equity Shares were allotted to Chandrasekhar Reddy K, 10,000 Equity Shares were allotted to K Adi Lakshmma, 10,000 Equity Shares were allotted to Kotagiri Vijaya Kumari Anitha Kotagiri, 10,000 Equity Shares were allotted to Krishna Mohan Reddy V, 10,000 Equity Shares were allotted to Madhusudhan Reddy K, 10,000 Equity Shares were allotted to Nirmala D L, 10,000 Equity Shares were allotted to Raghu Nandan Reddy V, 10,000 Equity Shares were allotted to Ram Mohan Reddy V, 10,000 Equity Shares were allotted to Ramachandran G, 10,000 Equity Shares were allotted to Rami Reddy K, 10,000 Equity Shares were allotted to Siresha D L, 10,000 Equity Shares were allotted to Surendra Reddy K, 10,000 Equity Shares were allotted to Uma Shankar Reddy K, 10,000 Equity Shares were allotted to V Vishnu, 10,000 Equity Shares were allotted to Vasundara K, 9,500 Equity Shares were allotted to Dr Jayaramaiah B, 9,000 Equity Shares were allotted to Aadrusta Kumar, 9,000 Equity Shares were allotted to Chinaiah B, 9,000 Equity Shares were allotted to Dayasagar K, 9,000 Equity Shares were allotted to Murthy J, 9,000 Equity Shares were allotted to Sambasiva Rao N, 9,000 Equity Shares were allotted to Srinivas Rao K, 9,000 Equity Shares were allotted to Subba Reddy D, 8,900 Equity Shares were allotted to Srinivasulu Reddy G, 8,500 Equity Shares were allotted to Ravindra Reddy D L, 8,500 Equity Shares were allotted to Subhadramma D L, 8,000 Equity Shares were allotted to Dayakar Reddy I, 8,000 Equity Shares were allotted to Sarada B, 8,000 Equity Shares were allotted to Sundari M/G Manoharan, 7,500 Equity Shares were allotted to Vijayalakshmi K, 7,000 Equity Shares were allotted to Arun Kumar V, 7,000 Equity Shares were allotted to Krishna Murthy P, 7,000 Equity Shares were allotted to Penchala Reddy P, 7,000 Equity Shares were allotted to Sankaraiah N, 7,000 Equity Shares were allotted to Satyanarayana K V N, 7,000 Equity Shares were allotted to Sita Devi K, 7,000 Equity Shares were allotted to Srinivasulu Reddy K, 7,000 Equity Shares were allotted to Venkatalakshamma B, 7,000 Equity Shares were allotted to Venkata Narayana K P, 7,000 Equity Shares were allotted to Venkataiah M, 7,000 Equity Shares were allotted to Vijaya Kumar M, 6,500 Equity Shares were allotted to Dhama Reddy Gujjula, 6,000 Equity Shares were allotted to Manoharan G, 6,000 Equity Shares were allotted to Swarna Latha S B, 5,500 Equity Shares were allotted to Anita Rao U, 5,500 Equity Shares were allotted to Lakshmi Manasa S Ashok S R, 5,000 Equity Shares were allotted to Ajit Bhagwan Kulkarni/Bhagwan Vinayak Kulkarni, 5,000 Equity Shares were allotted to Ashok Kumar B, 5,000 Equity Shares were allotted to Ashok Kumar Reddy Y, 5,000 Equity Shares were allotted to Ashok Rao Ch, 5,000 Equity Shares were allotted to Ashok Srinivas

Rao M, 5,000 Equity Shares were allotted to Babu Reddy P, 5,000 Equity Shares were allotted to Bhagyalakshmi K, 5,000 Equity Shares were allotted to Bharathi D, 5,000 Equity Shares were allotted to Bhaskar Reddy P, 5,000 Equity Shares were allotted to Bhuva neswari B, 5,000 Equity Shares were allotted to Chandrasekhar Ms, 5,000 Equity Shares were allotted to D Venkataraghava Reddy, 5,000 Equity Shares were allotted to D. Venkataramana Reddy, 5,000 Equity Shares were allotted to Daga Ds, 5,000 Equity Shares were allotted to Deepika, 5,000 Equity Shares were allotted to Deepthija K, 5,000 Equity Shares were allotted to Gopal Rao R, 5,000 Equity Shares were allotted to Hari Prasad Rao, 5,000 Equity Shares were allotted to Indir Daga, 5,000 Equity Shares were allotted to Janardhan Reddy B, 5,000 Equity Shares were allotted to Jayanthi B, 5,000 Equity Shares were allotted to Kistaya M, 5,000 Equity Shares were allotted to Krishna Rao J, 5,000 Equity Shares were allotted to Madhav Reddy P, 5,000 Equity Shares were allotted to Madhusudhan Reddy S, 5,000 Equity Shares were allotted to Malleishwar Swamy, 5,000 Equity Shares were allotted to Manjula P, 5,000 Equity Shares were allotted to Mohan Rao M V M, 5,000 Equity Shares were allotted to Mohan Rao V, 5,000 Equity Shares were allotted to Muppaneni Nirmala, 5,000 Equity Shares were allotted to Narasimha Reddy P, 5,000 Equity Shares were allotted to Narasinga Rao M, 5,000 Equity Shares were allotted to Narayana Prasad Bhagavatula, 5,000 Equity Shares were allotted to Natwarlal Balabux Jhawar/ Gayatri Devi N Jhawar, 5,000 Equity Shares were allotted to P Raja Lakshmi, 5,000 Equity Shares were allotted to Parthasarthy V, 5,000 Equity Shares were allotted to Prabha Rao U, 5,000 Equity Shares were allotted to Prabhakar Rao G, 5,000 Equity Shares were allotted to Prasad V S E Padma V S P, 5,000 Equity Shares were allotted to Prathap Rao G, 5,000 Equity Shares were allotted to Pullaiah Naidu, 5,000 Equity Shares were allotted to Pushpavenamma, 5,000 Equity Shares were allotted to Raghava Reddy P, 5,000 Equity Shares were allotted to Rajyalakshmi Muppaneni, 5,000 Equity Shares were allotted to Rakuminamma V, 5,000 Equity Shares were allotted to Ramachandra Rao N, 5,000 Equity Shares were allotted to Ramakrishna D, 5,000 Equity Shares were allotted to Ramana Murthy IV, 5,000 Equity Shares were allotted to Ramanna D, 5,000 Equity Shares were allotted to Ramanujula Reddy T, 5,000 Equity Shares were allotted to Ramayamma R V, 5,000 Equity Shares were allotted to Sailesh B, 5,000 Equity Shares were allotted to Sakuntalamma P, 5,000 Equity Shares were allotted to Sandhya B, 5,000 Equity Shares were allotted to Sarada Devi K, 5,000 Equity Shares were allotted to Saroja, 5,000 Equity Shares were allotted to Satish Reddy K, 5,000 Equity Shares were allotted to Shakunthala B, 5,000 Equity Shares were allotted to Siddaiah Naidu D, 5,000 Equity Shares were allotted to Siddapah, 5,000 Equity Shares were allotted to Sri Karuna Devi Tadikonda/ Ramavara Prasad, 5,000 Equity Shares were allotted to Subba Reddy P, 5,000 Equity Shares were allotted to Sudarsanamma P, 5,000 Equity Shares were allotted to Thirupathi Rao B, 5,000 Equity Shares were allotted to Tulasi Reddy G, 5,000 Equity Shares were allotted to Vasantha Kumari M, 5,000 Equity Shares were allotted to Vasanthi V, 5,000 Equity Shares were allotted to Venkata Satya Chaya Jayalakshmi M, 5,000 Equity Shares were allotted to Venkata Subbaiah B, 5,000 Equity Shares were allotted to Venkatachalam Chetty S, 5,000 Equity Shares were allotted to Venkata rami Reddy Saribali, 5,000 Equity Shares were allotted to Venkateswara Rao E, 5,000 Equity Shares were allotted to Venugopal Rao J, 5,000 Equity Shares were allotted to Vijaya P, 5,000 Equity Shares were allotted to Vimala, 5,000 Equity Shares were allotted to Viswanatha Reddy P, 4,900 Equity Shares were allotted to Krishna Murthy G, 4,900 Equity Shares were allotted to Madan I, 4,900 Equity Shares were allotted to Radhakrishnaiah N, 4,900 Equity Shares were allotted to Sambaiah N, 4,900 Equity Shares were allotted to Santha N, 4,600 Equity Shares were allotted to Baluswamy M, 4,500 Equity Shares were allotted to Amulya Reddy B, 4,500 Equity Shares were allotted to Amulya Reddy B, 4,500 Equity Shares were allotted to Krishna Reddy M, 4,500 Equity Shares were allotted to Radha K, 4,500 Equity Shares were allotted to Raju G L P, 4,500 Equity Shares were allotted to Salamma K, 4,500 Equity Shares were allotted to Shoba Reddy P, 4,500 Equity Shares were allotted to P. Snehlatha, 4,500 Equity Shares were allotted to Soujanya S, 4,500 Equity Shares were allotted to Sujatamma P, 4,500 Equity Shares were allotted to Uma Shankar B, 4,000 Equity Shares were allotted to Anish K, 4,000 Equity Shares were allotted to Ayodya Singh T, 4,000 Equity Shares were allotted to Bala Krishna Reddy Paleti, 4,000 Equity Shares were allotted to Bangaramma S Bhagavandas Sn, 4,000 Equity Shares were allotted to Deepa Devanand, 4,000 Equity Shares were allotted to G. Nirmala, 4,000 Equity Shares were allotted to Jalani Basha S K, 4,000 Equity Shares were allotted to Jayaprakasam K, 4,000 Equity Shares were allotted to K M Rao, 4,000 Equity Shares were allotted to K Prabhakar Rao, 4,000 Equity Shares were allotted to Kanakmba Velamuri, 4,000 Equity Shares were allotted to Kodandaram Reddy R, 4,000 Equity Shares were allotted to Lakshmi Devi Kamat, 4,000 Equity Shares were allotted to D. Madhusudhan Rao, 4,000 Equity Shares were allotted to Maheshwar Reddy K, 4,000 Equity Shares were allotted to Mastan Reddy G, 4,000 Equity Shares were allotted to Meenakshi N Venkatachalam, 4,000 Equity Shares were allotted to Mohan Rao D, 4,000 Equity Shares were allotted to Nagendrappa S, 4,000 Equity Shares were allotted to Narayana Reddy K, 4,000 Equity Shares were allotted to Padmanabha Rao C, 4,000 Equity Shares were allotted to Penchalaiah G, 4,000 Equity Shares were allotted to Purushotham Reddy K, 4,000 Equity Shares were allotted to Rajesh Reddy P, 4,000 Equity Shares were allotted to Rajeswar Rao E, 4,000 Equity Shares were allotted to Rajeshwari B, 4,000 Equity Shares were allotted to Rama Murthy G Prakash Rao Koilakuntla, 4,000 Equity Shares were allotted to Rama Subba Reddy K, 4,000 Equity Shares were allotted to Ramalakshmi V, 4,000 Equity Shares were allotted to Ramana Reddy P, 4,000 Equity Shares were allotted to Ramesh Rao U, 4,000 Equity Shares were allotted to Ravi Kumar Reddy, 4,000 Equity Shares were allotted to Ravichander R, 4,000 Equity Shares were allotted to Santosh Kumar T, 4,000 Equity Shares were allotted to Saraswathamma P/ Srikanth, 4,000 Equity Shares were allotted to Sarojamma K, 4,000 Equity Shares were allotted to Sundari K, 4,000 Equity Shares were allotted to Sushela K, 4,000 Equity Shares were allotted to Varalakshmi N/ B Narayanan, 4,000 Equity Shares were allotted to Vasantha Kumar Reddy G, 4,000 Equity Shares were allotted to Vasudeva Reddy K, 4,000 Equity Shares were allotted to Veena B Kini, 4,000 Equity Shares were allotted to Venkata Rami Reddy, 4,000 Equity Shares were allotted to Venkataram Reddy P, 4,000 Equity Shares were allotted to Venkateshwar Rao G, 4,000 Equity Shares were allotted to Vilasini Joshi K, 3,500 Equity Shares were allotted to Goutham S, 3,500 Equity Shares were allotted to Kameswari M, 3,500 Equity Shares were allotted to Lakshmana Rao, 3,500 Equity Shares were allotted to Leelavathi D, 3,500 Equity Shares were allotted to Padma G, 3,500 Equity Shares were allotted to Subhashini S, 3,500 Equity Shares were allotted to Vijayabhaskar Reddy Y, 3,000 Equity Shares were allotted to Amarnath Reddy Bn, 3,000 Equity Shares were allotted to Anasuyamma G, 3,000 Equity Shares were allotted to Bhaskar Venkatesh Darbha, 3,000 Equity Shares were allotted to Geeta A Kalgutkar Ashok Krishnakant Kalgutkar, 3,000 Equity Shares were allotted to Indira E, 3,000 Equity Shares were allotted to Lalitha B, 3,000 Equity Shares were allotted to Lalitha D, 3,000 Equity Shares were allotted to Mohan Rao G, 3,000 Equity Shares were allotted to Prakash Rao Koilakuntla, 3,000 Equity Shares were allotted to Rajeswar Rao V, 3,000 Equity Shares were allotted to Rami Reddy P, 3,000 Equity Shares were allotted to Ratna J, 3,000 Equity Shares were allotted to Sudhakar Reddy P, 3,000 Equity Shares were allotted to Suryanarayana Reddy E, 3,000 Equity Shares were allotted to Venkat Ramesh D, 3,000 Equity Shares were allotted to Venkataramaiah B, 3,000 Equity Shares were allotted to Vivek Chandasekhar S, 3,000 Equity Shares were allotted to Yenugula Chandraiah, 2,500 Equity Shares were allotted to Avn Varma Vegesana/ Anuradha Vegesana, 2,500 Equity Shares were allotted to Ajay Rao G, 2,500 Equity Shares were allotted to Akhila Gautham G, 2,500 Equity Shares were allotted to Anuradha, 2,500 Equity Shares were allotted to Atika Ahmed, 2,500 Equity Shares were allotted to Ayesha Sherief, 2,500 Equity Shares were allotted to Bhaskar Rao M, 2,500 Equity Shares were allotted to Divakar Rao E, 2,500 Equity Shares were allotted to Ejaz Ahmed, 2,500 Equity Shares were allotted to Faiz Ahmed, 2,500 Equity Shares were allotted to Fatima Qureshi, 2,500 Equity Shares were allotted to Girija R, 2,500 Equity Shares were allotted to Ifteqar Ahmed, 2,500 Equity Shares were allotted to Jagadeesh M, 2,500 Equity Shares were allotted to Jamuna P, 2,500 Equity Shares were allotted to Kara mala Ashraf, 2,500 Equity Shares were allotted to Khaja Afzaluddin, 2,500 Equity Shares were allotted to Khaja Nehaluddin, 2,500 Equity Shares were allotted to Kiran Kumar Reddy C, 2,500 Equity Shares were allotted to Komala Devi K, 2,500 Equity Shares were allotted to Madhusudhan Reddy P, 2,500 Equity Shares were allotted to Madhusudhan Rao Kasamneni, 2,500 Equity Shares were allotted to Murli Daran Sowrirajan, 2,500 Equity Shares were allotted to Naidu K M S, 2,500 Equity Shares were allotted to Nanda Kumar Raju A V, 2,500 Equity Shares were allotted to Narayan Reddy Madadi, 2,500 Equity Shares were allotted to Prasad B L N, 2,500 Equity Shares were allotted to Prem Kumar, 2,500 Equity Shares were allotted to Rabia Sherief, 2,500 Equity Shares were allotted to Raju P, 2,500 Equity Shares were allotted to Rakesh Kumar Malhotra, 2,500 Equity Shares were allotted to Rama Krishna Rao B, 2,500 Equity Shares were allotted to Ramesh Ramaiah, 2,500 Equity Shares were allotted to Raziuddin Ahmed, 2,500 Equity Shares were allotted to Riazuddin Ahmed, 2,500 Equity Shares were allotted to Sandhya Madadi, 2,500 Equity Shares were allotted to Sree Leelvathi D, 2,500 Equity Shares were allotted to Srinivas Reddy S, 2,500

- Equity Shares were allotted to Subba Lakshamma N, 2,500 Equity Shares were allotted to Subba Rao K, 2,500 Equity Shares were allotted to Syed Riazuddin, 2,500 Equity Shares were allotted to Thukaram N, 2,500 Equity Shares were allotted to Usha Rani B, 2,500 Equity Shares were allotted to Usha Rani Kasamni, 2,500 Equity Shares were allotted to Vanaja R, 2,500 Equity Shares were allotted to Vanita Malhotra, 2,500 Equity Shares were allotted to Veereswara Rao M, 2,500 Equity Shares were allotted to Venkateswara Rao Pappu, 2,500 Equity Shares were allotted to Venkateshwarlu Vuppu, 2,500 Equity Shares were allotted to Vijaya Kumar V, 2,500 Equity Shares were allotted to Vinaya Devalla, 2,500 Equity Shares were allotted to Zahera Ahmed, 2,500 Equity Shares were allotted to Zahi d Ali and 2,500 Equity Shares were allotted to Zarina Ahmed
- (5) 1,000,000 Equity Shares were allotted to Unit Trust of India/ M/S Tech Development and Information Company of India Limited, 750,000 Equity Shares were allotted to A.P. Industrial Development Corporation Limited, 150,000 Equity Shares were allotted to Vijaya Growth Financial Services Limited, 20,000 Equity Shares were allotted to Kirti Jain, 20,000 Equity Shares were allotted to Madhusudhan Reddy Pasunoori, 15,000 Equity Shares were allotted to Col. C. Vinodkumar Gupta/ Ashish Gupta, 15,000 Equity Shares were allotted to Girish Mittal, 10,000 Equity Shares were allotted to Subhlabh Securities Private Limited, 10,000 Equity Shares were allotted to Sunil Kumar Jain, 10,000 Equity Shares were allotted to Bharati Jain, 10,000 Equity Shares were allotted to Kamal Chand Jain, 10,000 Equity Shares were allotted to Nelan Banthia, 10,000 Equity Shares were allotted to Kumar Kushal Jain, 10,000 Equity Shares were allotted to Shaila Jain, 5,000 Equity Shares were allotted to Mahipal Shah, 5,000 Equity Shares were allotted to Neemchand Chandamal Sanghvi, 5,000 Equity Shares were allotted to Preetam Nemchand Sanghvi, 5,000 Equity Shares were allotted to Sheetal Nemchand Sanghvi, 5,000 Equity Shares were allotted to Deepak Ramanlal Sanghvi, 5,000 Equity Shares were allotted to Suresh Chendumal Sanghvi, 5,000 Equity Shares were allotted to Somaraju Bhupati Raju, 5,000 Equity Shares were allotted to Shamantha K., 5,000 Equity Shares were allotted to Gautam Mukerji/ Pritha Mukerji, 5,000 Equity Shares were allotted to Sunita Lanka, 5,000 Equity Shares were allotted to Jaya Chandra Reddy Lakka/ Parvathi Lakka, 5,000 Equity Shares were allotted to Somasekhara Reddy Yellannagari/ Veerasekhara Reddy Yellannagari, 5,000 Equity Shares were allotted to Gangadhara Moorthy, 5,000 Equity Shares were allotted to Mukesh Kumar Lalwani, 4,400 Equity Shares were allotted to Suhurlathamma Paleti, 4,000 Equity Shares were allotted to Rama Reddy Chinthaparthi/ Saran C., 3,500 Equity Shares were allotted to Nagesh Gowd Lingala, 3,500 Equity Shares were allotted to Krishna Kumar Prasad, 3,500 Equity Shares were allotted to Satyapal Khullar, 3,000 Equity Shares were allotted to Lt. Gen. L.N. Misra, 3,000 Equity Shares were allotted to Basavanthappa Sankarappa Benni, 3,000 Equity Shares were allotted to Satyanarayana Tapadia, 3,000 Equity Shares were allotted to Ashok Ostwal, 2,500 Equity Shares were allotted to Savitha Devi, 2,500 Equity Shares were allotted to Satyanarayana Rao Pinnamaneni, 2,500 Equity Shares were allotted to Meenakshi S, 2,500 Equity Shares were allotted to Venkata Raman K.V.V, 2,500 Equity Shares were allotted to Venkat Raghavan V., 2,500 Equity Shares were allotted to Shankar V., 2,500 Equity Shares were allotted to Thomas P.K., 2,500 Equity Shares were allotted to Nagaraja Chetty C., 2,500 Equity Shares were allotted to Jayalshmi K C / Madhu Babu K C, 2,500 Equity Shares were allotted to Nagaraja Gupta D., 2,500 Equity Shares were allotted to Sudhakar Devati, 2,500 Equity Shares were allotted to Jeevan Kumar Yadalam/ Sucharitha Yadalam/ Sukanyamma Yadalam, 2,500 Equity Shares were allotted to Sri Gopalan V., 2,500 Equity Shares were allotted to Narsimhan G/ Narasimhan, 2,500 Equity Shares were allotted to Krishna Gupta/ K.K. Gupta, 2,500 Equity Shares were allotted to Dr. Rama Chandra Raju D., 2,500 Equity Shares were allotted to Parthasarathy M.A.V.R., 2,500 Equity Shares were allotted to Sheela Jain, 2,500 Equity Shares were allotted to Shailendra B Chhajed/ Nirmala S Chhajed, 2,500 Equity Shares were allotted to Krishna Kumari Sunkara, 2,500 Equity Shares were allotted to Ranga Rao Reddy/ Chundru Venkateshwara Rao, 2,500 Equity Shares were allotted to Krishnama Naidu Damarapati, 2,500 Equity Shares were allotted to R Prasad Rao P, 2,500 Equity Shares were allotted to Ananta Sai Padmaja Jasthi, 2,500 Equity Shares were allotted to Chandana Bala Mutha, 2,500 Equity Shares were allotted to Balakishan Bajaj/ Mangala Bajaj, 2,500 Equity Shares were allotted to Varaprasada Reddy Badnehal/ Viswanantha Reddy Badnehal, 2,500 Equity Shares were allotted to Rajagopal Reddy H., 2,500 Equity Shares were allotted to Sujith Investments & Properties Limited, 2,500 Equity Shares were allotted to Sarada Tarimala/ Renuka Venkatesh, 2,500 Equity Shares were allotted to Leelavathi Mullangi, 2,500 Equity Shares were allotted to Sunil Chandra Reddy, 2,500 Equity Shares were allotted to Shyam Chowdhary, 2,500 Equity Shares were allotted to Kamud Chowdhary, 2,500 Equity Shares were allotted to Kavitha Chowdhary, 2,500 Equity Shares were allotted to Priya Chowdhary, 2,500 Equity Shares were allotted to Chandra Sekhar Gubba, 2,500 Equity Shares were allotted to Kunda Sawant/ K.P. Sawant, 2,500 Equity Shares were allotted to Manoranjitha Karanam/ Prabhakar Karanam Jayaram Pillai, 2,500 Equity Shares were allotted to Venkateswara Rao S., and 2,500 Equity Shares were allotted to Mohanlal Lalwani
- (6) 1,110,000 Equity Shares were allotted to P. Prathap Reddy, 415,000 Equity Shares were allotted to P R Cement Holdings Limited, 75,000 Equity Shares were allotted to P.V. Lakshmi, 65,000 Equity Shares were allotted to Shree Sai Gardens Private Limited, 60,000 Equity Shares were allotted to P. Ramesh Reddy, 45,500 Equity Shares were allotted to Sashi Krishna Papagari, 35,000 Equity Shares were allotted to P. Padmaja, 30,000 Equity Shares were allotted to P. Venugopal Reddy, 22,500 Equity Shares were allotted to Padmanabhaiah P.A., 10,000 Equity Shares were allotted to Anam Ramanarayana Reddy, 10,000 Equity Shares were allotted to Annamalai K.R./A. Mangalam, 10,000 Equity Shares were allotted to Sri Karthik Securities Private Limited, 10,000 Equity Shares were allotted to Suresh Kumar R. / Krishna Kumari S., 10,000 Equity Shares were allotted to Swan Securities & Investments Limited, 8,000 Equity Shares were allotted to P. Munikrishna, 6,000 Equity Shares were allotted to Sivaji Rao Papagari, 5,000 Equity Shares were allotted to Chenchaiah Papagari, 4,000 Equity Shares were allotted to Radhakrishna G. / Ramakrishna G., 3,400 Equity Shares were allotted to Satyavathi G./ Anand Kumar G., 3,000 Equity Shares were allotted to Appa Rao, 2,500 Equity Shares were allotted to Anasuya Reddy P., 2,500 Equity Shares were allotted to Deepa C. / Niranjan Reddy, 2,500 Equity Shares were allotted to Devalla Anasuyamma, 2,500 Equity Shares were allotted to Devalla Seshu Reddy, 2,500 Equity Shares were allotted to Devalla Vydehi, 2,500 Equity Shares were allotted to Poorna Rao Papagari, 2,500 Equity Shares were allotted to Satyanarayana Rao P.V., 2,500 Equity Shares were allotted to Surekha B. / Venugopal Reddy B., 2,500 Equity Shares were allotted to Venugopal Reddy B./ Surekha B., 2,000 Equity Shares were allotted to Ashok Kumar Reddy Y., 2,000 Equity Shares were allotted to Jalani Basha S.K., 2,000 Equity Shares were allotted to Sailesh B., 2,000 Equity Shares were allotted to Sandhya B., and 1,500 Equity Shares were allotted to Subba Reddy D.
- (7) 150,000 Equity Shares were allotted to P. Prathap Reddy, 30,000 Equity Shares were allotted to Padmanabhaiah P.A., 30,000 Equity Shares were allotted to Sashi Krishna Papagari, 2,000 Equity Shares were allotted to Satyavathi G. and Usha Kiran G., 200,000 Equity Shares were allotted to A.P. Industrial Development Corporation Limited and 5,000 Equity Shares were allotted to Venkata Subbamma Kunam
- (8) 3,020,010 Equity Shares were allotted to P R Cement Holdings Limited, 500,000 Equity Shares were allotted to A.P. Industrial Development Corporation Limited, 370,000 Equity Shares were allotted to P. Prathap Reddy, 245,000 Equity Shares were allotted to P. Prathap Reddy, Managing Partner, Pioneer Builders, 156,500 Equity Shares were allotted to Shree Sai Gardens Private Limited, 105,000 Equity Shares were allotted to Sashi Krishna P., 75,000 Equity Shares were allotted to B Ravindranath C/o Sree Sai Associates, 62,500 Equity Shares were allotted to Shree Sai Leasing And Finance Limited, 55,000 Equity Shares were allotted to P R Cement Holdings Limited, 53,990 Equity Shares were allotted to Shree Sai Gardens Private Limited, 50,000 Equity Shares were allotted to Chandana P., 50,000 Equity Shares were allotted to P. Niharika, 40,000 Equity Shares were allotted to P. Divya Priyanka, 40,000 Equity Shares were allotted to P. Nirupama, 40,000 Equity Shares were allotted to J.C. Samyukta, 35,000 Equity Shares were allotted to P. Neelima Reddy, 25,000 Equity Shares were allotted to Subhadra Investments Private Limited, 25,000 Equity Shares were allotted to Shree Sai Leasing & Finance Company Limited, 25,000 Equity Shares were allotted to P. Deepthi Reddy, 18,000 Equity Shares were allotted to Chenchaiah Papagari, 16,000 Equity Shares were allotted to Ashok Kumar B., 15,560 Equity Shares were allotted to Isanka Ramakrishna, 12,500 Equity Shares were allotted to Bhuvanewari B., 12,500 Equity Shares were allotted to Vani LS., 10,000 Equity Shares were allotted to Bhaskaramma C.B., 10,000 Equity Shares were allotted to Koteswaramma C.B., 10,000 Equity Shares were allotted to Murthy K.S.R.C, 10,000 Equity Shares were allotted to Venkateshwarlu R., 8,000 Equity Shares were allotted to K.S.S.V.P. Sharma, 7,500 Equity Shares were allotted to Ravindranath B., 6,000 Equity Shares were allotted to Priti P., 6,000 Equity Shares were allotted to Chenchu Ramaiah R., 6,000 Equity Shares were allotted to Yamini M., 5,500 Equity Shares were allotted to Gayatri M., 5,500 Equity Shares were allotted to Krishna Mohan P., 5,500 Equity Shares

were allotted to Murthy T.V.S.N., 5,500 Equity Shares were allotted to Raghu Prasad Tallisetty, 5,500 Equity Shares were allotted to Ravindranath C., 5,000 Equity Shares were allotted to Anish Reddy K., 5,000 Equity Shares were allotted to Mohamed Azad, 5,000 Equity Shares were allotted to Pesala Venkata Subbarayudu, 5,000 Equity Shares were allotted to Raghu G., 5,000 Equity Shares were allotted to Rajesh P., 5,000 Equity Shares were allotted to Ramachandra Reddy P., 5,000 Equity Shares were allotted to P V Ramana Reddy, 5,000 Equity Shares were allotted to Sundari K., 5,000 Equity Shares were allotted to Annapurna Challa, 5,000 Equity Shares were allotted to Babu Rao M., 5,000 Equity Shares were allotted to Srunda Devi Isukappalli, 5,000 Equity Shares were allotted to Chamundeswari Patnam, 5,000 Equity Shares were allotted to Chinna Obul Reddy Daggala, 5,000 Equity Shares were allotted to Ganesam R., 5,000 Equity Shares were allotted to Gruhalakshmi Tallisetty, 5,000 Equity Shares were allotted to Hari Babu K., 5,000 Equity Shares were allotted to Indira Yekula, 5,000 Equity Shares were allotted to Jaali Reddy Puchalapalli, 5,000 Equity Shares were allotted to Kalpavalli Bvrisetty, 5,000 Equity Shares were allotted to L.N Vani, 5,000 Equity Shares were allotted to Lakshman Rao N., 5,000 Equity Shares were allotted to Laxmikantamma N., 5,000 Equity Shares were allotted to M. Shamala Bai, 5,000 Equity Shares were allotted to Madhusudhan Reddy Pulla, 5,000 Equity Shares were allotted to Malla Reddy Gopi Reddigari, 5,000 Equity Shares were allotted to Muthyem Reddy M., 5,000 Equity Shares were allotted to Nagarjuna Annam, 5,000 Equity Shares were allotted to Narayan Reddy Yekula, 5,000 Equity Shares were allotted to Narayanamma C., 5,000 Equity Shares were allotted to Padma M., 5,000 Equity Shares were allotted to Padma V., 5,000 Equity Shares were allotted to Padmavathamma Singareddy, 5,000 Equity Shares were allotted to Pala Lingaiah N., 5,000 Equity Shares were allotted to Palaganagadharam I., 5,000 Equity Shares were allotted to Penchal Reddy Challa, 5,000 Equity Shares were allotted to Prameela K., 5,000 Equity Shares were allotted to Raja Gopal Reddy C.M., 5,000 Equity Shares were allotted to Rajeswari Devi Patnam, 5,000 Equity Shares were allotted to Ramkrishna V., 5,000 Equity Shares were allotted to Ramkrishnaiah Annam, 5,000 Equity Shares were allotted to Ramalakshamma Byrisetty, 5,000 Equity Shares were allotted to Ramesh Babu Katta, 5,000 Equity Shares were allotted to Ravi Chandra Babu Patnam, 5,000 Equity Shares were allotted to Reddamma N., 5,000 Equity Shares were allotted to Reddamma Nettiappalli, 5,000 Equity Shares were allotted to Renuka Byrisetti, 5,000 Equity Shares were allotted to Shanti Priya V., 5,000 Equity Shares were allotted to Sharda Prasanna G., 5,000 Equity Shares were allotted to Sheker N.C., 5,000 Equity Shares were allotted to Singareddy Reddy Raja, 5,000 Equity Shares were allotted to Sridevi Mummadi Reddy, 5,000 Equity Shares were allotted to Sridhar Reddy Challa, 5,000 Equity Shares were allotted to Srivani Annam, 5,000 Equity Shares were allotted to Subbaratnamma V., 5,000 Equity Shares were allotted to Subramanyam Modallapalli, 5,000 Equity Shares were allotted to Sujatha M., 5,000 Equity Shares were allotted to Sumithra K., 5,000 Equity Shares were allotted to Surya Rao Meda, 5,000 Equity Shares were allotted to Uma P., 5,000 Equity Shares were allotted to Vani Kumari C., 5,000 Equity Shares were allotted to Venkata Lakshamma Tallisetty, 5,000 Equity Shares were allotted to Venkata Ramana Reddy Papi Reddy, 5,000 Equity Shares were allotted to Venkata Subbamma Annam, 5,000 Equity Shares were allotted to Venkatasubamma Byrisetty, 5,000 Equity Shares were allotted to Vijay Kumar B., 4,900 Equity Shares were allotted to Anasuya M., 4,500 Equity Shares were allotted to Chandra Sekharan I., 4,500 Equity Shares were allotted to Lakshmi G., 4,500 Equity Shares were allotted to Prasanna Kumar Reddy G., 4,500 Equity Shares were allotted to Rama Krishna K.N.V., 4,500 Equity Shares were allotted to Ranjogeswara Rao N., 4,500 Equity Shares were allotted to Rao N.V., 4,500 Equity Shares were allotted to Ravindranath M., 4,500 Equity Shares were allotted to Ravindranath TN V., 4,500 Equity Shares were allotted to Renuka M., 4,500 Equity Shares were allotted to Srivani Papireddy, 4,500 Equity Shares were allotted to Sudershan Reddy K., 4,500 Equity Shares were allotted to Tirupathi Reddy Katam, 4,000 Equity Shares were allotted to Chinna Balu Swamy, 4,000 Equity Shares were allotted to Rajeswari B., 4,000 Equity Shares were allotted to Anuradha K., 4,000 Equity Shares were allotted to Ashalatha J., 4,000 Equity Shares were allotted to Karuna Sree Sunkara, 4,000 Equity Shares were allotted to Narayana Babu P.S.V., 4,000 Equity Shares were allotted to Nirmala Daga, 4,000 Equity Shares were allotted to Ramamurthy B., 4,000 Equity Shares were allotted to Vijay Gopal M., 3,600 Equity Shares were allotted to Annapurna K., 3,600 Equity Shares were allotted to Subbarao A., 3,500 Equity Shares were allotted to Sandhya M., 3,500 Equity Shares were allotted to Aruna M., 3,500 Equity Shares were allotted to Anuradha M., 3,500 Equity Shares were allotted to Balamma G / Balaraju P., 3,500 Equity Shares were allotted to Chandramohan C.K., 3,500 Equity Shares were allotted to Ganga Reddy G., 3,500 Equity Shares were allotted to Hanumantha Rao D, 3,500 Equity Shares were allotted to Jaganatha Raju D, 3,500 Equity Shares were allotted to Janardhan Revoori, 3,500 Equity Shares were allotted to Lakshmi Devamma G., 3,500 Equity Shares were allotted to Lakshmi Narayana K., 3,500 Equity Shares were allotted to Dr Nirupama, 3,500 Equity Shares were allotted to Raju D S., 3,500 Equity Shares were allotted to Redamma Papireddy, 3,500 Equity Shares were allotted to Swarnalatha B., 3,500 Equity Shares were allotted to Vanaja Pula, 3,500 Equity Shares were allotted to Veera Reddy, 3,000 Equity Shares were allotted to Krihi Krishna P., 3,000 Equity Shares were allotted to Srinivasulu Reddy D., 3,000 Equity Shares were allotted to Anand P., 3,000 Equity Shares were allotted to Prasad V., 3,000 Equity Shares were allotted to Satyanarayana K., 3,000 Equity Shares were allotted to Aruna Kumari K., 3,000 Equity Shares were allotted to Atchut Kumar B., 3,000 Equity Shares were allotted to Bhimbadhar K., 3,000 Equity Shares were allotted to Chakravarthy B.S., 3,000 Equity Shares were allotted to Chandra Mouli P., 3,000 Equity Shares were allotted to Durga K., 3,000 Equity Shares were allotted to Ganesh Das Daga, 3,000 Equity Shares were allotted to Ganga Devi K., 3,000 Equity Shares were allotted to Girija Sekhar M.S., 3,000 Equity Shares were allotted to Hanumantha Rao R, 3,000 Equity Shares were allotted to Indiramma C.H., 3,000 Equity Shares were allotted to Jagan Mohan P.S., 3,000 Equity Shares were allotted to Janaradhana Rao P., 3,000 Equity Shares were allotted to Jyothi Sharaf, 3,000 Equity Shares were allotted to Kanakamani Beeram, 3,000 Equity Shares were allotted to Menon M V., 3,000 Equity Shares were allotted to Munirathnam Naidu M.R., 3,000 Equity Shares were allotted to Padma Radhika B., 3,000 Equity Shares were allotted to Prameela Rani K., 3,000 Equity Shares were allotted to Radha G., 3,000 Equity Shares were allotted to Rajender Kumar P., 3,000 Equity Shares were allotted to Ramadevi Madallapalli, 3,000 Equity Shares were allotted to Ramesh Sita, 3,000 Equity Shares were allotted to Ravi Kiran K., 3,000 Equity Shares were allotted to Baby Sai Chandana K., 3,000 Equity Shares were allotted to Sharma KS S.V.P., 3,000 Equity Shares were allotted to Shoba Rao P., 3,000 Equity Shares were allotted to Sree Ramulu Ily, 3,000 Equity Shares were allotted to Sudershan, 3,000 Equity Shares were allotted to Sudhakar Reddy K., 3,000 Equity Shares were allotted to Sudhakar Reddy S., 3,000 Equity Shares were allotted to Sujatha I., 3,000 Equity Shares were allotted to Venkaiah P., 3,000 Equity Shares were allotted to Venkataramaiah Katta, 3,000 Equity Shares were allotted to Vijaya M V Menon/ Vinay V Menon, 3,000 Equity Shares were allotted to Vijaya Prakash Koilakuntla / Prakash Rao Koilakuntla, 2,800 Equity Shares were allotted to Ram Mohan Rao M., 2,600 Equity Shares were allotted to Balaganadhar Tilak Korrapaty, 2,500 Equity Shares were allotted to Aswani Kumar Nannapaneni / Radha Nannapaneni, 2,500 Equity Shares were allotted to Bala Rekha T., 2,500 Equity Shares were allotted to Gouri Mahalakshmi K., 2,500 Equity Shares were allotted to Janardhan Reddy P., 2,500 Equity Shares were allotted to Kandaswami R., 2,500 Equity Shares were allotted to M.N. Rao / Ma Lakshmi, 2,500 Equity Shares were allotted to Dr. M.V.R. Reddy, 2,500 Equity Shares were allotted to Mano Rani, 2,500 Equity Shares were allotted to Nagaraju Muntimadugu, 2,500 Equity Shares were allotted to Pallavi Yadav, 2,500 Equity Shares were allotted to Parvathi V.S., 2,500 Equity Shares were allotted to Saraswatamma B., 2,500 Equity Shares were allotted to Shashi Kumar Nair, 2,500 Equity Shares were allotted to Sivaji Prabhakaran D., 2,500 Equity Shares were allotted to Venkata Subbamma Kunam, 2,500 Equity Shares were allotted to Venkatapathi D., 2,500 Equity Shares were allotted to Krishna Rao G., 2,500 Equity Shares were allotted to Lakshmi Devi K., 2,500 Equity Shares were allotted to Shivaji P., 2,500 Equity Shares were allotted to Anand Kumar J., 2,500 Equity Shares were allotted to Anuradha A., 2,500 Equity Shares were allotted to Ashok K. Kalgutkar, 2,500 Equity Shares were allotted to Bhagwan Das S.N., 2,500 Equity Shares were allotted to Bhaskar Reddy, 2,500 Equity Shares were allotted to Bhasker Venkateswarlu D., 2,500 Equity Shares were allotted to Chakravarthy S.M., 2,500 Equity Shares were allotted to Chanda K., 2,500 Equity Shares were allotted to Gopalakrishna K.V.R., 2,500 Equity Shares were allotted to Goverdhan Reddy Mayreddy, 2,500 Equity Shares were allotted to Kalyan M., 2,500 Equity Shares were allotted to Kodanda Ramam Papu, 2,500 Equity Shares were allotted to Krishnaiah R.V., 2,500 Equity Shares were allotted to Kumara Swamy I., 2,500 Equity Shares were allotted to Latha G., 2,500 Equity Shares were allotted to Leela Vahi P., 2,500 Equity Shares were allotted to Aruna M., 2,500 Equity Shares were allotted to Mahalaxmi A., 2,500 Equity Shares were allotted to Manga K., 2,500 Equity Shares were allotted to Manjula J., 2,500 Equity Shares were allotted to Mohan Rao P., 2,500 Equity Shares were allotted to Mohan Reddy G., 2,500 Equity Shares were allotted to Narendra Reddy K., 2,500 Equity Shares were allotted to Padma P., 2,500 Equity Shares were

allotted to Parvathi P., 2,500 Equity Shares were allotted to Prakash Rao K.V.S., 2,500 Equity Shares were allotted to Prem Kumar Boina, 2,500 Equity Shares were allotted to Radhakrishna M., 2,500 Equity Shares were allotted to Raghu T., 2,500 Equity Shares were allotted to Ramakrishna Prasad Amudala Palli, 2,500 Equity Shares were allotted to Rama Murthy B., 2,500 Equity Shares were allotted to Ramarao P.V., 2,500 Equity Shares were allotted to Rama Murthy B., 2,500 Equity Shares were allotted to Ram Babu T., 2,500 Equity Shares were allotted to Ramesh Kumar A., 2,500 Equity Shares were allotted to Sakkubayamma T., 2,500 Equity Shares were allotted to Santhamma M., 2,500 Equity Shares were allotted to Sarada K., 2,500 Equity Shares were allotted to Seetharaman Pappu, 2,500 Equity Shares were allotted to Sengupta, 2,500 Equity Shares were allotted to Sharaf Leela Dhar, 2,500 Equity Shares were allotted to Sri Rama Chandramurthy N., 2,500 Equity Shares were allotted to Subrahmanyam P.S., 2,500 Equity Shares were allotted to Suvarna G., 2,500 Equity Shares were allotted to Swaroop Kumar, 2,500 Equity Shares were allotted to Vasanth Reddy G., 2,500 Equity Shares were allotted to Venkateshwar Rao Pappu, 2,500 Equity Shares were allotted to Vijay Kumar Boppana, 2,500 Equity Shares were allotted to Vijaya Kumar J., 2,500 Equity Shares were allotted to Zaveri S.P., 2,000 Equity Shares were allotted to Anasuyamma G., 2,000 Equity Shares were allotted to Venkat Narayana K.P., 1,000 Equity Shares were allotted to Krithi Krishna P.

(9) 100,000 Equity Shares were allotted to A.P. Industrial Development Corporation Limited

(10) Bonus issue in the ratio of nine Equity Shares for every one Equity Share, authorised by the shareholders of the Company on June 14, 2018, was undertaken through the capitalisation of a part of retained earnings of our Company to the persons who were the shareholders of the Company on the record date

*Records of minutes of the meetings of Board & Shareholders of the Company for periods between October 24, 1991 to December 27, 1993 are not available. For details see "Risk Factors - Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 40

(b) Our Company has not issued any Equity Shares in the one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price.

2. Our Company does not have any outstanding preference shares as on the date of filing of this Draft Red Herring Prospectus.

3. **Issue of Equity Shares or preference shares for consideration other than cash or out of revaluation reserves**

(a) Our Company has not issued any Equity Shares or preference shares out of revaluation reserves since its incorporation.

(b) Our Company has not issued Equity Shares for consideration other than cash since its incorporation.

4. **Issue of Equity Shares pursuant to schemes of arrangement**

Our Company has not allotted any Equity Shares in terms of any scheme of arrangement approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.

5. As on the date of this Draft Red Herring Prospectus, our Company has not made any issuance of Equity Shares under any employee stock option scheme.

6. **History of the Equity Share Capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold 128,430,900 Equity Shares, equivalent to 95.99% of the issued, subscribed and paid-up Equity Share capital of our Company.

(a) *Build-up of our Equity Shares held by our Promoters*

Set forth below is the build-up of the shareholding of our Promoters since incorporation of our Company:

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
P. Prathap Reddy							
October 24, 1991*	Subscription to the MoA	10	Cash	10	10	0.00%	[●]
June 6, 1992*	Preferential Allotment	194,300	Cash	10	10	0.15%	[●]
February 6, 1995	Preferential Allotment	1,110,000	Cash	10	10	0.83%	[●]
June 30, 1995	Preferential Allotment	150,000	Cash	10	10	0.11%	[●]
March 29, 1996	Preferential Allotment	370,000	Cash	10	10	0.28%	[●]
October 27, 1997	Transfer from Arun Kumar V.	7,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vasanthi Kumar V.	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 27, 1997	Transfer from K.V.N. Sathyanarayana Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dr. Jayaramaiah B.	9,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkata Rami Reddy	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Redamma Papireddy	3,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Raja Gopal Reddy C.M.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkataramaiah B.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkataram Reddy P.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkataiah M.	7,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Gopal Rao R.	5,000	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from D. Kullai Reddy	200	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Anam Ramanaayana Reddy	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sireesha D.L.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Vasundara K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Rami Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Chandrasekhar Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Surendra Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from K. Adi Lakshmma	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sridevi K.	20,000	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Madhusudhan Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Nirmla D.L.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Uma Shankar Reddy K.	10,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Suresh Kumar R. and Krishna Kumari S.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Sham Sunder Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Sampath Kumar Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Ram Mohan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rajagopal Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Raghu Nandan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Krishna Mohan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ajit Bhagwan Kulkarni and Samidha Ajit Kulkarni**	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 20, 2000	Transfer from Sridhar Reddy B.	21,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Madhusudhan Reddy Pasunoori	20,000	Cash	10	10	0.01%	[●]
August 20, 2000	Transfer from N. Lakshmi Eswar	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kotagiri Vijaya Kumari Anitha Kotagiri	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Kumar Kushal Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Annamalai Kr. and A. Mangalam	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Kamal Chand Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Shaila Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Bharati Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Sunil Kumar Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Neelan Banthia	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Kirti Jain	20,000	Cash	10	10	0.01%	[●]
February 20, 2001	Transfer from Swan Securities & Investments Limited	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Vasudevan V.R.	15,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from V. Vishnu	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ritesh Reddy C.	29,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Rohit Reddy C.	22,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Sri Karthik Securities Private Limited	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ramachandra Rao K.V.P	25,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Suneetha K.	25,000	Cash	10	10	0.02%	[●]
July 20, 2004	Transfer from Shree Sai Gardens Private Limited	210,490	Cash	10	20	0.16%	[●]
July 20, 2004	Transfer from Subhadra Investments Private Limited	112,500	Cash	10	20	0.08%	[●]
July 20, 2004	Transfer from P. Muni Krishna	180	Cash	10	20	0.00%	[●]
March 31, 2007	Transfer to Puttamreddy Prathap Reddy (HUF)	(45,000)	Cash	10	10	NA	[●]
March 31, 2007	Transfer to P. Prathap Reddy, Managing Partner, Pioneer Builders	(1,314,180)	Cash	10	10	NA	[●]
August 26, 2017	Transfer from R Prabhakar Reddy	5,000	Cash	10	200	0.00%	[●]
July 9, 2018	Bonus Issue	12,271,500	NA	10	NA	9.17%	[●]
Total		13,635,000				10.19%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
P. Prathap Reddy, Managing Partner, Pioneer Builders							
March 29, 1996	Preferential Allotment	245,000	Cash	10	10	0.18%	[●]
April 2, 1997	Transfer from A.P. Industrial Development Corporation Limited	9,50,000	Cash	10	11.58	0.71%	[●]
October 27, 1997	Transfer from Kunda Sawant and K.P. Sawant	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Deepak Ramanlal Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Suresh Chendumal Sanghavi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Preetam Nemchand Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Neemchand Chandamal Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sheetal Nemchand Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dayasagar K.	9,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Jalani Basha S.K.	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dayakar Reddy I.	8,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Chinaiah B.	9,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Baluswamy M.	4,600	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ashok Kumar Reddy Y.	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Appa Rao	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ramana Reddy P.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Rajesh Reddy P.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Penchala Reddy P.	7,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Madan I.	4,900	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Lalitha B.	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Krishna Murthy P.	7,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Krishna Murthy G.	4,900	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Kodandaram Reddy R	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Jayaprakasam K.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Jayanthi B.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from K.M. Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from K. Prabhakar Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from G. Nirmala	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Indira Yekula	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 27, 1997	Transfer from Sridevi Mummadi Reddy	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from D. Subba Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from D. Srinivasulu Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vijayabhaskar Reddy Y.	3,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vijaya Prakash Koilakuntla and Prakash Rao Koilakuntla	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Venkateshwar Rao G.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Venkata Subbamma Annam	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sushela K.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Shree Sai Leasing And Finance Limited	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Mohan Rao V.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Verendra Kumar Agarwal	15,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Malleshwar Swamy	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Mastan Reddy G.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Geeta A Kalgutkar Ashok Krishnakant Kalgutkar	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ramachandra Reddy P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Rajesh P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sundari K.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Anish Reddy K.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dr. M.V.R. Reddy	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from G. Srinivasulu Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Daga D.S.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Indir Daga	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Usha Rani B.	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Madhusudhan Reddy P.	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Raghava Reddy P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sujatamma P.	4,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Adrasta Kumar	9,000	Cash	10	10	0.01%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Srinivasulu Reddy D.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Avn Varma Vegesana and Anuradha Vegesana	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Janardhan Reddy P	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Subba Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Chinna Balu Swamy	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prem Kumar	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Subba Reddy D.	1,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Krishna Reddy M.	4,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Kistaya M.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Viswanatha Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from K. Seetha Devi	2,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sundari K.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sudarsanamma P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Subba Reddy D.	9,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Sandhya B.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sakuntalamma P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sudershan Reddy K.	4,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sailesh B.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Nagarjuna Annam	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Malla Reddy Gopi Reddigari	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Vasantha Kumar Reddy G.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Uma Shankar B.	4,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Vijaya Kumar M.	7,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Sandhya B.	2,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sambasiva Rao N.	9,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Sambaiah N.	4,900	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sailesh B.	2,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ravi Kumar Reddy G.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Rami Reddy P.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ramana Murthy I.V.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Raju G.L.P.	4,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Rajeshwari B.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Radhakrishnaiah N.	4,900	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Penchalaiah G.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Nagendrappa S.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Parthasarthy V.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Murthy J.	9,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Narasimha Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Manjula P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Madhav Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Jalani Basha S.K.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from D. Venkataramana Reddy	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from D. Venkataraghava Reddy	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Bhaskar Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Babu Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ashok Kumar Reddy Y.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Anish K.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venugopal Rao J.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Tulasi Reddy G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkateshwara Rao E.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Suryanarayana Reddy E.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Thirupathi Rao B.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sudhakar Reddy P.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Santosh Kumar T.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Srinivasulu Reddy K.	7,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Srinivasulu Reddy G.	8,900	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Siddapah	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sarada B.	8,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Santha N.	4,900	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sankaraiah N.	7,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Ravichander R.	4,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Ramachandra Rao N.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Rajeswar Rao V.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prathap Rao G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prabhakar Rao G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Narasinga Rao M.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Mohan Rao G.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Diwakar Rao E.	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Deepika	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ayodya Singh T.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ashok Rao Ch.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ajay Rao G.	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Satyavathi Gand Anand Kumar G.	3,400	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Satyavathi G. and Usha Kiran G.	2,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Rama Murthy G. Prakash Rao Koilakuntla	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Radhakrishna G. and Ramakrishna G.	4,000	Cash	10	10	0.00%	[●]
April 30, 1998	Transfer from Subhlabh Securities Private Limited	10,000	Cash	10	10	0.01%	[●]
June 25, 1998	Transfer from Lt. C. Vinodkumar Gupta and Ashish Gupta	15,000	Cash	10	10	0.01%	[●]
June 25, 1998	Transfer from Gautam Mukerji and Pritha Mukerji	5,000	Cash	10	15	0.00%	[●]
June 25, 1998	Transfer from Krishna Gupta and K.K. Gupta	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Kumud Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Kavitha Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Priya Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Shyam Chowdhary	2,500	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Lt. Gen L.N. Misra	3,000	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Aswani Kumar Nannapaneni and Radha Nannapaneni	2,500	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from M.N. Rao and M.A. Lakshmi	2,500	Cash	10	10	0.00%	[●]
	Transfer from Natwarlal Balabux		Cash	10		0.00%	

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 7, 1998	Jhaward Gayatri Devi N. Jhavar	5,000			10		[●]
October 7, 1998	Transfer from Unit Trust of India	1,000,000	Cash	10	16.95	0.75%	[●]
April 14, 1999	Transfer from Vijayam Varijakshan Menon	400	Cash	10	10	0.00%	[●]
April 14, 1999	Transfer from M. Veereswara Rao	500	Cash	10	10	0.00%	[●]
April 14, 1999	Transfer from Veereswara Rao M.	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Venkateswara Rao Pappu	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from P. Ventakeswar Rao	300	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Sunita Lanka	5,000	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Leelavathi Mullangi	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Subba Lakshamma N.	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Sarada Trimala and Renuka Venkatesh	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Manoranjitha Karanam and Prabhakar Karanam Jayaram Pillai	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Pallavi Yadav	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Nagaraju Muntimadugu	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from R. Basavaiah	300	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from C. Rajani	300	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sri Karuna Devi Tadikonda and Ramavara Prasad	5,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Balakishan Bajaj and Mangala Bajaj	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Ramanujula Reddy T.	5,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Rama Subba Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Radha K.	4,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Maheshwar Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Salamma K.	4,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Narayana Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Vasudeva Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sarojamma K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Purushotham Reddy K.	4,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
November 19, 1999	Transfer from Subhadramma D.L.	8,500	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Ravindra Reddy D.L.	8,500	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Raghu G.	5,000	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from Sandhya Madadi	2,500	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from M. Ravinder Reddy	200	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from T. Subramaniam Pillai	200	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from Nanda Kumar Raju A.V.	2,500	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from Venkatarami Reddy Saribali	5,000	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from A.V. Nanda Kumar Raju	300	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from R. Prasada Rao P.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Krishna Kumari Sunkara	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Surekha B. and Venugopal Reddy B.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Venugopal Reddy B. and Surekha B.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Shailendra B. Chhajed and Nirmala S. Chhajed	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Gouri Mahalakshmi K.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Rakesh Kumar Malhotra	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from P. Rajya Lakshmi	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vinaya Devalla	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Devalla Anasuyamma	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Devalla Seshu Reddy	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vilasini Joshi K.	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Veena B. Kini	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Ramesh Rao U.	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Prabha Rao U.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Lakshmi Devi Kamath	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Deepa Devanand	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Anita Rao U.	5,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Prasad V.S.E Padma V.S.P	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vanita Malhotra	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
April 20, 2000	Transfer from Janardhan Reddy B.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Pushpavenamma	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Lakshmi Manasa S. Ashok S.R.	5,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vivek Chandasekhar S.	3,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Madhusudhan Reddy S.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Meenakshi S.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Venkata Raman K.V.V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Shankar V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Venkat Raghavan V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Basavanthappa Sankarappa Benni	1,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Narayan Reddy Madadi	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from B.V.S.P. Somayajulu	300	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Shoba Reddy P.	4,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Siddaiah Naidu D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ramanna D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Pullaiah Naidu	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bharathi D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Vimala**	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Amulya Reddy B.	9,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Akhila Gautham G.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Isanka Ramakrishna	15,560	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Venkatachalam Chetty S.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rakuminamma V.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Anuradha	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rama Rao. I.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ananta Sai Padmaja Jasthi	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bala Krishna Reddy Paleti	4,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Mohan Rao D.	4,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Saroja	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 20, 2000	Transfer from Vijaya Kumar V	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Suhurlathamma Paleti	4,400	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Anasuya Reddy P.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Saraswatamma B.**	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bala Rekha T.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Satish Reddy K.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Deepthija K.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Pista Devi Aggarwal	1,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Baij Nath Aggarwal**	1,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Parmanand Junaja***	3,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Gopal Singh Nathawat	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ayesha Sherief	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ejaz Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Fatima Qureshi	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ifteqar Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zahid Ali	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zahera Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Khaja Nehaluddin	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Khaja Afzaluddin	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Atika Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Riazuddin Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zarina Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Rabia Sherief	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Raziuddin Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Valsala Ramakrishna	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from O.P. Rama Krishanan	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Padmavati K.	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Subba Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from M. Venkateswara Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from K. Prabhakar Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Srinivas Rao	500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Venkateswara Rao	1,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 20, 2000	Transfer from Satyapal Khullar	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Krishna Kumar Prasad	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Nagesh Gowd Lingala	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Raju P.	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Faiz Ahmed	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Syed Riazuddin	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from C. Satyanarayanamma	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from P.K. Ramam	1,600	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from P. Seeta Ramam	1,600	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Varalakshmi N. and B. Narayanan**	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Yenugula Chandraiah**	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Prem Prakash Singavi**	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Pesala Venkata Subbarayudu	5,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from C. Anjaiah	500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sundari M. and G. Manoharan	8,000	Cash	10	10	0.01%	[●]
October 20, 2000	Transfer from Narsimhan G. and Narasimhan	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Meenakshi N. Venkatachalam	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Manoharan G.	6,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kameswari M.	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sri Gopalan V.	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Devalla Vydehi	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sheela Jain	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Satyanarayana Tapadia	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Ashok Ostwal	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from D. Madhusudhan Rao	4,200	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Ramalakshmi V.	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kanakmba Velamuri	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Bhaskar Venkatesh Darbha	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Venkat Ramesh D.	3,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
February 20, 2001	Transfer from Parthasarathy M.A.V.R.	2,500	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Mukesh Kumar Lalwani	5,000	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Mohanlal Lalwani	2,500	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Dr. Rama Chandra Raju D.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from C. Meenakshi	25,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from V.R. Vasudevan	810	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from V. Ramesh	1,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jagadeesh M.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Naidu K.M.S.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Vasantha Kumari M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Hari Prasad Rao	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Satyanarayana K.V.N.	7,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Muppaneni Nirmala	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Venkata Subbamma Kunam	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jaya Chandra Reddy Lakka and Parvathi Lakka	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Venkata Subbamma Kunam	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Rajagopal Reddy H.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Somasekhara Reddy Yellannagari and Veerasekhara Reddy Yellannagari	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Thomas P. K.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Karamala Ashraf	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Nagaraja Gupta D.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jayalshkmi K.C. and Madhu Babu K.C.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jeevan Kumar Yadalam and Sucharitha Yadalam and Sukanyamma Yadalam	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from P. K. Jayathilak	200	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from P. K. Geetha	500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 30, 2003	Transfer from T. Kannaki and V. Tirupathi	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Kandadai Gopal and Hema Gopal	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Sita Devi K.	7,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Padmanabha Rao C.	4,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ramayamma R.V.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Rajyalakshmi Muppaneeni	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Venkata Satya Chaya Jayalakshmi M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Srinivas Rao K.	9,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Ashok Srinivas Rao M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Mohan Rao M.V.M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Sarada Devi K.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from A. Uma Maheswara Rao	100	Cash	10	10	0.00%	[●]
July 20, 2004	Transfer from A.P. Industrial Development Corporation	600,000	Cash	10	10	0.45%	[●]
July 20, 2004	Transfer from Sudhakar Devati	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sashi Krishna P.	105,000	Cash	10	20	0.08%	[●]
July 20, 2004	Transfer from Dharma Reddy Gujjula	6,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Goutham S.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Girija R	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Komala Devi K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Madhusudhan Rao Kasanneni	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma G.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravindranath B.	7,500	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Anand Kumar J.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ashalatha J.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Atchut Kumar B.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhasker Venkateswarlu D.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Durga K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ganga Reddy G.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Gopalakrishna K.V.R	2,500	Cash	10	20	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
July 20, 2004	Transfer from Goverdhan Reddy Mayreddy	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Hanumantha Rao R.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Janaradhana Rao P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Janardhan Revoori	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mahalaxmi A.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from B. Ravindranath C/O Sree Sai Associates	75,000	Cash	10	20	0.06%	[●]
July 20, 2004	Transfer from Subrahmanyam P.S.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vani Kumari C.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Venkateshwar Rao Pappu	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vijay Kumar B.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vijay Kumar Boppana	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravindranath B.	55,000	Cash	10	20	0.04%	[●]
July 20, 2004	Transfer from Padmanabhaiah P.A.	52,500	Cash	10	20	0.04%	[●]
July 20, 2004	Transfer from Venkat Narayana K.P.	2,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Menon M.V.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mohan Rao P.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mohan Reddy G.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Nirmala Daga	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Radha G.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Prasad B.L.N.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma Radhika B.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhagyalakshmi K.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ganesh Das Daga	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Krithi Krishna P.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Manjula J	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Shoba Rao P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Aruna Kumari K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Chanda K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ramakrishna D.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Poorna Rao Papagari	2,500	Cash	10	20	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
July 20, 2004	Transfer from Lalitha D.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from P. Munikrishna	611,000	Cash	10	20	0.46%	[●]
July 20, 2004	Transfer from Ashok Kumar B.	21,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Bhuvaneswari B.	12,500	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Rajeswari B.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Annapurna K.	3,600	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Babu Rao M.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Balangadhar Tilak Korrapaty	2,600	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhaskaramma C.B.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Gayatri M.	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Jaganatha Raju D.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from K.S.S. V.P. Shirma	8,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Koteswaramma C.B.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Krishna Mohan Prasad	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshman Rao N.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshmi G.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshmikantamma N.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Leela Vathi P.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Manga K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Murthy K. S. R. C.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Murthy T. V. S. N.	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Narendra Reddy K	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma V.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Palangadharam I.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ramjogeswara Rao N.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravi Kiran K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Renuka M.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sarada K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sharada Prasanna G.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sharma K.S.S.V.P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Subbarao A.	3,600	Cash	10	20	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
July 20, 2004	Transfer from Sudhakar Reddy K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Swarnalatha B.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Uma P.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vasanth Reddy G.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Venkateshwarlu R.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Shakunthala B.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Subhashini S.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Usha Rani Kasanneni	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vanaja R.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Venkata Subbaiah B.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Chenchaiiah Papagari	23,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Sivaji Rao Papagari	6,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Shivaji P.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Aruna M.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ln Vani	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ramkrishna V.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vani L.S.	12,500	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Vijaya M.V. Menon and Vinay V. Menon	3,000	Cash	10	20	0.00%	[●]
December 27, 2005	Transfer from Y. Lakshmi Sukanya	500	Cash	10	20	0.00%	[●]
December 27, 2005	Transfer from Rama Reddy Chinthaparthi and Saran C.	4,000	Cash	10	20	0.00%	[●]
December 27, 2005	Transfer from P. Munikrishna	9,500	Cash	10	20	0.01%	[●]
December 27, 2005	Transfer from Sashi Krishna Papagari	75,500	Cash	10	20	0.05%	[●]
December 27, 2005	Transfer from Shree Sai Gardens Private Limited	65,000	Cash	10	20	0.05%	[●]
December 27, 2005	Transfer from Leelavathi D.	3,500	Cash	10	20	0.00%	[●]
December 27, 2005	Transfer from Sree Leelvathi D.	2,500	Cash	10	20	0.00%	[●]
December 27, 2005	Transfer from Shamantha K.	45,000	Cash	10	10	0.03%	[●]
June 20, 2006	Transfer from K. Prakash Rao	710	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from K. Vijay Prakash	500	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from K. Eswaran	5,000	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from C. Rani	1,900	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from B. Chakravarthi	1,900	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 20, 2006	Transfer from E. Santha Kumari	1,900	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from B. Mallika	500	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from Prakash Rao Koilakuntla	3,000	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from Jayakandaswami K.	2,500	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from P. V Ramana Reddy	5,000	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from Sivaji Prabhakaran D.	2,500	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from Mano Rani	2,500	Cash	10	10	0.00%	[●]
June 20, 2006	Transfer from Saroja Chakravarthy	2,500	Cash	10	10	0.00%	[●]
October 20, 2006	Transfer from Seetharamam Pappu**	2,500	Cash	10	10	0.00%	[●]
October 20, 2006	Transfer from Kodanda Ramam Papu**	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Parvathi V.S.	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Satyanarayana Rao P.V.	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from B. Satyalakshmi	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Mohammed Shariff	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Geevarughese John	300	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Venu Gopal	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from D. Durga Prasad Rao	300	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Y. Ganapati Rao	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Aruna	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Narayana Prasad Bhagavatula	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Ramesh Ramaiah	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from P. Snehlatha	4,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Krishnama Naidu Damarapati	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Savitha Devi	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Ranga Rao Reddy and Chundru Venkateshwara Rao	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Somaraju Bhupati Raju	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Satyanarayana Rao Pinnamaneni	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Nagaraja Chetty C.	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 27, 2006	Transfer from Faimina Azad	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Nemchnad Chandanmal Sanghri	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M.R. K.C. Jain	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from A.D. Prasad Rao	100	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Chandra Sekhar Gubba	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Varaprasada Reddy Badnehal and Viswanantha Reddy Badnehal	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from D. Madhusudhan Rao	10	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Hanmanth Rao	210	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Raveendra Sekhar	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from S. Narsi Reddy	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Girish Bhagwan Rao K.	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from U.V.V.L. Narasimham	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from P. Ramakrishna Rao	100	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Rajeshwari	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Rukhma Bai	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Bharathi Peddi	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from L. Ashok	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Vuppu Jayalakshmi and Vuppu Ramprasad	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Purnima	500	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from Deepa C. and Niranjana Reddy	2,500	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from Girish Mittal	15,000	Cash	10	60	0.01%	[●]
March 31, 2007	Transfer from Chander Parkesh	2,000	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from P.K.D. Nagalakshmi	100	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from P. Prathap Reddy	1,314,180	Cash	10	10	0.98%	[●]
July 9, 2018	Bonus Issue	63,085,320	NA	10	NA	47.15%	[●]
Total		70,094,800				52.39%	[●]
P R Cement Holdings Limited							
January 1, 1994	Preferential Allotment	820,000	Cash	10	10	0.61%	[●]
February, 6, 1995	Preferential Allotment	415,000	Cash	10	10	0.31%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
March 29, 1996	Preferential Allotment	3,075,010	Cash	10	10	2.30%	[●]
October 27, 1997	Transfer from Vijaya Growth Financial Services Limited	150,000	Cash	10	12.33	0.11%	[●]
March 29, 2014	Transfer from B. Ramanarsaiah	100	Cash	10	300	0.00%	[●]
November 13, 2017	Transfer from Sheela Devi	3,000	Cash	10	250	0.01%	[●]
November 13, 2017	Transfer from Rushali Gupta	3,000	Cash	10	250	0.00%	[●]
November 13, 2017	Transfer from Sandhya Gupta	4,000	Cash	10	250	0.00%	[●]
July 9, 2018	Bonus Issue	40,230,990	NA	10	NA	30.07%	[●]
Total		44,701,100				33.41%	[●]

* Records of minutes of the meetings of Board & Shareholders for periods between October 24, 1991 to December 27, 1993 are not available. For details, see "Risk Factors – Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation." on page 40

**Share transfer forms for these transfers are not traceable. For further details, see "Risk Factors – Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation." on page 40

***Share transfer forms for the transfer of 1,000 Equity Shares out of 3,000 Equity Shares transferred to Parmanand Junaja on June 20, 2000 are not traceable, accordingly we have relied on the statutory registers of the Company for verifying the transfer price.

- None of the members of our Promoter Group, directors of one of our corporate Promoter, P R Cement Holdings Limited, our Directors or their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
- There have been no financing arrangements whereby members of our Promoter Group, directors of one of our corporate Promoter, P R Cement Holdings Limited, our Directors and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
- Except as disclosed in this Draft Red Herring Prospectus, our Promoters have not undertaken any purchase or sale of Equity Shares of our Company since incorporation. All the Equity Shares held by our Promoters are fully paid-up. Further, all the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment/ acquisition of such Equity Shares.
- Other than:
 - (i) 68,238,000 Equity Shares held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders, which constitutes 51% of the pre-Offer paid up Equity Share capital of our Company which has been encumbered pursuant to a non-disposal undertaking dated August 23, 2017, entered into with IDBI Trusteeship Limited in relation to a loan availed from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited; and
 - (ii) 8,028,000 Equity Shares held by P. Prathap Reddy, which constitutes 6.00% of the pre-Offer paid up Equity Share capital of our Company and 5,352,000 Equity Shares held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders, which constitutes 4.00% of the pre-Offer capital of our Company, has been encumbered pursuant to a pledge created in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Pioneer Power Corporation Limited, and a Promoter Group entity, Pioneer Power Limited from YES Bank Limited.

none of the Equity Shares held by our Promoters and Promoter Group are pledged or otherwise encumbered. YES Bank Limited pursuant to its letter dated May 11, 2021, has agreed to release the non disposal undertaking and pledge five Working Days prior to creation of lock-in on the Equity Shares

pursuant to the Offer. For details in respect of encumbrances created on the Equity Shares held by the Promoters, see “- Shareholding Pattern of our Company” on page 98.

- Our Promoter, P. Prathap Reddy, in his capacity as Managing Partner, Pioneer Builders has entered into an agreement to pledge dated April 28, 2017 with IDBI Trusteeship Services Limited pursuant to which our Promoters have agreed to pledge such number of Equity Shares aggregating 30% of the issued and paid up capital of our Company in relation to loans availed by our Company from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited. The pledge will only become effective upon the occurrence of an event of default under the terms of the loan agreement entered into with the lenders.

7. The details of the Equity Shareholding of our Promoters and the members of the Promoter Group:

As on the date of this Draft Red Herring Prospectus, our Promoters and members of our Promoter Group hold an aggregate of 131,180,900 Equity Shares, aggregating to 98.04% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

Sr. N.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of total Equity Shareholding	No. of Equity Shares	Percentage of total Equity Shareholding
Promoters					
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39	[●]	[●]
2.	P R Cement Holdings Limited	44,701,100	33.41	[●]	[●]
3.	P. Prathap Reddy	13,635,000	10.19	[●]	[●]
	Total (A)	128,430,900	95.99	[●]	[●]
Promoter Group					
1.	P. Venkata Lakshmi	750,000	0.56	[●]	[●]
2.	P. Ramesh Reddy	600,000	0.45	[●]	[●]
3.	Puttamreddy Prathap Reddy (HUF)	450,000	0.34	[●]	[●]
4.	P. Venkata Divya Priyanka	400,000	0.30	[●]	[●]
5.	P. Venugopal Reddy	300,000	0.22	[●]	[●]
6.	P. Deepthi Reddy	250,000	0.19	[●]	[●]
	Total (B)	2,750,000	2.05	[●]	[●]
	Total (A+B)	131,180,900	98.04	[●]	[●]

8. Shareholding of directors of our corporate Promoter, P R Cement Holdings Limited in our Company

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	% of total Equity Share-holding	No. of Equity Shares	% of total Equity Share-holding
1.	P. Venkata Lakshmi	750,000	0.56	[●]	[●]
2.	P. Deepthi Reddy	250,000	0.19	[●]	[●]
	Total	1,000,000	0.75	[●]	[●]

9. Shareholding of Partners of our Promoter, Pioneer Builders in our Company

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	% of total Equity Share-holding	No. of Equity Shares	% of total Equity Share-holding
1.	P. Prathap Reddy	13,635,000*	10.19	[●]	[●]
2.	P. Venkata Lakshmi	750,000	0.56	[●]	[●]
3.	P. Ramesh Reddy	600,000	0.45	[●]	[●]
4.	P. Venkata Divya Priyanka	400,000	0.30	[●]	[●]
5.	P. Venugopal Reddy	300,000	0.22	[●]	[●]
6.	P. Deepthi Reddy	250,000	0.19	[●]	[●]
	TOTAL	15,935,000	11.91	[●]	[●]

*P. Prathap Reddy also holds 70,094,800 Equity Shares aggregating 52.39% in his capacity as Managing Partner, Pioneer Builders, beneficially on behalf of Pioneer Builders and 450,000 Equity Shares aggregating to 0.34% in his capacity as Karta of the Puttamreddy Prathap Reddy (HUF).

10. Details of Promoter’s contribution and lock-in

- Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of

three years as minimum promoter's contribution from the date of Allotment, and the Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment ("Promoters' Contribution"). The lock-in of the Promoters' Contribution would be created as per applicable laws and procedures and details of such lock-in shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

- (ii) Details of the Equity Shares to be locked-in for three years as minimum Promoters' Contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment/transfer of Equity Shares and when made fully paid-up*	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

* All Equity Shares allotted to our Promoters were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.

- (iii) Our Promoters, vide their letters dated [●], have given its consent to include such number of Equity Shares held by them, as disclosed above, constituting 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. They have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

- (iv) In this connection, please note that:

- The Equity Shares offered for Promoter's Contribution do not include equity shares acquired in the three immediately preceding years (i) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (ii) resulting from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares which are otherwise ineligible for computation of minimum Promoter's Contribution.
- The minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.
- Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.
- The Equity Shares forming part of our Promoters' Contribution are not subject to any pledge.
- All the Equity Shares held by our Promoters are in dematerialised form.

11. Other lock-in requirements

- In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters locked in for three years as specified above, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment except for the Equity Shares offered pursuant to the Offer for Sale but including any unsubscribed portion of the Offer for Sale.
- Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, our Promoters' contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.
- Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by any person other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations.

12. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	No. of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class Equity	Total								
(A)	Promoter & Promoter Group	9	131,180,900	-	-	131,180,900	98.04	-	-	-	-	98.04	-	-	81,618,000*	-	131,180,900
(B)	Public	12	2,619,100	-	-	2,619,100	1.96	-	-	-	-	1.96	-	-	-	-	2,507,000
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	21	133,800,000	-	-	133,800,000	100.00					100.00			81,618,000		133,687,900

* 68,238,000 Equity Shares aggregating 51% of the issued and paid up capital of our Company held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders have been encumbered pursuant to a non disposal undertaking dated August 23, 2017 entered into with IDBI Trusteeship Limited in relation to a loan availed from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited. Further, (i) 8,028,000 Equity Shares constituting 6.00% of the pre-Offer paid up capital of our Company held by our Promoter, P. Prathap Reddy; and (ii) 5,352,000 Equity Shares constituting 4.00% of the pre-Offer paid up capital of our Company held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders have been pledged, in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Pioneer Power Corporation Limited and a Promoter Group entity, Pioneer Power Limited from YES Bank Limited. YES Bank Limited pursuant to its letter dated May 11, 2021 has agreed to release the non disposal undertaking and pledge five Working Days prior to creation of lock-in on the Equity Shares pursuant to the Offer. Further, the Promoters have entered into a non disposal undertaking dated August 23, 2017 with L&T Finance Limited pursuant to which they had agreed to maintain 51% of the total issued and paid up capital of the Company at all times. Pursuant to their letter dated May 5, 2021, L&T Finance Limited has waived their rights under the non disposal undertaking subject to such rights coming into force one year from the date of Listing (in the event that the loans are still outstanding)

13. **Details of equity shareholding of the major Shareholders of our Company :**

- (a) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them as on the date of this Draft Red herring Prospectus are set forth in the table below:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
	Total	128,430,900	95.99

- (b) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them 10 days prior to this Draft Red herring Prospectus are set forth in the table below:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
	Total	128,430,900	95.99

- (c) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them one year prior to this Draft Red herring Prospectus are set forth in the table below:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
	Total	128,430,900	95.99

- (d) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them two years prior to this Draft Red herring Prospectus are set forth in the table below:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
	Total	128,430,900	95.99

14. **Details of Equity Shares held by our Directors and Key Management Personnel**

- (i) Set out below are details of the Equity Shares held by our Directors in our Company:

Sl. No.	Name	No. of Equity Shares	Pre-Offer (%)	Post-Offer (%)
1.	P. Prathap Reddy*	13,635,000	10.19	[●]
2.	P. Venugopal Reddy	300,000	0.22	[●]
3.	P. Deepthi Reddy	250,000	0.19	[●]

*P. Prathap Reddy also holds 70,094,800 Equity Shares aggregating 52.39% in his capacity as Managing Partner of Pioneer Builders, beneficially on behalf of Pioneer Builders and 450,000 Equity Shares aggregating to 0.34% in his capacity as Karta of the Puttamreddy Prathap Reddy (HUF).

- (ii) Other than as set out above in respect of P. Prathap Reddy, our Chairman and Managing Director, no other Key Management Personnel holds Equity Shares in our Company.

15. None of the Managers or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus. The Managers and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
16. All Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment.
17. There are no partly paid up Equity Shares as on the date of this Draft Red Herring Prospectus.
18. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 21.
19. Our Company, our Directors and the Managers have not made any or entered into any buy-back arrangements for purchase of Equity Shares.
20. Except for the Equity Shares allotted pursuant to the Fresh Issue and the Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.
21. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise.
22. Except for P R Cements Holdings Limited, who is offering Equity Shares in the Offer for Sale, none of our members of our Promoter Group will participate in the Offer.
23. There are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

The Selling Shareholder will be entitled to the proceeds from the Offer for Sale after deducting their portion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. All fees and expenses in relation to the Offer other than the listing fees (which shall be borne by our Company) shall be shared amongst our Company and the Selling Shareholder, pursuant to the Offer and in accordance with applicable laws. However, for ease of operations, expenses of the Selling Shareholder may, at the outset, be borne by our Company on behalf of the Selling Shareholder, and the Selling Shareholder agrees that it will reimburse our Company for all such expenses, upon successful completion of the Offer, in accordance with applicable laws.

Objects of the Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Repayment/pre-payment, in full or part, of certain borrowings availed by our Company;
2. Funding of capital expenditure requirements of our Company towards the KP Line II project;
3. Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu;
4. Funding of capital expenditure requirements of our Company towards setting up the waste heat recovery plant (“**WHR Plant**”) at Tandur;
5. Funding of capital expenditure requirements of our Company towards setting up the WHR Plant at Talaricheruvu; and
6. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us (i) to undertake our existing business activities (ii) to undertake the activities proposed to be funded from the Net Proceeds, as well as the activities towards which the loans proposed to be repaid from the Net Proceeds were utilised. Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers and create public market for our Equity Shares.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

Particulars	Estimated amount ⁽¹⁾ (₹ in million)
Gross proceeds of the Fresh Issue ⁽²⁾	13,000.00
(Less) Fresh Issue expenses	[●]
Net Proceeds of the Fresh Issue (the “Net Proceeds”)	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

(2) Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	5,500.00
Funding of capital expenditure requirements of our Company towards the KP Line II project	1,050.00
Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu;	800.00
Funding of capital expenditure requirements of our Company towards setting up the WHR Plant at Talaricheruvu	1,100.00
Funding of capital expenditure requirements of our Company towards setting up the WHR Plant at Tandur	1,300.00
General corporate purposes ⁽¹⁾	[●]
Total	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in million)

Particulars	Estimated utilisation from Net Proceeds ⁽¹⁾	Estimated schedule of deployment of Net Proceeds in		
		Fiscal 2022	Fiscal 2023	Fiscal 2024
Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	5,500.00	5,500.00	-	-
Funding of capital expenditure requirements of our Company towards the KP Line II project	1,050.00	750.00	300.00	-
Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu	800.00	350.00	400.00	50.00
Funding of capital expenditure requirements of our Company towards setting up the WHR Plant at Talaricheruvu	1,100.00	500.00	600.00	-
Funding of capital expenditure requirements of our Company towards setting up the WHR Plant at Tandur	1,300.00	750.00	550.00	-
General corporate purposes ⁽¹⁾	●	●	●	●
Total	●	●	●	●

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For details see, "Risk Factors - Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval" on page 34.

In case of any surplus after utilization of the Net Proceeds towards the aforementioned objects, we may use such surplus towards general corporate purposes, provided that the total amount to be utilized towards general corporate purposes does not exceed 25% of the gross proceeds of the Fresh Issue, in accordance with applicable law. Subject to applicable laws, in the event of any variations in the actual utilisation of funds earmarked towards the objects set forth above, then any increased fund requirements for a particular object may be financed by surplus funds (subject to utilisation towards general corporate purposes does not exceed 25% of the gross proceeds from the Fresh Issue), if any, available in respect of the other objects for which funds are being raised pursuant to the Offer. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the aforementioned objects, we may explore the means available to us, including utilising our internal accruals and any additional equity and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Details of the objects of the Offer

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

Our Company has entered into various financial arrangements with banks, financial institutions and other entities. The loan facilities availed by our Company includes borrowing in the form of, *inter alia*, term loans and working capital facilities. For further details, see "Financial Indebtedness" on page 307. As at March 31, 2021 the amount outstanding under our fund based and non-fund based working capital and term loan facilities was ₹15,488.70 million (net of Ind AS

adjustment of ₹349.57 million). Our Company proposes to utilize an estimated amount of ₹5,500 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company and accrued interest thereon.

The selection of borrowings proposed to be prepaid or repaid amongst our borrowing arrangements availed will be based on various factors, including (i) cost of the borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay/ repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, (iii) receipt of consents for prepayment from the respective lenders, (iv) terms and conditions of such consents and waivers, (v) levy of any prepayment penalties and the quantum thereof, (vi) provisions of any laws, rules and regulations governing such borrowings, and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to Allotment. Our Company may avail further loans after the date of this Draft Red Herring Prospectus and/or draw down further funds under existing loans. Accordingly, in case any of the below loans are pre-paid or further drawn-down prior to the completion of the Offer, we may utilize the Net Proceeds towards repayment/pre-payment of such additional indebtedness. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in full or part, would not exceed ₹5,500 million. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness, debt servicing costs and enable utilization of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

The following table provides details of borrowings availed by our Company, which are currently proposed to be fully or partially repaid or pre-paid up to the extent of ₹5,500 million from the Net Proceeds:

S. No.	Name of the lender ⁽¹⁾	Nature of borrowing ⁽¹⁾	Purpose ⁽¹⁾⁽²⁾	Amount sanctioned ⁽¹⁾	Amount outstanding as at March 31, 2021 ⁽¹⁾	Interest rate ⁽¹⁾	Repayment date/schedule ⁽¹⁾	Pre-payment penalty ⁽¹⁾
				(₹ in million)				
1.	Hero Finance Limited	Term loan	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, purchase of vessels and Boyareddypali plant clinker capacity expansion and financing of existing term loans	1,044.18	853.15	1 year MCLR + 3.0% p.a	10.4 years (including 2 year moratorium + 5 months moratorium as per RBI COVID guidelines); repayments start from June 30, 2019 - Total 32 equal quarterly payments. COVID moratorium amount - ₹ 40.65 million (Gross ₹ 44.18 million netted with TDS of ₹ 3.53 million) Payable ₹ 31.25 million in November 2027 and balance ₹9.40 million in February 2028.	Nil

S. No.	Name of the lender ⁽¹⁾	Nature of borrowing ⁽¹⁾	Purpose ⁽¹⁾⁽²⁾	Amount sanctioned ⁽¹⁾	Amount outstanding as at March 31, 2021 ⁽¹⁾	Interest rate ⁽¹⁾	Repayment date/schedule ⁽¹⁾	Pre-payment penalty ⁽¹⁾
				(₹ in million)				
2.	L&T Finance Limited	Term loan	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Purchase of vessels and Boyareddypali plant clinker capacity expansion and financing of existing term loans	3,200.00	2,249.46	L&T PLR-4.35% p.a	10.5 years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during COVID-19 pandemic); repayments commenced from June 30, 2019, 32 equal quarterly payments until September 30, 2027	1% of the amount prepaid except in the event if pre-payment is made 30 days prior notice
3.	L&T Finance Limited (FITL)	Term loan	To meet the interest obligations during the COVID-19 pandemic period.	156.34	127.80	L&T PLR-4.35% p.a	29 quarterly payments commenced from September 30, 2020 until September 30, 2027	
4.	YES Bank Limited* - RTL5	Term Loan	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, purchase of vessels and Boyareddypalli plant clinker capacity expansion and financing of existing term loans	1,821.80	1,478.70	1 year MCLR + 2.95% p.a	10.5 years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during COVID-19 pandemic); repayments commenced from June 30, 2019, 32 equal quarterly payments until September 30, 2027	1%. Nil if pre-paid out of mandatory sweep in of internal accruals/ surplus internal accruals/ equity infusion or non-convertible debentures or sell down arranged by YES Bank Limited
5.	YES Bank Limited* - RTL5 - FITL	Term Loan	To meet the interest obligations during the COVID-19 pandemic period.	107.29	93.73	1 year MCLR + 2.95% p.a	29 quarterly payments commenced from September 30, 2020 until September 30, 2027	
6.	YES Bank Limited* - RTL6	Term Loan	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Purchase of vessels and Boyareddypalli plant clinker	6,678.20	5,325.23	1 year MCLR + 2.65% p.a	10.5 years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during COVID-19 pandemic); repayments	

S. No.	Name of the lender ⁽¹⁾	Nature of borrowing ⁽¹⁾	Purpose ⁽¹⁾⁽²⁾	Amount sanctioned ⁽¹⁾	Amount outstanding as at March 31, 2021 ⁽¹⁾	Interest rate ⁽¹⁾	Repayment date/schedule ⁽¹⁾	Pre-payment penalty ⁽¹⁾
				(₹ in million)				
			capacity expansion and financing of existing term loans				commenced from June 30, 2019, 32 equal quarterly payments until September 30, 2027	
7.	YES Bank Limited* - RTL6 - FITL	Term Loan	To meet the interest obligations during the COVID-19 pandemic period.	349.08	315.43	1 year MCLR + 2.65% p.a	29 quarterly payments commenced from September 30, 2020 until September 30, 2027	
8.	YES Bank Limited* - GC2	Term Loan	Towards maintenance Capex at existing plants	75.00	7.50	1 year MCLR + 2.25% p.a	42 months (including 6 months moratorium and 2 quarters moratorium declared by the RBI during COVID-19 pandemic). 10 equal quarterly repayments commenced from date of 1st disbursement until June 30, 2021	Nil
9.	YES Bank Limited* - FITL on GC2	Term Loan	To meet the interest obligations during the COVID-19 pandemic period.	1.85	0.46	1 year MCLR + 2.25% p.a	4 quarterly payments commenced from September 30, 2020 until June 30, 2021	Nil
Total				13,433.74**	10,451.46			

(1) As certified by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, pursuant to their certificate dated May 13, 2021

(2) As per the certificate dated May 13, 2021 issued by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, the facilities have been utilised for the purposes for which they were sanctioned

* As on the date of this Draft Red Herring Prospectus, YES Bank Limited is an affiliate of YES Securities, one of the BRLM to the Offer. For further details, see "Risk Factors - A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from YES Bank Limited which is an affiliate of one of our Managers" on page 45.

** While reporting the outstanding amount in the Note no: 19 of Restated Financial Statements, our company has reported net amount after the Ind AS adjustment of ₹ 168.57 million

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals. We will take such provisions also into consideration while deciding repayment and/or pre-payment of loans from the Net Proceeds.

2. Funding capital expenditure requirements of the Company towards our KP Line II Project

As part of our strategy to consolidate our presence in south India, we propose to expand our grinding unit at Krishnapatnam. For further details see "Our Business – Our Strategies" on page 160. We propose to utilise ₹1,050 million from the Net Proceeds towards capital expenditure proposed to be incurred in respect of KP Line II project of the Krishnapatnam facility.

In March 2018, we commissioned one of the largest port based grinding units in Asia at the Krishnapatnam port (*Source: CRISIL Report*), with an automated ship-loading facility and a cement production capacity of 2.00 MMTPA, which principally processes clinker produced at our integrated manufacturing facilities at Boyareddypalli, Talaricheruvu and Ganeshpahad. Our Krishnapatnam unit is located at approximately less than 280 kms, 290 kms and 320 kms from our integrated manufacturing facilities at Talaricheruvu, Boyareddypalli and Ganeshpahad, respectively. The clinker is proposed to be transported through Krishnapatnam's dedicated railway siding for which we have received in-principle approval. Our Krishnapatnam grinding unit is mechanized with a conveyor system to transport cement and clinker from the grinding unit directly to the jetty silo as well as an automated ship loading system from the jetty silo. We procure fly ash at Krishnapatnam from nearby thermal power plant at a relatively lower cost due to lower transportation cost. Gypsum and slag are procured from nearby fertilizer companies and steel manufacturing facilities, respectively. The power requirements are met through local state power grid, while water is procured from bore wells.

The Krishnapatnam line I has a grinding capacity of 2 MTPA and is currently serving our packing terminals at Cochin, Kerala; Gopalpur, Odisha and Colombo, Sri Lanka. We have commissioned a packing terminal in Karaikal, Puducherry on March 31, 2021 and would be commissioning another packing terminal in Kolkata, West Bengal in Q2 of Fiscal 2022.

The KP Line II, with a proposed capacity of 2 MTPA, which is under implementation, would play a crucial role in supplying cement to these new terminals as well as enhance our sales in existing coastal markets through the existing packing terminals. This grinding unit would enable us to expand our footprint to Eastern markets in India, such as Odisha, West Bengal, increase our share in our home markets of Kerala and Tamil Nadu and also increase our share of exports to Colombo, Sri Lanka.

Other than as disclosed in "Government and Other Approvals" on page 321, all material approvals required for the expansion of KP Line II of the Krishnapatnam facility have been obtained or will be obtained in the ordinary course of business prior to commencement of operations. For further details, see "Government and Other Approvals" on page 321.

Estimated Project Cost

As per the Techno Economic Viability Study Report ("TEV Report") dated May 12, 2021, issued by Atlas Financial Research and Consulting Private Limited, the total estimated cost of development of the KP Line II project is ₹1,948.31 million. The detailed break-up of such estimated cost of development and the cost incurred towards such development until March 31, 2021, as per the TEV Report are set forth below:

Particulars	Total Estimated Costs (in ₹ million)	Expenses incurred as of March 31, 2021 (in ₹ million)⁽³⁾	Balance expenses to be incurred (in ₹ million)	Amount to be utilized from Net Proceeds (in ₹ million)
Civil works	639.56 ⁽¹⁾	430.10	209.46	201.36
Plant and Machinery	897.95 ⁽²⁾	266.61	631.34	612.05
Electrical equipment	246.79 ⁽²⁾	2.37	244.42	236.59
Miscellaneous	84.00 ⁽²⁾	-	84.00 [^]	-
Provisions for contingencies	40.00 ⁽²⁾	-	40.00 [^]	-
Preliminary and pre-operative expenses	40.00 ⁽²⁾	5.80	34.20 [^]	-
Total	1,948.31	704.88	1,243.42	1,050.00⁽⁴⁾

(1) Amount is inclusive of GST

(2) Amounts are exclusive of GST

(3) As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021, in respect of amounts deployed towards the project

(4) Our Company has obtained quotations from various vendors for civil works, plant and machinery and electrical equipment amounting to ₹1,082.96 million. We propose to utilise ₹1,050.00 million from the Net Proceeds for civil works, plant and machinery and electrical equipment out of the balance expenses that are to be incurred, i.e., ₹1,085.22 million for civil work, plant and machinery and electrical equipment. The balance of ₹35.22 million in relation to civil works, plant and machinery and electrical equipment shall be funded from the internal accruals of our Company.

[^]To be funded from the internal accruals of our Company

A. Civil work:

Civil works for KP Line II project at Krishnapatnam includes civil works, piling works and steel, cement, metal sand used for civil and building construction. The total estimated cost for civil works is ₹639.56 million. Out of the balance of ₹209.46 million which is to be incurred for civil works, our Company proposes to utilise ₹201.36 million from the Net Proceeds. The balance of ₹8.10 million shall be funded from the internal accruals of our Company.

B. Plant and machinery:

Plant and machinery required for the KP Line II project *inter alia* includes mechanical items like elevators for transport for material, oil injected screw air compressor, diverting gates for diverting material during machine breakdown, etc. The total estimated cost for the required plant and machinery is ₹897.95 million. Out of the balance of ₹631.34 million which is to be incurred for plant and machinery, our Company proposes to utilise ₹612.05 million from the Net Proceeds. The balance of ₹19.29 million is to be funded from the internal accruals of our Company.

C. Electrical equipment

Electrical equipment required for the KP Line II project include slip ring motors, LV motors, lightning distribution boards, local push buttons, etc. The total estimated cost for the required electrical equipment and miscellaneous assets is ₹246.79 million. Out of the balance of ₹244.42 million which is to be incurred for electrical equipment, our Company proposes to utilise ₹236.59 million from the Net Proceeds. The balance of ₹7.83 million is to be funded from the internal accruals of our Company.

D. Miscellaneous

The miscellaneous aggregate to ₹84.00 million to factor in any minor capital expenditure or expenses incidental to implementation of the aforesaid project, which shall be funded from the internal accruals of our Company.

E. Provisions for contingencies

Provision for contingency has been maintained at 2% to 3% of the plant and machinery cost and building and civil work cost, aggregating to ₹40.00 million to factor in any escalation in prices which is proposed to be funded from our internal accruals.

F. Preliminary and pre-operative expenses

The preliminary and pre-operative expenses for the second grinding unit at Krishnapatnam for the KP Line II are estimated at ₹40.00 million to be incurred for project report preparation, legal expenses, loans, incorporation expenses, travelling expenses during construction, consultancy charges, establishment expenses etc. As on March 31, 2021, our Company has incurred ₹5.80 million and the balance of ₹34.20 million shall be funded from our internal accruals.

An indicative list of activities/ equipment required in respect of civil works, plant and machinery, electrical equipment, that we intend to fund from the Net Proceeds, along with details of the quotations we have received in this respect is as follows.

Sl. No.	Description of activity/ equipment	Total amount (in ₹ million)	Name of the vendor	Date of quotation	Validity of quotation
<i>Civil works⁽²⁾</i>					
1.	Layering of concrete including reinforcement and shuttering	207.68	Gannon Dunkerley & Co. Limited	April 24, 2021	July 31, 2021
Sub Total (A)		207.68⁽¹⁾			
<i>Plant and machinery⁽³⁾</i>					
1.	DDPC and elevators	124.00	Beumer India Private Limited	March 12, 2021	June 10, 2021
2.	Kay rotary twin lobe compressors comprising of 89 WC, 76 WC and 76 AC	3.39	Kay International Private Limited	March 6, 2021	June 4, 2021
3.	Oil injected screw air compressor comprising of <i>inter alia</i> atlas Copco make oil injected rotary screw air compressor, Atlas Copco make refrigeration air dryer with pre-filter, comm. Box, etc. :	7.89	Atlas Copco (India) Limited	March 9, 2021	June 7, 2021
4.	Diverting gates	4.00	Turbovent Industries Private Limited	March 15, 2021	August 31, 2021
	Expansion bellows	4.44			
	Dampers (1/3)	2.75			
	Discharge gates, air slides, RAV's, flap valve and slide gates	9.94			
5.	Mechanical fabrication, erection of plate, dismantling of	205.06	KVS Constructions	April 30, 2021	June 30, 2021

Sl. No.	Description of activity/equipment	Total amount (in ₹ million)	Name of the vendor	Date of quotation	Validity of quotation
	equipment etc.				
6.	Pulse jet bag filters	25.20	Clair Engineers Private Limited	March 8, 2021	May 31, 2021
7.	Process fans, bag filter fans and air slide fans	13.39	Reitz India Limited	March 10, 2021	June 8, 2021
8.	Major gear boxes	4.66 ⁽⁴⁾	Elecon Engineers Company Limited	-	-
9.	Grinding media (30 mm, 25mm, 20mm, 17mm, 15mm)	32.23	AIA Engineering Limited	March 3, 2021	June 1, 2021
10.	Cement mill shell liner (Feed head liners and mono chamber shell liners, semi boltless configuration)	22.75		March 9, 2021	June 7, 2021
11.	Belt conveyor	37.00	Bevcon Wayors Private Limited	April 20, 2021	July 19, 2021
12.	Double grinder E.O.T. Crane, electric & manual host etc.	14.13	GRIP Engineers Private Limited	March 10, 2021	June 8, 2021
13.	Design, engineering, manufacture, supply and supervision of erection and commissioning of polycom circuit with ball mill for clinker grinding	120.43 ⁽⁵⁾	Thyssenkrupp Industries Private Limited	-	-
Sub Total (B)		631.26⁽⁸⁾			
<i>Electrical equipment⁽³⁾</i>					
1.	Slip ring motors comprising of <i>inter alia</i> mill drive, roller press drive	61.06	ABB India Limited	March 10, 2021	June 30, 2021
2.	E&I package for 45,000 MT fly ash silo and transport system	13.80		March 12, 2021	June 20, 2021
3.	ABB optimum performance motors (LV motors)	17.88		March 8, 2021	June 20, 2021
4.	Design, manufacture and supply of 690 V VFD motor	3.64 ⁽⁶⁾		-	-
5.	VFD system comprising of <i>inter alia</i> separator drive, roller press rotary feeder	10.30		April 26, 2021	June 30, 2021
6.	Lightning distribution boards comprising of <i>inter alia</i> 6 way 7 segment distribution board, 2P 20A MCB etc.	1.53	Anagha Engineers	March 9, 2021	June 30, 2021
7.	Local push buttons comprising of DOL and RDOL	0.48	Bhawani Engineering Works	April 24, 2021	June 30, 2021
8.	Cable trays consisting of <i>inter alia</i> 600(W) x 75(H) x 2MM tick sheet	5.09		April 24, 2021	June 30, 2021
9.	Junction boxes comprising of <i>inter alia</i> 10 terminal junction boxes etc.	0.58		April 24, 2021	June 30, 2021
10.	Earth flat comprising of hot dip galvanised earthing flat with size <i>inter alia</i> 65 x 10 mm	2.76		April 24, 2021	June 30, 2021
11.	Linear referencing system ("LRS") comprising of <i>inter alia</i> LRS type 7R TD, LRS type LSHM 5R TD etc.	1.84	Enterprising Engineers	March 8, 2021	June 30, 2021
12.	Lightning comprising of <i>inter alia</i> 30W LED wellglass, 45W and 90W LED street light etc.	1.56	Eveready Industries India Limited	March 8, 2021	June 30, 2021
13.	Distribution board (1 and 2)	0.67	JMR Technical Services	April 24, 2021	June 30, 2021
14.	Electrical works	9.00	Naveen Electrical & Mechanical Contractors	March 9, 2021	June 30, 2021
15.	Cable accessories such as		Rithvik Enterprises	March 9,	June 24, 2021

Sl. No.	Description of activity/equipment	Total amount (in ₹ million)	Name of the vendor	Date of quotation	Validity of quotation
	Weatherproof glands	0.94		2021	
	Cable lugs	0.38			
	Cable heat shrinkable indoor/outdoor termination kits	0.30			
16.	Belt weight feeder comprising of <i>inter alia</i> clinker weightfeeder + bin, gypsum weight feeder + bin etc.	12.04	Schenck Process Solutions India Private Limited	March 12, 2021	June 30, 2021
17.	Contractor switch APFC panel	1.29	Schneider Electric India Private Limited	March 12, 2021	June 30, 2021
18.	6.6 kilovolt panels	6.47	Siemens Limited	March 12, 2021	June 30, 2021
19.	6.6 kilovolt indoor capacitor bank with 5% series reactor	1.85	Universal Cables Limited	March 9, 2021	June 30, 2021
20.	Cables (aluminium and copper)	41.22	Virinchi Electricals	March 6, 2021	June 30, 2021
21.	Bus ducts comprising of <i>inter alia</i> 415V, 3200A, TPN, 690V, 3200 A, TPN etc.	3.34 ⁽⁷⁾	Spearhead Busducts Private Limited	March 9, 2021	June 30, 2021
22.	Transformer	2.46	Voltamp Transformers Limited	March 9, 2021	June 30, 2021
23.	Transmitters and field mate comprising of <i>inter alia</i> Yokogawa temperature transmitters, Yokogawa temperature transmitters	2.51	Yokogawa India Limited	March 10, 2021	June 30, 2021
24.	Switchboards comprising of IMMC 12 210, IMMC 13 310 etc.	41.04	Siemens Limited	March 27, 2021	June 30, 2021
Sub Total (C)		244.02⁽⁹⁾			
Total (A)+(B)+(C)		1,082.96⁽¹⁰⁾			

- (1) Our Company has obtained quotations from Gannon Dunkerley & Co. Limited aggregating to a sum of ₹207.68 million. We propose to utilise ₹201.36 million from the Net Proceeds for civil works out of the balance expense of ₹209.46 million which is to be incurred. The balance of ₹8.10 million shall be funded from the internal accruals of our Company
- (2) Costs are inclusive of GST
- (3) Costs are exclusive of GST
- (4) Pursuant to purchase order dated November 3, 2018, our Company had placed an order in relation to this and has received the equipment in October, 2019. We have paid ₹9.25 million (including GST) to Elecon Engineers Company Limited as an advance payment pursuant to payment advice dated March 15, 2021 and March 26, 2021 and are yet to make a payment of ₹4.66 million
- (5) Pursuant to purchase order dated May 5, 2017, our Company has placed an order in relation to this equipment. We have paid ₹25.27 million (excluding GST) to Thyssenkrupp Industries India Private Limited, as an advance payment pursuant to payment advice dated May 12, 2017 and August 9, 2017. We have received equipment worth ₹14.50 million (excluding GST) in October, 2018. Second tranche of equipment worth ₹9.65 million (excluding GST) will be dispatched by the vendor within a period of one month from the date of payment. The remaining equipment worth ₹61.55 million (excluding GST) shall be delivered within five to six months from the date of payment.
- (6) Pursuant to the purchase order dated December 28, 2017, our Company had placed an order in relation to this and has received the equipment in September, 2020. We have made an advance payment of ₹0.40 million (excluding GST) to ABB India Limited pursuant to payment voucher dated April 4, 2018 and are yet to make a payment of ₹3.64 million
- (7) Includes erection price of ₹0.39 million
- (8) Our Company has obtained quotations from various vendors amounting to ₹631.26 million. We propose to utilise ₹612.05 million from the Net Proceeds for plant and machinery out of the balance expense of ₹631.34 million which is to be incurred. The balance of ₹19.29 million shall be incurred out from the internal accruals of our Company.
- (9) Our Company has obtained quotations from various vendors amounting to ₹244.02 million. We propose to utilise ₹236.59 million from the Net Proceeds for electrical equipment out of the balance of ₹244.42 million which is to be incurred. The balance of ₹7.83 million shall be funded from the internal accruals of our Company.
- (10) Our Company has obtained quotations from various vendors for civil works, plant and machinery and electrical equipment amounting to ₹1,082.96 million. We propose to utilise ₹1,050.00 million from the Net Proceeds for civil works, plant and machinery and electrical equipment out of the balance expenses of ₹1,085.22 million that are to be incurred. The balance of ₹35.22 million in relation to civil works, plant and machinery and electrical equipment shall be funded from the internal accruals of our Company.

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, except as disclosed above, we have not entered into any definitive agreements with any of these vendors or placed orders with the vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment or at the same costs. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company shall have the flexibility to deploy such equipment at our manufacturing facilities in India, according to the business requirements of such facilities and based on the estimates of our management. For further details, see “Risk Factors – We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements” on page 30.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units mentioned above is proposed to be acquired in a ready-to-use condition.

Our Promoters, Directors and Key Management Personnel do not have any interest in the proposed civil works, plant and machinery, electrical equipment, other miscellaneous expenses and the preliminary and pre-operative expenses or in the entities from whom we have obtained quotations in relation to such activities.

Our Company is yet to place orders for 55.49% of the total estimated project cost.

Means of Finance

The total estimated cost for the KP Line II project is ₹ 1,948.31 million. We intend to fund the cost of the KP Line II project as follows::

Particulars	Amount (₹ in million)
Total estimated project cost (A)	1,948.31 ⁽¹⁾
(less) Expenses already incurred as of March 31, 2021 (B)	704.88 ^{(2)*}
Balance amount to be incurred (C) = (A-B)	1,243.42
Amount to be funded from Net Proceeds (D)	1,050.00
Funding required excluding the Net Proceeds (E) = (C - D)	193.42
Amount to be funded from internal accruals (F) = (E)	193.42

(1) Total estimated cost as per the TEV Report

(2) As per the TEV Report

*As certified by C. Ramchandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021

Proposed Schedule of Implementation

The expected schedule of implementation for the KP Line II project, as per the TEV Report is as follows:

Particulars of activities	Estimated date of commencement	Estimated date of completion
Civil work	May, 2021	August, 2021
Ordering of equipment (mechanical)	July, 2021	September, 2021
Ordering of equipment (Electrical)	July, 2021	September, 2021
Delivery of equipment	October, 2021	May, 2022
Mechanical fabrication and erection work	December, 2021	July, 2022
Erection of equipment	April, 2022	July, 2022
Erection and installation	February, 2022	July, 2022
Commissioning of plant	August, 2022	September, 2022

3. Funding of the capital expenditure requirements of our Company towards upgrading the raw grinding and cement mill at Talaricheruvu

As part of our strategy, we propose to continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and upgrading the raw grinding and cement mill facilities at Talaricheruvu that would further enhance our cost competitiveness and increase profitability. For further details see “Our Business – Our Strategies” on page 160. We propose to utilise ₹800 million from the Net Proceeds towards upgrading the raw grinding and cement mill at Talaricheruvu.

Grinding mill is one of the core equipment for raw material preparation, which will directly impact the production efficiency, quality of cement and cost of production. The upgradation of the raw grinding and cement mill will lead to better operational performance, lower power consumption and lower clinker and cement production cost. (Source: TEV Report).

Other than as disclosed in “Government and Other Approvals” on page 321, all material approvals required for upgrading the raw grinding and cement mill at Talaricheruvu have been obtained or will be obtained in the ordinary course of business prior to commencement of operations. For further details, see “Government and Other Approvals” on page 321.

Estimated Project Cost

As per the TEV Report, the total estimated cost of upgrading the raw grinding and cement mill at Talaricheruvu is ₹811 million. We propose to engage a contractor to upgrade the facility on a turnkey basis. As per the quotation dated April 22, 2021, received from Humboldt Wedag India Private Limited, the total estimated cost of upgrading the raw grinding and cement mill facilities at Talaricheruvu is ₹811 million.

The quotations received from Humboldt Wedag India Private Limited to act as a turnkey contractor for upgrading the raw grinding and cement mill facilities at Talaricheruvu is valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with Humboldt Wedag India Private Limited and there can be no assurance that they would be engaged as the contractor. For further details, see “Risk Factors – We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements” on page 30.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds.

The upgradation will include conversion/ replacement of existing raw mill and cement mill into roller press grinding system with latest technology for better operational performance. Grinding system is the core equipment of raw material preparation, which will directly affect the production efficiency, quality of cement and cost of production. Ball mills present at the Talaricheruvu facility are of low grinding capacity and installed 20 years back with minor upgradations in between, hence consuming higher power. This upgradation will also lead to better operational performance and is economically feasible due to less operating and maintenance cost. (Source: TEV Report)

Our Promoters, Directors and Key Management Personnel do not have any interest in the activities required to be undertaken to set up the WHR Plant at the Tandur facility or in Humboldt Wedag India Private Limited from whom we have obtained the quotation in relation to this project.

Our Company is yet to place orders for 100% of the total estimated project cost. We have not placed any orders as on the date of this Draft Red Herring Prospectus.

Means of Finance

The total estimated cost for upgrading the raw grinding and cement mill facilities at Talaricheruvu is ₹811.00 million. We intend to fund the cost of upgrading the raw grinding and cement mill facilities at Talaricheruvu as follows:

Particulars	Amount (Rs. in million)
Total estimated project cost (A)	811.00 ⁽¹⁾
(less) Expenses already incurred as of March 31, 2021 (B)	Nil ^{(2)*}
Balance amount to be incurred (C) = (A-B)	811.00
Amount to be funded from Net Proceeds (D)	800.00
Funding required excluding the Net Proceeds (E) = (C- D)	11.00
Amount to be funded from internal accruals (F) = (E)	11.00

(1) Total estimated cost as per the TEV Report

(2) As per the TEV Report

* As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021

Proposed Schedule of Implementation

The expected schedule of implementation for upgrading the raw grinding and cement mill facilities at Talaricheruvu, as provided in the TEV Report, is as follows:

Particulars of activities	Estimated date of commencement	Estimated date of completion
Study and engineering	October, 2021	November, 2021
Civil work	December, 2021	June, 2022
Ordering of equipment (mechanical)	January, 2022	February, 2022
Ordering of equipment (electrical)	January, 2022	February, 2022
Delivery of equipment	February, 2022	February, 2023
Mechanical fabrication and erection works	November, 2022	April, 2023
Erection of equipment	December, 2022	April, 2023
Erection and installation	October, 2022	April, 2023
Hook up and commissioning of plant	May, 2023	June, 2023

4. Funding of capital expenditure requirements of our Company towards setting up the Talaricheruvu WHR Plant

As part of our strategy, we propose to continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and establishing WHR Plants that would further enhance our cost competitiveness and increase profitability. For further details see “Our Business – Our Strategies” on page 160. We propose to utilise ₹1,100 million from the Net Proceeds towards setting up a 7.05 MW WHR Plant at our Talaricheruvu facility as a turnkey project in order to reduce our power costs.

The manufacturing facility at Talaricheruvu village in the Tadipatri Mandal of Anantapur District in Andhra Pradesh commenced operations in 1994 with an initial cement production capacity of approximately 0.20 MMTPA. As of March 31, 2021, our Talaricheruvu facility had an aggregate cement and clinker production capacity of 1.80 MMTPA and 1.30 MMTPA, respectively. For further details, see “*Our Business – Integrated Manufacturing Facilities – Talaricheruvu, Andhra Pradesh*” on page 169.

The WHR Plant at Talaricheruvu, uses the heat generated through existing rotary kiln preheat. The hot gases are used to generate steam in steam generator which is further used to generate electricity/power through steam turbo generator.

Other than as disclosed in “*Government and Other Approvals*” on page 321, all material approvals for the setting up of the Talaricheruvu WHR Plant have been obtained or will be obtained in the ordinary course of business prior to commencement of operations. For further details, see “*Government and Other Approvals*” on page 321.

Estimated Project Cost

As per the TEV Report, the total estimated cost of setting up the WHR Plant at Talaricheruvu is ₹1,217.00 million. We propose to engage a contractor on a turnkey basis to set up the WHR Plant. The detailed break-up of such estimated cost of development and the cost incurred towards such development until March 31, 2021, as per the TEV Report are set forth below:

Particulars	Total Estimated Costs (in ₹ million)	Expenses incurred as of March 31, 2021 (in ₹ million)⁽³⁾	Balance expenses to be incurred (in ₹ million)	Amount to be utilized from Net Proceeds (in ₹ million)
Civil works	98.00 ⁽¹⁾	Nil	98.00 [^]	-
Turnkey cost	1,100.00 ⁽²⁾	Nil	1,100.00	1,100.00
Contingencies	16.50 ⁽²⁾	Nil	16.50 [^]	-
Preliminary and pre-operative expenses	2.50 ⁽²⁾	Nil	2.50 [^]	-
Total	1,217.00	Nil	1,217.00	1,100.00

(1) Amount is inclusive of GST

(2) Amount is exclusive of GST

(3) As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021 in respect of amounts deployed towards the project

[^] To be incurred from the internal accruals

A. Civil work:

Civil works for Talaricheruvu WHR Plant includes concrete laying and construction of civil structure, building, etc. . The total estimated cost for civil works is ₹98.00 million. As of March 31, 2021, we have not incurred any expenses in relation to civil works for the WHR Plant at Talaricheruvu and we propose to utilise the balance expenses to be incurred, i.e., ₹98.00 million from the internal accruals of our Company.

B. Turnkey:

The turnkey includes erection of 7.05 MW WHR Plant, which includes *inter alia* turbine, hot air generators etc. The total turnkey cost for the WHR Plant at Talaricheruvu facility ranges from ₹1,100 to ₹1,200 million. We have not incurred any expenses in relation to the turnkey project as of March 31, 2021, and our Company proposes to utilise ₹1,100 million from the Net Proceeds.

C. Provisions for contingencies

Provision for contingency has been maintained at 1% to 2% of the turnkey cost, aggregating to ₹16.50 million to factor in any escalation in prices which is proposed to be funded from our internal accruals.

D. Preliminary and pre-operative expenses

The preliminary and pre-operative expenses for WHR Plant at Talaricheruvu are estimated at ₹2.50 million which is to be incurred for project report preparation, legal expenses, loans, incorporation expenses, travelling expenses during construction, consultancy charges, establishment expenses etc. which is proposed to be funded from our internal accruals.

An indicative list of activities required in respect of turnkey for setting up of the WHR Plant at Talaricheruvu, that we intend to fund from the Net Proceeds, along with details of the quotations we have received in this respect is as follows:

Sl. No.	Description of activity	Total amount (in ₹ million)	Name of the vendor	Date of the quotation	Validity of the quotation
<i>Turnkey</i>					
1.	7.05 MW waste heat recovery captive power plant including <i>inter alia</i> turbine, hot air generator etc.	1,100 ⁽¹⁾	Thyssenkrupp Industries India Private Limited	March 17, 2021	May 31, 2021
Total		1,100			

(1) Our Company has obtained a quotation from Thyssenkrupp Industries India Private Limited for a price ranging from ₹1,100 million to ₹1,200 million (exclusive of GST). We propose to utilise ₹1,100.00 million from the Net Proceeds.

As per the quotation dated March 17, 2021, received from by Thyssenkrupp Industries India Private Limited the estimated fee quote to set up the WHR Plant on a turnkey basis (excluding civil work) ranges from ₹1,100 million and is up to ₹1,200 million (exclusive of GST). However, we have not entered into any definitive agreements with Thyssenkrupp Industries India Private Limited and there can be no assurance that they would be engaged as the turnkey contractor. For further details, see “Risk Factors – We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements” on page 30. We have not placed any orders as on the date of this Draft Red Herring Prospectus.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units mentioned above is proposed to be acquired in a ready-to-use condition

Our Promoters, Directors and Key Management Personnel do not have any interest in the activities required to be undertaken to set up the WHR Plant at the Talaricheruvu facility or in Thyssenkrupp Industries India Private Limited from whom we have obtained quotations in relation to this project.

Our Company is yet to place orders for 100% of the total estimated project cost.

Means of Finance

The total estimated cost of setting up the WHR Plant at Talaricheruvu is ₹1,217.00 million. We intend to fund the cost for setting up of the WHR Plant at Talaricheruvu as follows::

Particulars	Amount (Rs. in million)
Total estimated project cost (A)	1,217.00 ⁽¹⁾
(less) Expenses already incurred as of March 31, 2021 (B)	Nil ^{(2)*}
Balance amount to be incurred (C) = (A-B)	1,217.00
Amount to be funded from Net Proceeds (D)	1,100.00
Funding required excluding the Net Proceeds (E) = (C- D)	117.00
Amount to be funded from internal accruals (F) = (E)	117.00

(1) Total estimated cost as per the TEV Report

(2) As per the TEV Report

* As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021

Proposed Schedule of Implementation

The expected schedule of implementation for the WHR Plant at the Talaricheruvu facility, as provided under the TEV Report:

Particulars of activities	Estimated date of commencement	Estimated date of completion
Civil work	September, 2021	November, 2021
Ordering of equipment (mechanical)	November, 2021	December, 2021
Ordering of equipment (electrical)	November, 2021	December, 2021
Delivery of equipment	January, 2022	September, 2022
Mechanical fabrication and erection works	June, 2022	November, 2022
Erection of equipment	August, 2022	December, 2022
Erection and installation	June, 2022	January, 2023
Commissioning of Plant	February, 2023	March, 2023

5. Funding of capital expenditure requirements of our Company towards setting up the Tandur WHR Plant

As part of our strategy, we propose to continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and establishing WHR units that would further enhance our cost competitiveness

and increase profitability. For further details see “*Our Business – Our Strategies*” on page 160. We propose to utilise ₹1,300 million from the Net Proceeds towards setting up a 10 MW WHR Plant at our Tandur facility in order to reduce our power costs.

We commenced operations at our manufacturing facility at Tandur located in the Ranga Reddy district of Telangana in 2010. As of March 31, 2021, our Tandur facility had an aggregate cement and clinker production capacity of 2.00 MMTPA and 1.50 MMTPA, respectively. Our current power requirements at the Tandur facility are met through the local state power grid and from our captive power plant through intra state open access.

Other than as disclosed in “*Government and Other Approvals*” on page 321, all material approvals for the setting up of the WHR Plant at the Tandur facility. For further details, see “*Government and Other Approvals*” on page 321.

Estimated Project Cost

As per the TEV Report, the total estimated cost of setting up the WHR Plant at Tandur is up to ₹1,333.00 million. The detailed break-up of such estimated cost of development and the cost incurred towards such development until March 31, 2021, as per the TEV Report are set forth below:

Particulars	Total Estimated Costs (in ₹ million)	Expenses incurred as of March 31, 2021 (in ₹ million)⁽⁴⁾	Balance expenses to be incurred (in ₹ million)	Amount to be utilized from Net Proceeds (in ₹ million)
Civil works	112.50 ⁽¹⁾	Nil	112.50	100.00 ⁽³⁾
Turnkey cost	1,200.00 ⁽²⁾	Nil	1,200.00	1,200.00
Contingencies	18.00 ⁽²⁾	Nil	18.00 [^]	-
Preliminary and pre-operative expenses	2.50 ⁽²⁾	Nil	2.50 [^]	-
Total	1,333.00	Nil	1,333.00	1,300.00

(1) Amount is inclusive of GST

(2) Amount is exclusive of GST

(3) The balance of ₹12.50 million for civil works shall be incurred from the internal accruals of our Company

(4) As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021 in respect of amounts deployed towards the project

[^] To be incurred from the internal accruals

A. Civil work:

Civil works for the WHR Plant at Tandur includes civil and building construction. The total estimated cost for civil works is ₹112.50 million. As of March 31, 2021, we have not incurred any expenses in relation to civil work for the WHR Plant at Tandur. Our Company proposes to utilise ₹100.00 million from the Net Proceeds and the balance of ₹12.50 million is to be incurred from the internal accruals of our Company.

B. Turnkey cost:

The turnkey includes erection of 10 MW waste heat recover captive power plant which includes *inter alia* turbine, hot air generators etc. The total turnkey cost for the WHR Plant at Tandur is ₹1,200 million. We have not incurred any expenses in relation to the turnkey project as of March 31, 2021 and our Company proposes to utilise ₹1,200 million from the Net Proceeds.

C. Provisions for contingencies

Provision for contingency has been maintained at 1% to 2% of the turnkey cost, aggregating to ₹18.00 million to factor in any escalation in prices which is proposed to be funded from our internal accruals.

D. Preliminary and pre-operative expenses

The preliminary and pre-operative expenses for Tandur WHR are estimated at ₹2.50 million which is to be incurred for project report preparation, legal expenses, loans, incorporation expenses, travelling expenses during construction, consultancy charges, establishment expenses etc. which is proposed to be funded from our internal accruals.

An indicative list of activities/ equipment required in respect of civil work, turnkey, that we intend to fund from the Net Proceeds, along with details of the quotations we have received in this respect is as follows:

Sl. No.	Description of activity	Total amount (in ₹ million)	Name of the vendor	Date of the quotation	Validity of the quotation
<i>Civil works</i>					
1.	Construction of civil work of Tandur WHR which is inclusive of <i>inter alia</i> labour cost, sand cement, etc.	101.24	Awadh Engineers Private Limited	May 10, 2021	July 9, 2021
Sub Total (A)		101.24⁽¹⁾			
<i>Turnkey</i>					
1.	10 MW waste heat recovery captive power plant including <i>inter alia</i> turbine, hot air generator etc.	1,200.00	Thyssenkrupp Industries India Private Limited	March 17, 2021	May 31, 2021
Sub total (B)		1,200.00⁽²⁾			
Total (A+B)		1,301.24⁽³⁾			

(1) Our Company has obtained a quotation from Awadh Engineers Private Limited for a sum of ₹101.24 million (inclusive of GST). We propose to utilise ₹100.00 million from the Net Proceeds out of the balance expense of ₹112.50 million which is required to be spent. The balance of ₹12.50 million for civil works shall be incurred out of the internal accruals of our Company.

(2) Our Company has obtained a quotation from Thyssenkrupp Industries India Private Limited for a sum of ₹1,200.00 million (exclusive of GST). We propose to utilise ₹1,200.00 million from the Net Proceeds for turnkey.

(3) Our Company has received quotations from vendors for civil works, turnkey cost amounting to ₹1,301.24 million while the total estimated cost for civil work and turnkey is ₹1,312.50 million. As of March 31, 2021, our Company has not incurred any cost for civil work and turnkey. Our Company proposes to utilise ₹1,300.00 million from the Net Proceeds and the balance of ₹12.50 million in relation to civil work and turnkey shall be funded from the internal accruals of our Company.

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. We have not entered into any definitive agreements with any of these vendors or placed orders with the vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment or at the same costs. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company shall have the flexibility to deploy such equipment at our manufacturing facilities in India, according to the business requirements of such facilities and based on the estimates of our management. For further details, see “Risk Factors – We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure requirements” on page 30.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units mentioned above is proposed to be acquired in a ready-to-use condition.

This WHR at Tandur, uses the heat generated through existing rotary kiln pre-heat. The hot gases are used to generate steam in steam generator which is further used to generate electricity/power through steam turbo generator.

Our Promoters, Directors and Key Management Personnel do not have any interest in the activities required to be undertaken to set up the WHR Plant at the Tandur facility or in Thyssenkrupp Industries India Private Limited from whom we have obtained quotations in relation to this project.

Our Company is yet to place orders for 100% of the total estimated project cost.

Means of Finance

The total estimated cost for setting up the Tandur WHR Plant is ₹1,333.00 million. We intend to fund the cost for setting up the Tandur WHR Plant as follows:

Particulars	Amount (₹ in million)
Total estimated project cost (A)	1,333.00 ⁽¹⁾
(less) Expenses already incurred as of March 31, 2021 (B)	Nil ^{(2)*}
Balance amount to be incurred (C) = (A-B)	1,333.00
Amount to be funded from Net Proceeds (D)	1,300.00
Funding required excluding the Net Proceeds (E) = (C - D)	33.00
Amount to be funded from internal accruals (F) = (E)	33.00

(1) Total estimated cost as per the TEV Report

(2) As per the TEV Report

* As certified by, C. Ramachandram & Co., Chartered Accountants, our Statutory Auditors, by way of their certificate dated May 13, 2021

Proposed Schedule of Implementation

The expected schedule of implementation for the WHR Plant at the Tandur facility, as provided in the TEV Report is as follows:

Particulars of activities	Estimated date of commencement	Estimated date of completion
Civil work	June, 2021	August, 2021
Ordering of equipment (mechanical)	August, 2021	September, 2021
Ordering of equipment (electrical)	August, 2021	September, 2021
Delivery of equipment	October, 2021	June, 2022
Mechanical fabrication and erection works	March, 2022	August, 2022
Erection of equipment	May, 2022	September, 2022
Erection and installation	March, 2022	October, 2022
Commissioning of Plant	November, 2022	December, 2022

6. General corporate purposes

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include capital expenditure, meeting our working capital requirements, marketing and business development expenses, expansion of facilities and meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act or other applicable laws.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer related expenses include, among others, listing fees, selling commission and brokerage, fees payable to the Managers, fees payable to legal counsel, fees payable to the Registrar to the Issue, Escrow Collection Bank(s) and Sponsor Bank to the Issue, processing fee to the SCSBs for processing application forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All expenses in relation to the Offer shall be borne by our Company. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company inclusive of taxes. The estimated Offer related expenses are as under:

Activity	Estimated expenses ⁽¹⁾ (in ₹ million)	As a % of the total estimated Offer expenses ⁽¹⁾	As a % of the total Offer size ⁽¹⁾
Managers fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs ⁽²⁾⁽⁴⁾	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs ⁽³⁾	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

⁽¹⁾ Amounts will be finalised and incorporated in the Prospectus after determination of Offer Price

⁽²⁾ Selling commission payable to the SCSBs, members of the Syndicate (including their Sub-Syndicate Members), RTAs and CDPs which are directly

procured by them would be as follows:

Portion for Retail Individual Bidders	[●]% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	[●]% of the Amount Allotted* (plus applicable taxes)

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

Selling commission payable to the Registered Brokers on the portion for Retail Individual Bidders using the UPI Mechanism and the Non-Institutional Bidders, which are directly procured by the Registered Brokers and submitted to the SCSBs for processing, shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes).

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

- (3) Bidding charges of ₹[●] (plus applicable taxes) shall be payable as per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Bidders using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to the SCSBs on the Bid cum Application Forms directly procured by them.
- (4) Processing fees payable to the SCSBs for the Bid cum Application Forms which are procured by the Members of the Syndicate / Registered Brokers / RTAs / CDPs and submitted to the SCSBs for blocking shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes).

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

Members of the Syndicate / RTAs / CDPs	₹ [●] per valid Bid cum Application Form (plus applicable taxes).
Sponsor Bank	₹ [●] per valid Bid cum Application Form (plus applicable taxes). The Sponsor Bank shall be responsible for making payments to the third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Law.

Means of finance

Other than (i) ₹193.42 million for the capital expenditure to be incurred at KP Line II; (ii) ₹11.00 million for capital expenditure requirement towards upgrading the raw grinding mill at Talaricheruvu; (iii) ₹117.00 million for the capital expenditure requirement towards setting up the WHR Plant at Talaricheruvu; (iv) ₹33.00 million for the capital expenditure requirement towards setting up the WHR Plant at Tandur which will be incurred from the internal accruals, the fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement 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 Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board or IPO Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

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

Monitoring of utilization of funds

Our Company has appointed [●] as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the monitoring agency will monitor the utilisation of the Net Proceeds, and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay.

Our Company will disclose the utilisation of the Net Proceeds, including interim use, under a separate head in our balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, for any amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. Further, in terms of Regulation 32(6) of the Listing Regulations, our Company is required to submit to the Stock Exchange for any comments or report received from the Monitoring Agency, within 45 days from the end of each quarter. The Audit Committee shall make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, and one in Telugu, Telugu being the regional language of Telangana, where our Registered Office and Corporate Office is situated in accordance with the Companies Act and applicable rules. Our Promoters or controlling shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

Other confirmations

No part of the Net Proceeds will be paid by us as consideration to our Promoters and Promoter Group, the Directors, Key Managerial Personnel, except in the normal course of business and in compliance with applicable law.

Our Company has not entered into and is not planning to enter into any arrangement/agreements with the Promoters, the Promoter Group, Directors, Key Managerial Personnel and Group Companies in relation to the utilisation of the Net Proceeds. Further, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and Selling Shareholder in consultation with the Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see “*Our Business*”, “*Risk Factors*” and “*Financial Statements*” on pages 154, 24 and 220, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- One of the market leaders in south India with a strong brand recall and extensive distribution network;
- Strategically located integrated manufacturing facilities and packing terminals which provide access to south, west and east India markets;
- Access to quality raw materials and coal;
- Well positioned to benefit from the growth in the cement industry;
- Experienced promoter and management team with an established track record of project and timely execution.

For details, see “*Our Business – Our Strengths*” on page 154.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements for Fiscals 2021, 2020 and 2019 prepared in accordance with Ind AS and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see “*Financial Statements*” on page 220.

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

A. Adjusted Basic and Diluted Earnings Per Share (“EPS”):

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	11.36	11.36	3
March 31, 2020	1.72	1.72	2
March 31, 2019	6.36	6.36	1
Weighted Average	7.31	7.31	

Note:

1. Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 ‘Earnings per share notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
2. The ratios have been computed as below:
 - a. Basic earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of shares outstanding during the years/period.
 - b. Diluted earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of diluted shares outstanding during the year/period.

B. Price/Earning (“P/E”) ratio in relation to the in relation to Price Band of ₹ [●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic & diluted EPS for Financial Year 2021 on Restated Financial Statements	[●]	[●]

Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section highest P/E ratio is 130.30, the lowest P/E ratio is 14.00, the average P/E ratio is 41.30.

1. The highest and lowest Industry P/E shown above is based on the peer set provided below under “*Comparison with listed industry peers*”. The industry average has been calculated as the arithmetic average P/E of the peer set provided below. For further details, see “*Comparison with listed industry peers*” hereunder.

2. For Industry P/E, P/E figures for the peers are computed based on closing market price as on April 28, 2021 at BSE, divided by Basic EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal Year 2021.

C. Return on Net Worth (“RoNW”)

As per Restated Financial Statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2021	13.14	3
March 31, 2020	2.16	2
March 31, 2019	8.01	1
Weighted Average	8.63	

Note:

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

Net worth means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year

D. Net Asset Value (“NAV”) per Equity Share

Fiscal year ended/ Period ended	Restated Financial Statements (₹)
As on March 31, 2021 – NAV	86.48
After the Offer	●
Offer Price	●

Note:

Net asset value (₹) = Net Worth as restated / Number of equity shares outstanding as at year

Offer Price per Equity Share will be determined on conclusion of the Book Building Process

Net worth means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year

E. Comparison with Listed Industry Peers

Name of the company	Revenue from Operations (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS (basic and diluted) (₹)	RoN W (%)	Closing price	NAV (₹)
Penna Cement Industries Limited*	24,763.99	10.00	NA	11.36	13.14 %	NA	86.48
UltraTech Cement Limited	421,248.30	10.00	31.58	201.61	14.9%	6,364.15	1,355.35
Shree Cement Limited	128,683.90	10.00	65.91	435.35	11.7%	28,695.00	3,650.06
Ambuja Cements Limited	245,161.70	2.00	25.93	11.91	10.4%	308.85	114.61
ACC Limited	137,859.80	10.00	24.65	76.16	11.3%	1,872.55	676.28
Dalmia Bharat Limited	96,740.00	2.00	130.32	11.61	2.1%	1,509.05	547.32
The Ramco Cements Limited	53,893.00	1.00	37.62	26.00	12.1%	978.00	212.30
India Cements Limited	51,864.44	10.00	17.82	9.18	0.9%	163.60	177.41
Birla Corporation Limited	69,156.90	10.00	13.99	65.60	10.5%	917.75	624.09
J.K. Cement Limited	58,016.38	10.00	44.61	62.56	16.4%	2,790.90	391.83
JK Lakshmi Cement Limited	43,640.70	5.00	19.20	21.08	14.7%	404.80	143.36
Orient Cement Limited	24,217.97	1.00	24.93	4.23	7.7%	105.45	54.59
Sagar Cement Limited	11,751.50	10.00	58.83	12.36	2.8%	727.15	433.96

* Financial information for our Company is derived from the Restated Consolidated Financial Information as at and for the year ended March 31, 2021.

Notes:

- All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports of the respective companies, as available and as submitted to the stock exchanges
- The relevant reporting period considered for ACC Ltd and Ambuja Cements Ltd is the year ended 31 December 2020 while the corresponding period for the other peer companies is the year ended 31 March 2020
- P/E ratio is calculated as: Closing share prices (28 April, 2021- BSE)/ Diluted EPS for the year ended March 31, 2020.
- Basic EPS as reported in the annual report of the company for the year ended March 31, 2020.
- Return on net worth (%) = Net profit/(loss) after tax attributable to the owners of the parent/ Net worth at the end of the year.
- Net asset value per share (in ₹) = Net worth at the end of the year/ Total number of equity shares outstanding at the end of the year

F. The Offer price is [●] times of the face value of the Equity Shares

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

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statements*” on pages 24, 154, 283, and 220, respectively, to have a more informed view.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Sub: Statement of possible special Income-tax benefits (the "Statement") available to "Penna Cement Industries Limited" (the "Company"), its Shareholders and its material subsidiaries, prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

We refer to the proposed offering of the shares of the Company. We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 ("the Act") and Income-tax Rules, 1962 (together the "Tax Laws") presently in force in India, as applicable to the assessment year 2022-23 relevant to the financial year 2021-22 for inclusion in the Draft Red Herring Prospectus (the "DRHP"), updated draft red herring prospectus, the Red Herring Prospectus (the "RHP") and the Prospectus (collectively, the "Offer Documents") for the proposed issue of shares and offer for sale.

These possible special Income-tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or its shareholders to derive these possible special income-tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the near future and accordingly, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only possible special income-tax benefits available and do not cover any general tax benefits available to the Company or its shareholders. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the "**Proposed Offer**") by the Company, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither we are suggesting nor advising the investor to invest money based on this Statement.

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

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

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

LIMITATIONS

Our views expressed in the statement enclosed 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 statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement. This statement has been prepared solely in connection with the Proposed Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

The statement of possible special Income-tax benefits available to Penna Cement Industries Limited (the "Company" and its shareholders)

The information provided below sets out the possible direct and indirect tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the equity shares of the Company ("**Equity Shares**"), under the current tax laws presently in force in India.

A. Special Income-tax benefits to the Company

1. Tax holiday under section 80IA of the Income-tax Act, 1961 (the "Act")

The following specific Income tax benefits may be available to the Company after fulfilling conditions as per the respective provisions of the relevant tax laws on certain eligible projects:

In accordance with and subject to the conditions specified in Section 80-IA of the Act, the Company may be entitled for a deduction of an amount equal to hundred percent of profits or gains derived from any enterprise carrying on business of generating or distributing or transmission of power, for any ten consecutive assessment years out of fifteen years beginning from the year in which the enterprise has started its operations.

However, the aforesaid deduction is not available while computing Minimum Alternative Tax ("**MAT**") liability of the Company under Section 115JB of the Act. Nonetheless, such MAT paid/ payable on the adjusted book profits of the Company computed in terms of the provisions of Act, read with the Companies Act, 2013 would be eligible for credit against tax liability arising in succeeding years under normal provisions of Act as per Section 115JAA of the Act to the extent of the difference between the tax as per normal provisions of the Act and MAT in the year of setoff. Further, such credit would not be allowed to be carried forward and set off beyond 15 assessment years immediately succeeding the assessment year in which such credit becomes allowable.

B. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders of the Company under the provisions of the Income-tax Act, 1961.

C. Special tax benefits available to Pioneer Cement Industries Limited and Marwar Cement Limited, the material subsidiaries

There are no special tax benefits available to material subsidiaries of the Company under the provisions of the Income-tax Act, 1961.

Notes:

1. All the above benefits are as per the current tax law and any change or amendment in the laws/regulation, which when implemented would impact the same.
2. The special income-tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such prescribed conditions under the tax laws.
3. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity

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.

For C. Ramachandram & Co.,

Chartered Accountants

ICAI Firm registration no: 002864S

Peer review certificate no.:011080

C. Ramachandram

Partner

Membership no: 025834

UDIN: 21025834AAAANG7892

Place: Hyderabad

Date: May 13, 2021

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is obtained or extracted from “Assessment of cement industry” dated April 2021 (“CRISIL Report”) prepared and issued by CRISIL Research, a division of CRISIL Limited, on our request. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, unless otherwise indicated, all financial information of our Company derived from the CRISIL Report and included herein is based on the audited and reviewed standalone financial information of our Company for the relevant periods and are therefore not comparable to our Restated Consolidated Financial Statements. In addition, industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Also, see “Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate” on page 46.

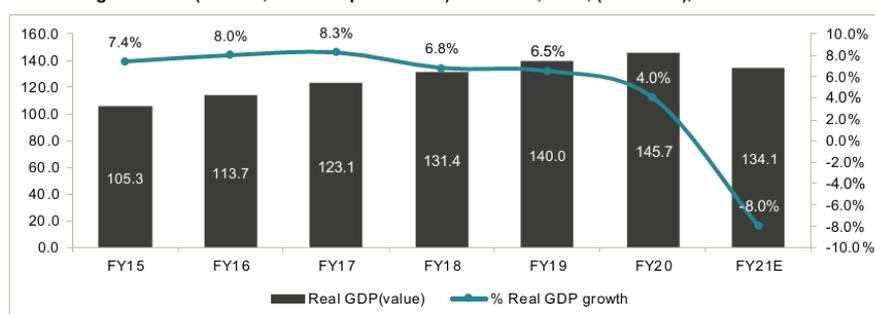
MACROECONOMIC INDICATORS OF INDIA

GDP growth

In 2015, the Union Ministry of Statistics and Programme Implementation changed the base year for calculating India’s gross domestic product (“GDP”) to Fiscal 2012 from Fiscal 2005. Based on this, India’s GDP is estimated to have registered a compound annual growth rate (“CAGR”) of 6.0% between Fiscals 2015 and 2020, to ₹ 145.7 trillion.

In Fiscal 2021, India’s GDP contracted 15.9% in the first half; the GDP contraction for quarter one was steeper than that of quarter two, led by the lockdowns and higher government spending on rural development, roads, and highways. In quarter two, GDP improved because of the pent-up demand as restrictions eased; and improving exports backed by global economies gaining some support from fiscal stimulus. The second half, which saw only a marginal contraction of 0.4%, benefitted from strong festive demand, higher government capital expenditure, and improved economic activity as effects of the pandemic began to subside. However, India’s GDP growth is likely to rebound to 11% next Fiscal, driven by a weak base, flattening of the Covid-19 curve, rollout of vaccinations, and investment-focussed government spending.

Real GDP growth rate (2011-12, constant price series) and value, India, (Rs trillion), fiscals 2015 – 2021E



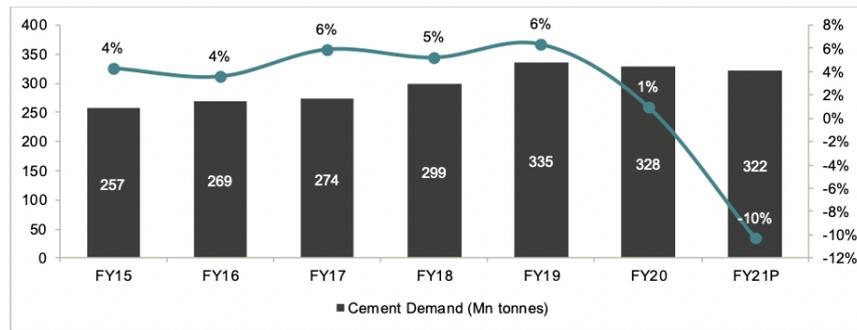
Note: E: Estimated

Source: MoSPI National Statistical Office (NSO), CRISIL Research

Key trends and impact on the cement industry

Playing a major role in the nation’s economic growth, the construction industry occupies a pivotal position in the nation’s development plans. The construction sector generates substantial employment and provides growth impetus to other manufacturing sectors such as cement, bitumen, iron and steel, chemicals, bricks, paints, and tiles, among others. The construction industry’s gross value added (“GVA”) accounts for 7.8% of India’s GVA as of Fiscal 2020. The industry also provides significant employment opportunity because of its constant requirement for skilled and unskilled labourers. Moreover, growth in construction is also a positive indicator for sectors such as steel and cement, which are the key raw materials for construction purposes.

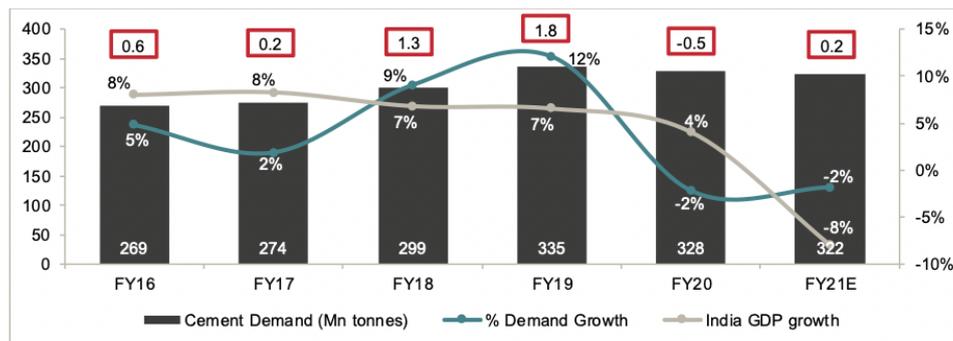
Cement demand in India and the construction sector growth – from fiscal 2015 to fiscal 2021P



P: Projected
Source: CRISIL Research

The cement industry exhibited slowdown with de-growth of approximately 2% in Fiscal 2020, after witnessing approximately 12% demand growth in Fiscal 2019. Apart from the general economic slowdown, cement demand was sluggish during the first half of Fiscal 2020 post the general elections in April-May, 2019. The second half of Fiscal 2020 witnessed extended monsoons, low capital expenditure on infrastructure and road activities, labour shortage owing to local elections and water and sand unavailability in several states along with financial stress in the non-banking financial company (“NBFC”) and housing sectors. Though the demand started indicating some signs of improvement since December 2019, the momentum could not be sustained due to the pandemic’s outbreak in the seasonally strong quarter of the Fiscal. This severely impacted construction activities, which consequently resulted in the industry witnessing a decline in growth in Fiscal 2020, the first time in the last two decades.

Cement demand growth versus GDP growth rate from Fiscal 2016 to Fiscal 2021E



Note: The boxes above the graph indicate GDP multiplier for each year

Note: E: Estimated

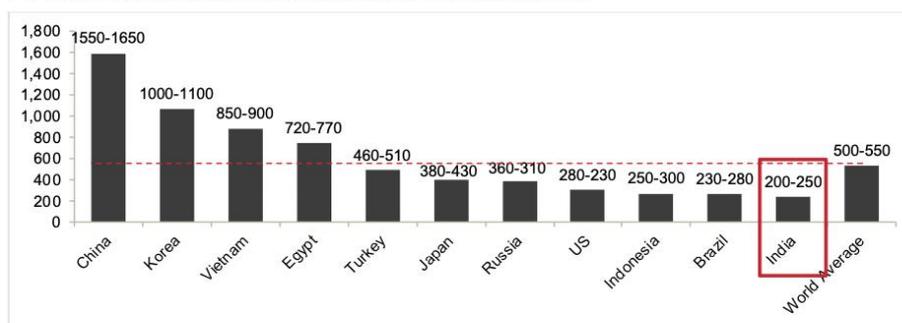
Source: CSO, CRISIL Research

Housing segment has remained the bedrock of domestic cement demand

End-use sector mix in the cement industry mainly comprises housing (60%-65%), infrastructure (23%-25%) and industrial /commercial (13-15%) segments. Share of the largest end-use segment, i.e. housing sector, has declined over the past five years as the real estate sector has been buffeted by slow economic growth, weak demand, buyer unaffordability, and high inventory. However, the overall share was maintained at 60%-65% backed by the central government’s ‘Housing for All’ scheme. The segment will remain the key volume contributor while infrastructure is expected to expand its share in the next five years with rising investments by the central government on roads, railways and irrigation.

While looking at the end-use segments in the cement sector, it is also important to consider the per capita consumption levels of cement in India vis-à-vis the rest of the world. As of 2019, the highest per capita cement consumption was found in China (at 1,550-1,650 Kg) followed by Korea (at 1,000-1,100 Kg). However, despite a low per capita cement consumption, India is the second largest cement producer in the world followed by China. In Fiscal 2019, India’s per capita cement consumption stood at 200-250 kg which is significantly lower than the global average of around 500-550 kg. This difference indicates the growth potential in India. In the long run, per capita cement consumption is expected to increase because of increased demand from end-use segments such as infrastructure and housing projects in India.

Per capita cement consumption (Kg): Worldwide comparison (2019)



Note: The figures mentioned are CRISIL estimates and arrived at by assessing various data points from sources such as United Nations COMTRADE database (for trade data of cement), US Geological survey, and World population estimates published by the UN population division

Source: UN COMTRADE, USGS, UN data, Industry, CRISIL Research

Industry cost structure and trends

The major costs associated with cement production are: (i) power and fuel cost; (ii) raw material cost; (iii) Freight cost; and (iv) other expenses. Freight, raw material and power and fuel costs are the largest cost components of a cement plant, comprising 70%-75% of the overall cost. Of these, freight is the largest cost component, comprising 28% -30% share, as cement is a relatively low-value added product, and is needed to be transported over long distances.

Raw material cost

In Fiscal 2020, raw material cost accounted for 16-18% of the cost of sales of cement players. Limestone, a key raw material, accounts for a major share of total raw material cost. While the limestone requirement on a per tonne clinker basis is largely similar for players, the blending ratio (cement/clinker ratio) is the key parameter governing limestone requirement per tonne of cement. Cement plants are generally located near limestone quarries to economize production. Fly ash is a fine, glass-like powder recovered from gases created by coal-fired electric power generation. It primarily consists of silica, alumina and iron. As per the BIS standard for portland pozzolana cement, fly ash can account for 15-35% of cement mass, while the BIS standard for slag cement (portland blast furnace slag cement) allows slag to comprise up to 70% of the cement mass. Slag is a by-product of the steel-making process, produced during the separation of molten steel from impurities in steel-making furnaces and, like flyash, is used as an additive in cement manufacturing. However, unlike flyash, the availability of slag in India is limited, being found mostly in the east of India due to the concentration of steel plants in the region. In most cases, the costs associated with transportation of fly ash and slag are significantly higher when compared with the purchase price of these commodities, thus increasing the landed cost.

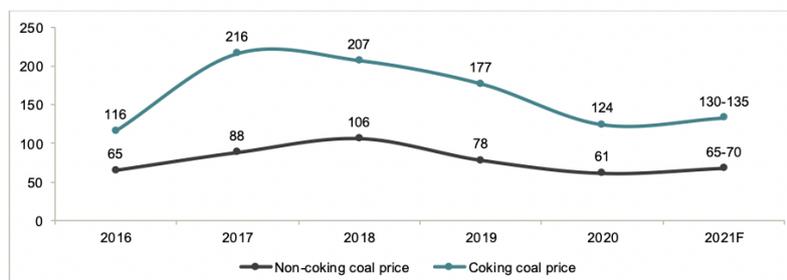
Power and fuel cost

The cement industry is power-intensive, with power and fuel cost accounting for 24% to 26% of the total cost of sales of cement players. Coal is used to fire the kiln and generate power to grind the clinker. The power requirement of a cement plant varies in accordance with the heat treatment process used, viz. dry process or wet process. While the wet process requires 1,300-1,800 kcal/kg of clinker and 90-140 kWh of power to manufacture one tonne of cement, the dry process requires 720-950 kcal/kg of clinker and 95-150 kWh of power for one tonne of ordinary portland cement (“OPC”). Blended cements such as portland pozzolana cement (“PPC”) and portland slag cement (“PSC”) typically consume 15-20% less power per tonne as fly ash/ slag, which are already in a ground/ powdered state. Similarly, due to lower clinker requirement in PPC and PSC, thermal energy consumed per tonne is also lower. Historically, a significant portion of the industry’s power requirement was met through grid power supplied by the state electricity boards. However, over the past five years, cement companies are increasingly opting for captive power plants in order to reduce their cost of production and dependence on grid power. As manufacturing cement is a continuous process, frequent power cuts affect the operating efficiency of cement players, acting as the main deterrent to dependence on grid power. This is evident from the fact that the percentage of total power requirement met through captive power has risen from around 48% in Fiscal 2005 to approximately 72% in Fiscal 2019 (for a sample of 14 companies accounting for approximately 70% of the industry). The Indian cement industry primarily uses fuels such as coal, pet coke and lignite to fulfil its fuel requirements. However, this proving insufficient, leading industry players turn to the open market to meet their incremental fuel requirements. In India, coal is primarily allocated to the power and steel sectors; the cement industry only gets 3- 4% of the India’s total production. Therefore, in the last few years, players have been importing a significant proportion of their coal requirement from other countries. In order to take advantage of the lower cost of petcoke in recent years, major cement players have made adjustments in their kilns and CPP to handle the petcoke, providing them fuel flexibility.

Coking and non-coking coal price trend

Global coking coal prices declined significantly by approximately 30% on year to US\$ 124 per tonne in 2020, as economic turmoil arising due to the pandemic resulted in weak industrial activity, thereby reducing steel demand as construction activity and infrastructure development took a hit. Consequently, a fall in steel production resulted in reduced demand for coking coal across major economies, resulting in a sharp fall in coking coal prices. In 2021, non-coking coal prices are expected to recover marginally as demand sentiment is expected to improve owing to a pick-up in coal-based generation with a gradual economic recovery, even as a shift towards cleaner renewables and cheaper gas by developed economies will continue to weigh on thermal coal prices. In 2021, coking coal prices are expected to recover to US\$ 130-135 per tonne as a gradual economic revival could lead to an uptick in steel demand from end-use sectors.

Coal price trend (USD/tonne) between fiscals 2016 and 2021F (Australian benchmark)



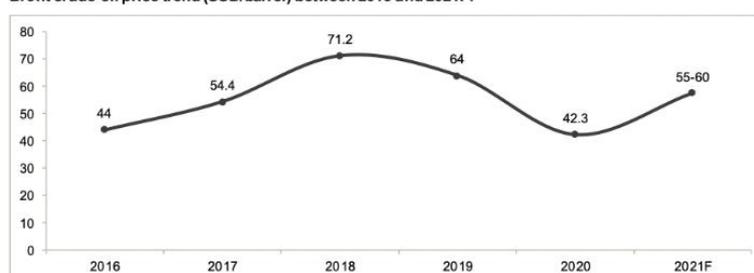
Note: F: Forecast
Source: Industry, CRISIL Research

Logistics cost

As cement is a low-value and high-volume commodity, freight or logistics costs constitute a significant proportion at 27-29% of the total cost of sales. There are three major modes of transport used by the cement industry - road, rail and sea. Rail is the preferred mode of transport for long-distance transportation, owing to lower freight cost on a per tonne per km basis. However, the availability of wagons and the extent of last-mile connectivity need to be taken into consideration. Road transportation is beneficial for short distances and bulk transportation as it minimises secondary handling and secondary freight costs. Currently, approximately 60% of cement is dispatched by road, with the remainder largely transported by rail. Transportation by sea is the cheapest mode. However, only coastal players can take advantage of this mode as they can transport clinker and cement more economically within India and to other regions as well. Hence, a very small proportion of the cement is transported by the sea route. Players have preferred rail transportation amid pandemic disruptions due to local lockdowns and supply chain bottlenecks. This has substantially reduced freight cost on a per tonne per km basis when compared with road transport. However, rising diesel prices, in lieu of higher excise duties levied by the government, have offset the benefits of lower rail transportation costs. Despite being more economical, transport by sea accounts for less than 10% of overall demand. In order to control freight costs, companies try to strategically locate plants close to raw material sources and end-user segments by opting for split location units.

Crude oil price trend:

Brent crude oil price trend (USD/barrel) between 2016 and 2021F:



Note: F: Forecast
Source: Industry, CRISIL Research

Crude oil demand was already under pressure owing to slowing economic growth in 2019 and was expected to recover in 2020. With the complete shutdown of the airlines sector in major economies, limited road transportation activities, and sharper industrial output cuts driven by the pandemic, oil demand fell further in 2020. This, in turn, had a direct impact on crude prices. Crude oil prices declined nearly 35% on-year to US\$ 42.3 per barrel in 2020, given the global oil demand contraction on account of the pandemic. The oil demand loss was substantial in the second quarter of 2020. Thereafter, although global demand continued to contract, the momentum of decline reduced. The price of crude oil is expected to increase by approximately 35% on-year to US\$ 55-60 per barrel in 2021 from US\$ 42.3 per barrel in 2020, led by gradual recovery in oil demand and continued restriction on production from OPEC+.

Other costs: Other expenses include employee cost, administration expenses, packaging costs, repair and maintenance charges, accounting for 31%-32% of the cost of sales. Packaging cost accounts for 4%-6% of the overall cost. 65%-70% of

cement is sold in bags, with the rest sold in bulk (mainly to large infrastructure projects, ready-mix concrete plants). Packaging cost varies depending on the bag used.

Per-tonne cost analysis of cement industry (Rs/tonne)

Parameter	FY17	FY18	FY19	FY20	FY21E
Realisations	4379	4586	4658	4885	5004
Raw material	607	633	711	621	669
Power	780	916	1008	972	937
Freight	920	1099	1132	1096	1119
Others	1198	1080	1010	1143	1077
Total cost	3506	3728	3861	3831	3803
EBIDTA	873	858	796	1054	1201

Note: E: Estimated

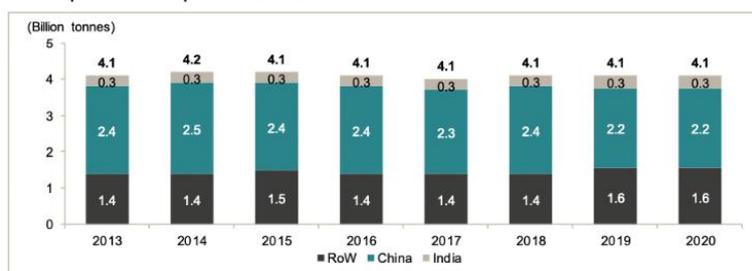
Note: Considering the following set of companies: UltraTech – India Operations, Shree Cement, Prism, Heidelberg, Sagar Cement, Ambuja cement (Adjusted it to fiscal from calendar), ACC (Adjusted it to fiscal from calendar), Star, JK Cement, Orient Cement, JK Lakshmi, Ramco cements, Mangalam cement, Birla Corp (cement business only), Sanghi, Dalmia, India Cements

Source: CRISIL Research

TRACING THE GROWTH OF THE GLOBAL AND INDIAN CEMENT INDUSTRIES

Global cement production recorded approximately 4.1 billion metric tonnes in 2019. The growth has remained muted over the past five years. During 2015 to 2020, developing nations such as India, Indonesia and Vietnam have been some of the fastest growing economies in terms of cement produced. China remains the largest contributor with a share of 56% of overall volume in 2019.

Cement production comparison- India Vs China Vs Rest of the world



Note: India production data are on a fiscal year (Apr-Mar) basis whereas others are calendar year basis

Numbers above the graph represent global cement production for the respective year

Source: United States Geological survey-Mineral commodity summary, CRISIL Research

By far, the global cement market is dominated by China which accounts for more than half of the world's cement production, a major portion of which is consumed domestically. Despite India ranking as the second largest producer in 2020, it accounts for only 6%-8% of the world's cement production. In India, cement demand is expected to register a CAGR of 6-7% over Fiscal 2021 to 2026, as against CAGR of 4% witnessed during Fiscal 2015 to 2020, driven by a raft of infrastructure investments and a healthy revival in housing demand.

Indian cement industry: Installed capacity and utilisation: FY16-FY20, million tonnes

	FY16	FY17	FY18	FY19	FY20
Installed capacity (million tonnes)	436	460	474	496	518
Utilisation (%)	64%	62%	65%	70%	66%

Source: CRISIL Research

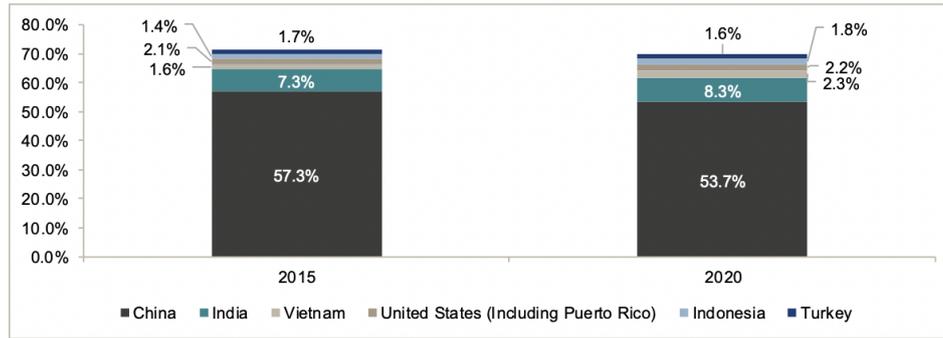
County-wise cement production (top-five countries): 2015 and FY20

Country	Production in 2015 (million tonnes)	Share (%)	Production in 2020 (million tonnes)	Share (%)	CAGR 2015-2020 (%)
China	2,350.0	57.3%	2,200.0	53.7%	(1.1)%
India	300.0	7.3%	340	8.3%	2.1%
Vietnam	67.4	1.6%	96.0	2.3%	6.1%
United States*	84.3	2.1%	90.0	2.2%	1.1%
Indonesia	58.0	1.4%	73.0	1.8%	3.9%
Turkey	71.4	1.7%	66.0	1.6%	(1.3)%
Others	1,168.9	28.5%	1,235.0	30.1%	0.9%
Total	4,100.0		4,100.0		(0.4)%

* United States includes Puerto Rico. Others include Iran, Brazil, Russia, Japan, Egypt, Korea, Saudi Arabia as well as remaining countries of the world. Note: 2020 values are estimates, whereas others are on a calendar year basis.

Source: United States Geological survey- Mineral commodity summary, CRISIL Research

Trend in cement production for top-five countries (million tonnes)



Source: United States Geological survey-Mineral commodity summary, CRISIL Research

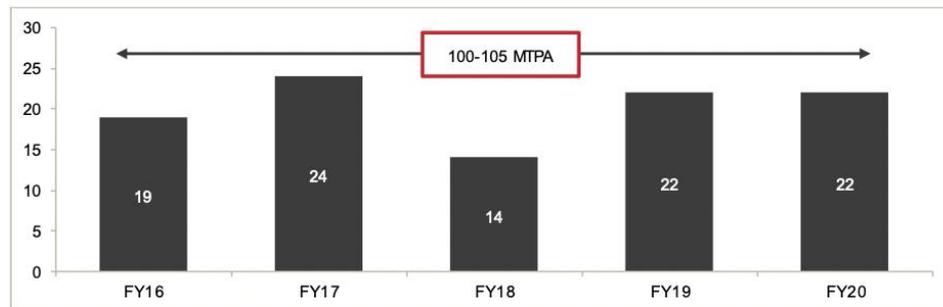
MARKET SCENARIO AND FUTURE POTENTIAL

Market overview

The Indian cement industry is fragmented, with the presence of few large players and many medium and small players. Players can be broadly classified as pan-India, regional and standalone.

Cement, being a cyclical industry in terms of demand, also witnesses cycles in capacity additions. Capacity additions have remained strong over the last five years with around 100-105 million tonnes per annum of capacity being added, limiting capacity utilisations below 70% over the last five years. Despite low overall capacity utilisation levels, most large and medium players are undertaking capacity expansion to maintain market share.

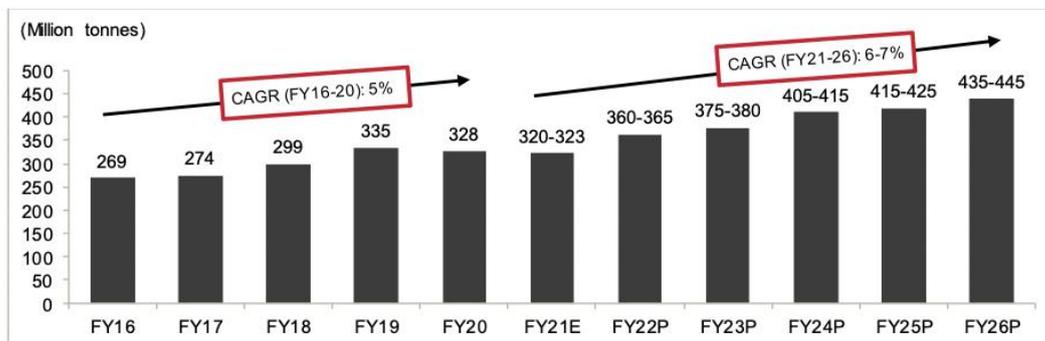
On-year capacity additions from fiscal 2016 to 2020 (million tonnes)



Source: CRISIL Research

Domestic cement demand grew at a moderate 4% CAGR over Fiscal 2016 and 2020, on the back of a continued thrust on infrastructure and affordable housing. In fact, the majority of this growth was during Fiscals 2018 and 2019 on the back of pre-election spend for general elections. Demand, however, fell in Fiscal 2020, the fall continuing into Fiscal 2021 on the back of a pandemic-led disruption.

Cement demand trend and forecasts from fiscal 2016 to 2026P



Note: E: Estimated, P: Projected

Source: CRISIL Research

Fiscal 2020-2021E: Cement demand is expected to face demand de-growth in Fiscal 2021 after a modest dip in Fiscal 2020 as the cement industry witnessed a very tumultuous transition between the two Fiscals. Cement demand is expected to fall by

0%-2% on-year in Fiscal 2021, owing to pandemic-driven production shutdowns, stalled construction activities and mass exodus of labour in the first quarter of Fiscal 2021. Supply chain and labour issues due to extended local lockdowns led to demand de-growth of (30-32)%; however, pent-up and pre- monsoon construction demand in May and early June cushioned any further decline in the first quarter of Fiscal 2021. The cement industry had a moderate demand growth of 3% -4% on-year in a seasonally weak period (June- September) of monsoon. This was majorly driven by pent-up post-monsoon construction demand in September amidst the return of migrant labourers and easing of COVID restrictions in urban settlements. Rural demand continued to shine as the only silver lining for cement demand during the first quarter of Fiscal 2021, while infra was on a slower lane. Infra witnessed a gradual pickup in the seasonally strong construction period of December 2020 to January 2021, on the back of improving government spending, coupled with a recovery in urban housing, leading to robust demand growth of 8%-9% in the third quarter of Fiscal 2021.

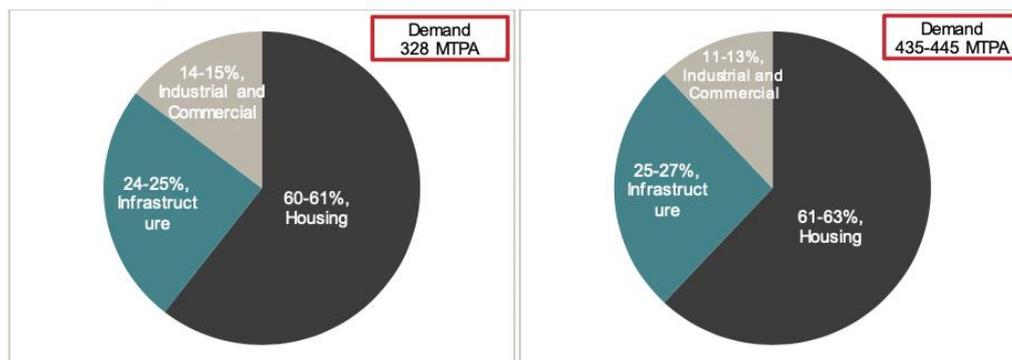
The demand shock due to the pandemic has dented industry capacity addition plans, and has stalled or delayed projects in the near term.

Market demand split

Demand split by end-use segments

The cement market can be segmented on the basis of end-use industries catered to – typically infrastructure, housing and commercial and industrial construction. The share of the largest end-use segment, i.e. housing has declined over the past five years as real estate was roiled by slow economic growth, weak demand, buyer unaffordability, and high inventory. However, overall share was maintained at 60-61% on the back of the central government's 'Housing for All' scheme in Fiscal 2020. Nevertheless, housing will remain the key volume contributor, infrastructure would expand its share in next five years with rising investments by the central government on roads, railways and irrigation.

Demand split by end-use segments – Fiscal 2020 to 2026P



Note: P: Projected
Source: CRISIL Research

With the government pushing infrastructure projects over the next few years, the share of the infrastructure segment is expected to increase from 24% to 25% in Fiscal 2020 to 25% to 27% in fiscal 2026. The central government's focus on roads, railways, urban infrastructure and irrigation will increase infrastructure investments.

Housing segment:

Housing segment would continue its moderate growth trajectory with rural housing outpacing the urban segment on the back of a lower development base and a continued rise in concretisation.

Rural housing: In order to achieve the target of 'Housing for All by the Year 2022', the Government launched a restructured rural housing scheme, namely Pradhan Mantri Awas Yojana -Gramin ('PMAY-G') in November 2016 with the target of constructing 29.5 million houses with all the required basic amenities by 2022.

Urban housing: With homebuyers taking advantage of historically-low interest rates and reduction in stamp duty in metro cities aided by mega festive offers, residential sales numbers indicate a post-pandemic recovery. Work from home culture, coupled with social distancing norms, have triggered growth in affordable and mid-segment home buying. Meanwhile, under Atmanirbhar Bharat 3.0, additional outlay of ₹ 18,000 crore for Pradhan Mantri Awas Yojana - Urban ("PMAY-U") is provided which envisages to ground additional 1.2 million houses and construct 1.8 million houses. Apart from PMAY-U and PMAY-G, state specific housing schemes have been put in place such as DDA housing scheme (Delhi), TN Housing Board scheme (Tamil Nadu), NTR Housing Scheme (Andhra Pradesh).

Correlation between per capita income and housing demand: India's per capita income grew at a healthy rate over Fiscals 2016-2019 but saw moderate growth in Fiscal 2020. It rose to ₹ 94,954 in Fiscal 2020 (base year 2011-12). Per capita income is estimated to have grown 3.1% in Fiscal 2020, compared to 5.8% in the preceding Fiscal.

Infrastructure segment

Demand from infrastructure is expected to be dominated by roads, followed by railways, irrigation, and urban infrastructure.

Roads and highways: With the gradual easing of lockdown restrictions, construction is back to almost 85% of pre-Covid-19 levels. However, due to loss of crucial construction months in Fiscal 2021 on account of lockdowns, the roads sector would witness a decline in capital expenditure growth for the first time this Fiscal. Recovery in Fiscal 2022 would be driven by increased execution of high-value projects such as expressways. An increase of approximately 1.5x increase in investments in state roads and national highways over Fiscals 2021-2025 against the last five years is expected, and the rising cement intensity of road projects is likely to push up cement demand. Use of paver blocks/concrete tiles, and construction of flyovers and other structures have increased cement intensity of road projects. Bharatmala Pariyojana (an umbrella project launched by the central government in 2015), which aims to improve efficiency in the roads sector, will boost cement demand. It is expected to supersede the National Highways Development Project (NHDP) and envisages the construction of 65,000 km of highways under the following categories: national corridor (north-south, east-west, and golden quadrilateral), economic corridor, inter-corridor roads, and feeder roads. Over Fiscals 2022-2025, investments in the roads sector are expected to increase at a healthy CAGR of 8-10%.

Railways: The government proposed an investment of ₹ 8.5 trillion in railways from Fiscals 2016 to Fiscal 2020, but the actual expenditure was around ₹ 5.76 trillion. A construction capital expenditure of ₹ 2.4 lakh crore was recorded over the past five years, led by investments in network decongestion and high-speed rail. Central budgetary allocation to railways grew at 3% in Fiscal 2021 over Fiscal 2020, with the rise much lower than the 19% CAGR in investments over the preceding five years.

Commercial and industrial segment

The Government's thrust on urban infrastructure is evident from its launch of schemes such as AMRUT, Swachh Bharat, Clean Ganga, and Jal Jeevan Mission. Water supply and sanitation ("WSS") projects and metro construction in major Indian cities are expected to increase urban infrastructure investment.

Demand split by product types

Based on composition, cement is primarily classified into Portland, blended, and speciality. Portland is the most commonly used cement type. However, owing to its growing acceptability in the market, the proportion of blended cement increased over Fiscals 2010-2020, resulting in less pressure on limestone reserves. In the past six years, cement producers have shifted to manufacturing PPC, PSC and OPC.

Portland cement: It is used as a basic ingredient of concrete. Portland cement is manufactured by burning a finely ground mixture of lime, silica, alumina, and iron oxide at a very high temperature to form clinker. The clinker is then ground to a fine powder with the addition of gypsum (up to 5%). Portland cement consists of tricalcium silicate, dicalcium silicate, tricalcium aluminate, and tetracalcium aluminoferrite. There are different types of portland cement having different physical properties and chemical compositions.

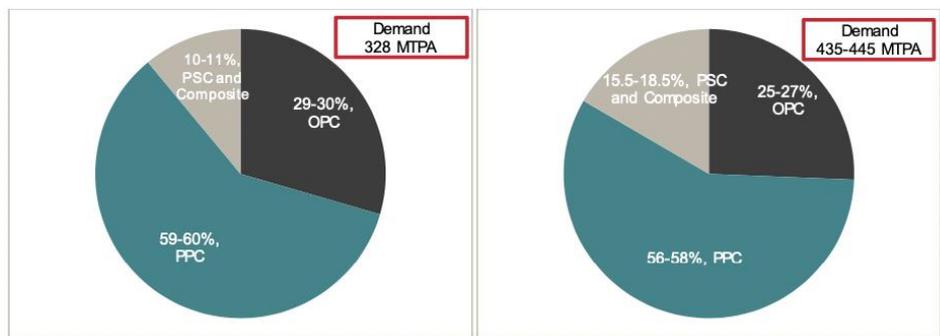
OPC: OPC is popularly known as grey cement. Although suitable for all types of civil engineering works, OPC cannot be used for mass concrete works (such as multi-storey buildings), as it generates a lot of heat during hydration. OPC constitutes 95-97% of clinker and 3-5% of gypsum.

PPC: Pozzolana is a clay matter (natural or synthetic), which when ground with lime/clinker and mixed with water produces cementitious compounds. Highly reactive pozzolana or fly ash is mixed with Portland cement clinker and ground with 5-6% of gypsum to form PPC. As per the Bureau of Indian Standards (BIS) norms, fly ash should be within 15-35% of total mass. Since the manufacturing process involves the use of fly ash, PPC has a relative cost advantage arising from lower usage of clinker in cement production. This also results in mineral conservation on account of mining of raw materials required for the production of clinker because of higher availability of fly ash in the market. PPC has lower heat of hydration than OPC and is relatively more resistant to sulphates. PPC has the physical properties of OPC, and hence can be used for all types of construction works for which OPC is used. However, PPC has lesser shrinkage.

Portland slag cement (PSC): It is a blended cement created with a combination of 35-70% slag, 25-65% clinker, and 3-5% gypsum as specified by BIS standard. Due to its low heat of hydration, it is considered as the best cement to be used for mass construction. It is used in the construction of all types of residential, commercial and industrial projects, dams and other mass concrete works, water retaining structures, concrete roads and flyovers.

Composite cement: It is a mixture of high-quality clinker (35-65%), fly ash (15-35%), granulated slag (20-50%), and gypsum (3-5%). The composition allows players to switch between fly ash and slag based on price and availability of the two components.

Demand split by product types (fiscal 2020 and fiscal 2026P)

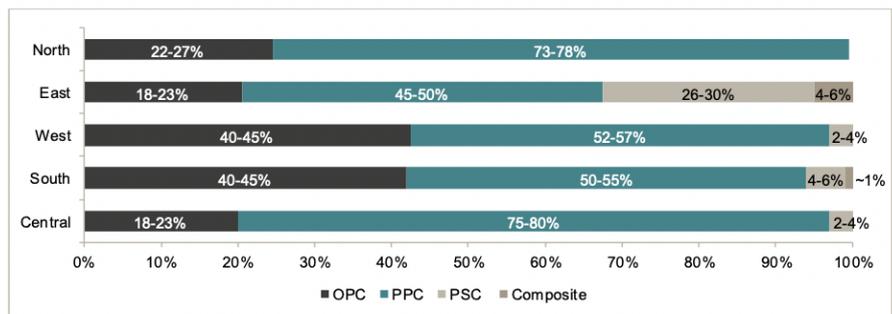


Note – P: projected
Source: Industry, CRISIL Research

Product mix – shift from OPC to PPC and PSC: The industry has seen some major changes in the production of various varieties of cement, *i.e.* OPC, PPC, and PSC. The low-cost structure of PPC, PSC, and composite cement has led to an increasing focus on blended cement.

Cement producers have shifted to manufacturing blended cement from OPC in the past 5-6 years. The proportion of blended cement increased from 60-62% in Fiscals 2009-10 to 70-72% in Fiscals 2019-20, primarily due to its growing acceptability in the market and because it requires lesser limestone (a scarce natural resource).

Region-wise share of different types of cement in fiscal 2020



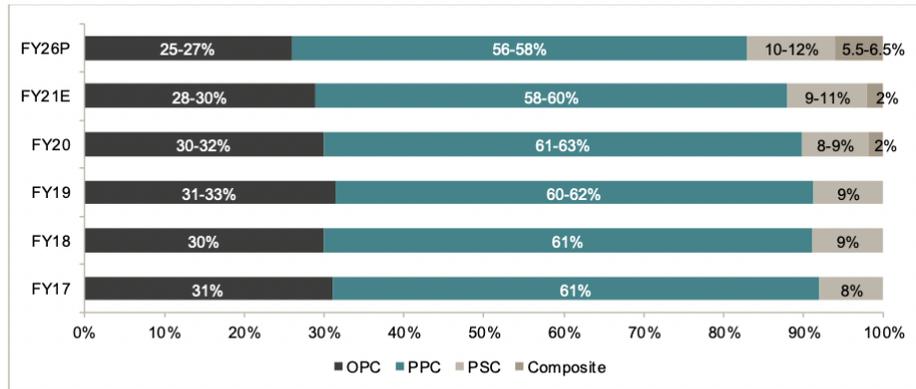
Source: Industry, CRISIL Research

Outlook for blended cement in India

To produce blended cement, certain natural or fabricated compounds such as fly ash, slag, and sandstone are mixed with Portland cement clinker and finely ground. Blended cement is more suitable for certain applications compared to Portland cement. Blended cement is also called low-heat cement as it generates lesser heat during hydration than OPC. This cement is used for large concrete works, such as dams and piers. Blended cement minimises the risk of developing contraction cracks on account of the lower heat of hydration. The blending ratio for the cement industry rose to 1.44-1.47 in Fiscal 2020 (based on a sample covering approximately 70% of industry's production) from 1.40-1.41 in Fiscal 2018, owing to the rising use of PSC and composite cement, where the proportion of blending material is higher.

The blending ratio is expected to improve further as players shift to more profitable composite cement. Since the proportion of blending material allowed in composite cement is 65% as per the BIS norms, it allows for higher use of fly ash, as against 35% currently used in PPC. While slag availability will be limited by production of steel through the blast furnace route, fly ash will be available in abundance. Thus, in the long term, the blending ratio is expected to improve, led by the shift towards slag and composite cement.

Proportion of blended cement by product type (fiscals 2017-26P)



Note – P: projected

Source: Industry, CRISIL Research

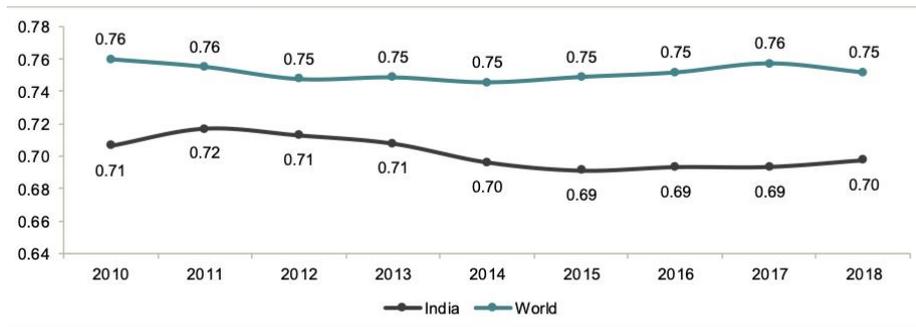
The blending ratio has increased over the years due to higher acceptance and applications of blended cement such as PPC, PSC, and composite. Besides faster growth in the eastern region, permission to use PPC in works of state PWDs (earlier only OPC was permitted) drove the increase in the blending ratio. As a result of increased blending, demand for fly ash also shot up, especially in North. Due to the pandemic-led lockdown and its subsequent effects on operations of power plants across India, fly ash availability has become an issue, and power plants have started charging for fly ash since the fourth quarter of Fiscal 2020, which was sold free of charge until then. Players are witnessing a surge in raw material costs due to the increasing cost of fly ash. Along with the rise in demand for PPC, demand for composite cement is gaining momentum, with leading players are shifting to composite cement production. However, production of slag and composite cement is expected to be confined to regions where steel plants are located (as slag being a low-cost commodity, it becomes unviable for transport over longer distances). With cement companies making efforts to educate customers about the advantages of slag cement in the south, its share is expected to gradually increase in the region. The BIS allows fly ash to account for 15-35% of the cement mass for PPC, while for PSC it allows slag to comprise up to 70% of the cement mass. For composite cement, the BIS allows slag and fly ash to comprise 40-65% of the cement mass. Indian cement manufacturers have been taking steps to reduce their operating cost and carbon footprint by reducing the use of clinker in cement. In line with the Cement Sustainability Initiative, the clinker factor in the Indian cement industry is likely to be reduced.

Clinker-to-cement ratio for various types of cement

Type of cement	Clinker factor
OPC	0.95
PPC	0.65
PSC	0.25
Composite	0.35

Source: CRISIL Research

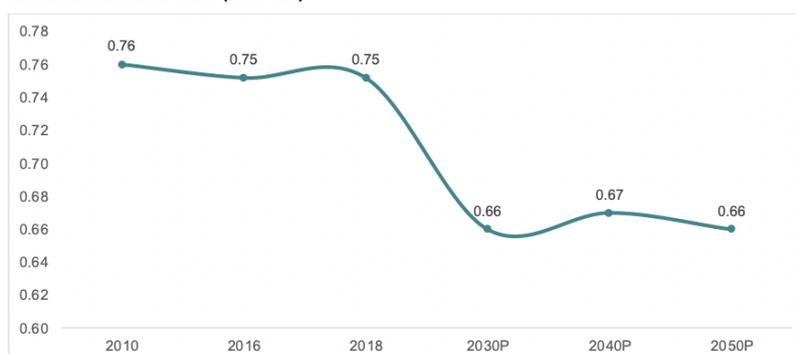
Clinker factor in India vs world (2010-2018)



Source: Cement Sustainability Initiative (CSI), CRISIL Research

Demand for blended cement is expected to increase on account of sustainability goals, and the clinker-to-cement ratio is expected to reach 0.66x (cement production to clinker consumption alternatively shall be 1.52) by 2050 internationally.

Global clinker factor trend (2010-50P)



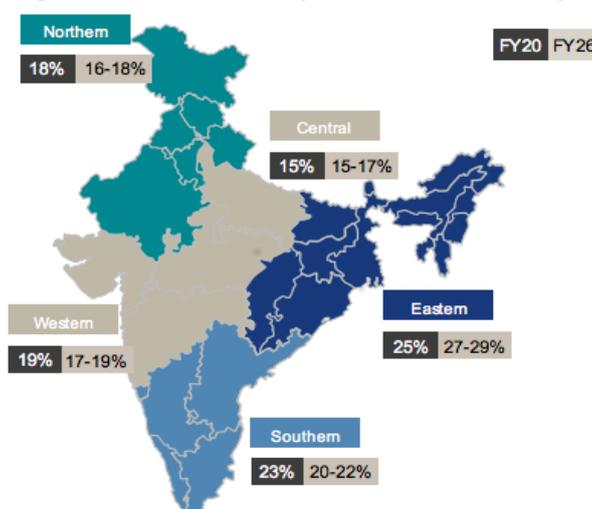
Note – E: estimated

Source: World Business Council for Sustainable Development, International Energy Agency, CRISIL Research

Slag and composite cement has seen rapid growth in the recent past, and the trend is expected to continue. However, beyond Fiscal 2025, growth is expected to be relatively slow as availability of slag will become a concern. These two types are still expected to expand at a healthy CAGR of 8-9% and 16-20%, respectively, over fiscals 2021-26. While the use of granulated blast furnace slag has already reached its threshold, manufacturers have started blending steel slag at lower proportions without compromising the structural integrity of the product. Composite cement is expected to see faster growth, led by rising acceptance, especially in the east, and greater thrust from players, as it reduces dependence on slag. PPC is expected to see moderate growth as it gains market share in the north at the cost of OPC but loses the same in the fastest-growing market (east) to PSC and slag cement. OPC, on the other hand, is likely to see a marginal decline in share despite a rise in share in the infrastructure segment due to the rising acceptance of blended cement in the segment. Over Fiscals 2021-26, the share of blended cement is expected to rise as players focus on increasing the share of blending materials to bring down cost and ensure longevity of limestone mines. Moreover, blended cement has a lower carbon footprint, thus helping companies improve their ESG scores.

Demand split by regions

Region-wise cement demand (fiscal 2020 vs fiscal 2026P)



Note – P: projected

Source: CRISIL Research

As mentioned earlier, demand for cement at the pan-India level is expected to increase at a CAGR of 6-7% over Fiscals 2021-26 on account of increased infrastructure investments, demand from the housing segment across various states, and infrastructure developments (railways, metros, and roads under the Bharatmala project). Demand is also expected to be driven by the industrial sector through government investments in the railway, power, and steel sectors.

North

Demand Forecast:

Fiscals 2021E-26P: Cement demand is expected to increase at a 4.5-5.5% CAGR over Fiscals 2021-26, compared to 3-3.5% over Fiscals 2015-20. Key infrastructure projects in the region, such as DFC in Haryana and Rajasthan; metro projects in Delhi and Gurugram (Gurugram-Alwar metro); smart city-related development in Delhi, Rajasthan (Jaipur and Udaipur), and Faridabad (Haryana); and several road and highway projects will drive cement demand in the region. Real estate development

in key existing and emerging pockets will also gradually support demand. Urban demand will be driven by cities such as Bahadurgarh and Rohtak in Haryana; Jaipur and Udaipur in Rajasthan; and Chandigarh in Punjab. Housing demand from the region is expected to remain moderate on account of low housing shortage and a large number of pucca/concrete houses.

Cement demand outlook - North

Region	Housing	Infrastructure	Commercial/Industrial	FY15-20	FY21E-26P
North	↑	↑	↑	3-3.5%	4.5-5.5%

Note – P: projected, E: estimated

Source: CRISIL Research

Note – The colour scheme for the tables above is based on demand growth for each segment for fiscals 2021 to 2026 (black arrow: >7%, grey arrow: >3-7%).

South:

Demand forecast:

Fiscals 2021E-26P: The cement demand is expected to increase at 5-6% CAGR over Fiscals 2021-26, against relatively slow growth of 3-3.5% over Fiscals 2015-20, led by robust infrastructure demand. States with poor growth in the past, such as Tamil Nadu and Karnataka, are expected to witness an upward growth on the back of growth in the infra segment. However, the work-from-home culture in the IT sector, which contributed to cement demand from real estate indirectly, is expected to limit a sharp increase in commercial real estate demand in the near term. It is expected to recover gradually with increasing demand for office spaces after the pandemic subsides. Demand growth in Andhra Pradesh, Telangana, and Kerala is expected to further increase due to higher government spending on infra projects.

Cement demand outlook - South

Region	Housing	Infrastructure	Commercial/Industrial	FY15-20	FY21E-26P
South	↑	↑	↑	3-3.5%	5-6%

Note – P: projected, E: estimated

Source: CRISIL Research

East:

Demand forecast:

Fiscals 2021E-26P: In the long term, cement demand is expected in the east to outpace that in most other regions, at 8.0-8.5% CAGR between Fiscals 2021 and 2026. However, it is expected to be slower than the 9%-10% CAGR recorded over the previous corresponding five-year period. With a shortage of nearly 35 million housing units identified in the region, we expect cement demand growth to remain healthy. Further, an uptick in infrastructure investments is expected via key projects such as Eastern DFC in Bihar, Jharkhand, and West Bengal; metro projects in Kolkata, Patna, and Ranchi; smart city-related development in Odisha (Bhubaneswar), West Bengal (Newtown Kolkata), Jharkhand (Ranchi), Bihar (Bhagalpur), and Chhattisgarh (Raipur); and several other road and highway projects. Industrial demand is also expected to be healthy on the back of investments by the government and private players in the railway, power, and steel sectors.

Cement demand outlook – East

Region	Housing	Infrastructure	Commercial/Industrial	FY15-20	FY21E-26P
East	↑	↑	↑	9-10%	8.0-8.5%

Note – P: projected, E: estimated

Source: CRISIL Research

West:

Demand forecast:

Fiscals 2021E-26P: Cement demand in the west is expected to witness a healthier 5.5-6.5% CAGR between Fiscals 2021 and 2026 (as against 3-3.5% CAGR between Fiscals 2015 and 2020). Development of infrastructure, such as urban infrastructure projects (metros, expressways, and NHAI) and state roads in Gujarat, is expected to drive demand in the region along with urban housing, which is expected to gain traction on the back of a revival in real estate and affordable housing demand.

Cement demand outlook – West

Region	Housing	Infrastructure	Commercial/ industrial	FY15-20	FY21E-26P
West	↑	↑	↑	3-3.5%	5.5-6.5%

Note – P: projected, E: estimated

Source: CRISIL Research

Central:

Demand forecast:

Fiscals 2021E-26P: Cement demand in the central region is expected to log a moderate 6.5% to 7.5% CAGR between Fiscals 2021 and 2026. Demand in the region will be driven by key infrastructure projects such as metro projects in Bhopal and Indore; smart city-related development in MP (Bhopal, Indore, and Jabalpur) and UP (Lucknow); several road and highway projects; and the waterway project across Varanasi-Haldi. Further, housing demand in new emerging pockets of Meerut (following metro linkage to the National Capital Region (NCR)) and Aligarh, and continued development in key centres of Indore, Bhopal, and Noida will continue to aid demand.

Cement demand outlook – Central

Region	Housing	Infrastructure	Commercial/ industrial	FY15-20	FY21E-26P
Central	↑	↑	↑	5-5.5%	6.5-7.5%

Note – P: projected, E: estimated

Source: CRISIL Research

Note – The colour scheme for the tables above is based on demand growth for each segment for fiscals 2021 to 2026 (black arrow: >7%, grey arrow: >3-7%).

Clinker capacity – region- wise (Fiscal 2020)

Region	Capacity (million tonnes)
North	80-82
East	48-49
West	30-31
South	121-123
Central	34-35

Source: CRISIL Research

While the differential between operating rates for clinker and cement was narrow between Fiscals 2015 and 2020, there has been a trend reversal owing to a large number of grinding capacities being set up. Over the next period of Fiscal 2021 to Fiscal 2026, the industry players are also expected to focus on additions in clinker capacity to cater to increased requirements. A total clinker capacity of 30-35 million tonnes per annum is expected to be added over fiscal 2021E to fiscal 2024. Moreover, most large and medium players are undertaking debottlenecking exercises to increase their clinker capacity.

India cement demand split by region: fiscal 2020 to fiscal 2026P (In million Tonnes)

Region	FY20	FY 21 (E)	FY26P	CAGR FY21E-26P
North	58	60	76-78	4.5-5.5%
East	81	83	122-125	8.0-8.5%
West	61	59	77-79	5.5-6.5%
South	77	72	92-95	5.0-6.0%
Central	50	49	68-70	6.5-7.5%

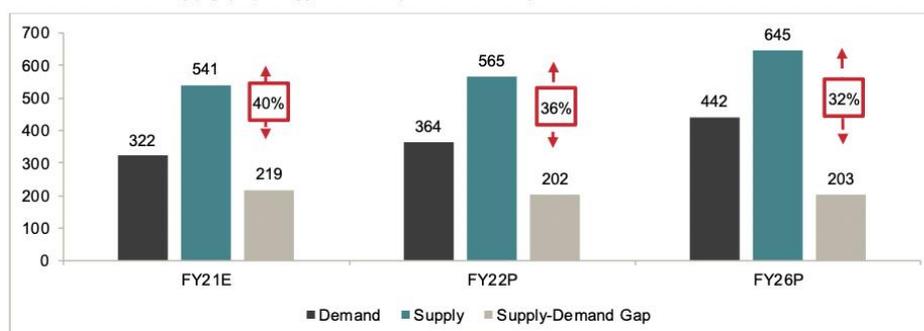
Note – P: projected

Source: CRISIL Research

Supply scenario

Cement demand is expected to increase from 322 million tonnes in Fiscal 2021 to 435-445 million tonnes in Fiscal 2026, at approximately 6-7% CAGR over the period, with high demand from the eastern region of India. The capacity exceeds the demand over the forecast period, leading to a demand-supply imbalance, a trend also observed in the past. By Fiscal 2026, this gap is expected to reduce owing to increased demand and government spending on infrastructure.

Cement demand-supply (capacity) scenario (million tonnes), fiscal 2021E to fiscal 2026P



Note – P: projected, E: estimated
Source: CRISIL Research

Current installed capacity, concentration ratio, and utilisation

The cement industry is estimated to have added approximately 24 million tonnes of grinding capacity in Fiscal 2020, compared with approximately 22 million tonnes added in Fiscal 2019, taking the total capacity to 518 million tonnes as of Fiscal 2020. Capacity additions are expected to remain robust, with 125-130 million tonnes likely to be added over fiscal 2021 to fiscal 2026.

Installed capacity and plants – region-wise (fiscal 2020)

Region	Installed capacity (million tonnes)	Number of plants
North	104	43
East	100	57
West	65	30
South	181	89
Central	68	34
Total	518	253

Source: CRISIL Research

Region-wise utilisation rates and key players

Utilisation rates for the existing installed capacities across various regions differ from one region to another. The utilisation rates for Fiscal 2020 are as follows:

Region-wise capacity utilisation, fiscal 2020

Capacity utilisation (%)	FY20
North	72.5%
East	70.7%
West	72.3%
South	53.8%
Central	74.9%
Overall utilisation level	66.0%

Source: CRISIL Research

In Fiscal 2021, owing to logistics and labour issues, along with high inventory levels, amid the Covid-19 pandemic, production growth was limited over the first half of the first quarter before witnessing a sharp pick-up in line with rising demand. However, due to the complete halt of operations over the first two weeks of April 2020, the utilisation level plunged to a historical low of 43-45% in the first quarter. The utilisation level has only grown since reaching the pre-COVID-19 level of 70-72%. However, on an on-year basis, the utilisation level is estimated to have fallen approximately 300bps to 62-63% in Fiscal 2021.

Region-wise cement price analysis

As the cement industry is regional in nature and its supply-demand dynamics vary significantly across regions, differences between prices across regions are significant too. For instance, in Fiscal 2020, the average price in the west (₹ 343 per 50 kg bag) was 6% lower than in the east (₹ 365). Cement bags are sold through either trade or non-trade channels (largely dependent on customer segment – individual housing, infrastructure, commercial, and industrial) and prices vary accordingly.

Average cement price in India, fiscal 2016 to fiscal 2021E

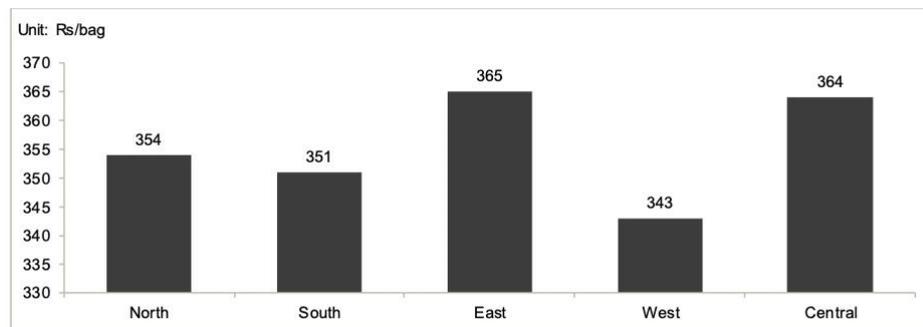


Note – P: projected, E: estimated

Note – One bag consists of approximately 50 kg of cement

Source: CRISIL Research

Regional trend in cement prices, fiscal 2020



Note: Cement prices are the actual average pan-India retail cement prices (Rs/ bag)

Source: CRISIL Research

State-wise demand-supply imbalance

There is a demand-supply imbalance in India, with the maximum supply available from the southern region in Fiscal 2020, followed by the northern, eastern, central, and western regions. In fiscal 2020, the southern region has reported an excess of cement supply (production) of approximately 24 million tonnes, followed by the northern region's 19 million tonnes. In the same period, the eastern, central, and western states have reported a deficit of approximately 11 million tonnes, 1 million tonne, and 13 million tonnes, respectively. This imbalance is due to the varying raw material availability in the different regions of India. The south contributes to the highest cement capacity, owing to its abundant limestone availability and helps cater to the demand in other states.

Year	2021E			2026P		
State	Demand	Supply (capacity)	Imbalance	Demand	Supply (capacity)	Imbalance
Andhra Pradesh	15-16	75-77	60-61	21-22	84-86	63-64
Telangana	13-14	19-20	6-7	16-17	22-23	6-7
Tamil Nadu	18.5-19	42-43	24-25	23.5-24.5	43-44	19-20
Karnataka	16.5	43-45	27-29	22-23	46-48	23-25
Kerala	7.5-8	0.5-1	(6.5-7.5)	9.5-10	0.5-1	(8.5-9.5)
Madhya Pradesh	15-15.5	40-42	25-27	22-22.5	51-53	29-31
Uttar Pradesh	33-34	28-30	(4.5-5.5)	46-47	38-40	(7-9)
West Bengal	21.5-22	26-28	05-06	30-31	34-36	03-04
Odisha	14-14.5	19-21	05-06	22.5-25	36-38	13-14
Bihar	17.5-18	8.5-9.5	(8-10)	26-27	15-16	(10-12)
Chhattisgarh	9.5-10	25-27	16-18	13-14	26-28	13-14
Jharkhand	8.5-9	15-16	5-7	14-15	16.5-17.5	2-3
Rajasthan	22.5-23.5	73-75	50-52	29.5-30.5	89-91	59-61
NCT	4.3-4.8	-	(4.3-4.8)	5.2-5.7	-	5.2-5.7
Haryana	11.5-12	9.5-10.5	(1-2)	14-14.5	9.5-10.5	(3.5-4.5)
Punjab	8.5-9	5-5.5	(3-4)	10.5-11	6-6.5	(4-5)
Maharashtra	34.5-35.5	34-36	(0.5-0)	46-48	50-52	4-5

Note – P: projected, E: estimated
Source: CRISIL Research

Capacity additions across all the regions of India in fiscal 2021 resulted in a total capacity of 541 million tonnes.

Region-wise capacity

Region	Installed capacity (In million tonnes), FY20	Installed capacity (million tonnes), FY21E	Installed capacity (million tonnes), FY22P	Installed capacity (million tonnes), FY26P
North	104	106	109-111	123-125
East	100	110	119-120	143-145
West	65	70	78-79	88-90
South	181	184	187-188	199-200
Central	68	70	72-73	90-92
Total	518	541	564-568	642-647

Note – E: estimated
Source: CRISIL Research

Growth drivers of high potential states

State-wise demand growth potential (million tonnes), fiscal 2021E to fiscal 2026P

States	Demand, FY21E	Demand, FY26P	CAGR FY21E-26P	Growth potential
Andhra Pradesh & Telangana	29-29.5	37.5-38.5	5.5-6%	Medium
Tamil Nadu	18.5-19	23.5-24.5	5-5.5%	Medium
Karnataka	16.5	22-23	6-6.5%	Medium
Kerala	7.5-8	9.5-10	5-5.5%	Medium
Madhya Pradesh	15-15.5	22-22.5	7-8%	High
Uttar Pradesh	33-34	46-47	6-7%	Medium
West Bengal	21.5-22	30-31	7-8%	High
Odisha	14-14.5	22.5-2.5	9-10%	High
Bihar	17.5-18	26-27	8-9%	High
Chhattisgarh	9.5-10	13-14	6.5-7%	Medium
Jharkhand	8.5-9	14-15	9-10%	High
Rajasthan	22.5-23.5	29.5-30.5	5-6%	Medium
NCT	4.3-4.8	5.2-5.7	3-4%	Low
Haryana	11.5-12	14-14.5	4-4.5%	Low
Punjab	8.5-9	10.5-11	3.5-4%	Low
Maharashtra	34.5-35.5	46-48	5.5-6.5%	Medium
Gujarat	22.5-23.5	30-31	5.5-6%	Medium

Growth classification – high >7%, medium 5-7%, and low <5%

Note – P: projected, E: estimated

Source: CRISIL Research

Demand-supply scenario analysis

Region-wise ongoing capacity addition and planned utilisation rates

Capacity additions to remain robust, with nearly 100-110 million tonnes estimated over Fiscals 2021-26.

Ongoing capacity expansion by region over fiscals 2021E-2026P (in million tonnes)

Region	Installed capacity	Ongoing capacity expansion (FY21-26)						Capacity addition FY26	Installed capacity by FY26
	FY20	FY21	FY22	FY23	FY24	FY25	FY26		
North	104	2.5	2.4	2.5	2.5	6.5	3.0	19	123
East	100	10.5	8.7	5.5	1.6	6.2	10.4	43	143
West	65	4.9	8.2	3.1	2.0	3.0	2.0	23	88
South	181	2.5	3.0	1.3	2.0	3.3	6.0	18	199
Central	68	2.0	2.5	2.6	10.7	3.8	1.5	23	91
Total	518	22.4	24.8	15.0	18.8	22.8	22.9	127	645

Note: P: Projected, E: Estimated

Source: Company reports and annual announcements, CRISIL Research

Region-wise planned utilisation rates

Planned utilisation rates (in %) by region over Fiscals 2021E–2026P

Capacity utilisation (%)	FY21	FY22	FY23	FY24	FY25	FY26
North	72%	77%	79%	83%	79%	79%
East	68%	68%	69%	75%	76%	76%
West	65%	70%	66%	69%	68%	69%
South	49%	57%	57%	59%	59%	60%
Central	67%	74%	76%	76%	73%	75%
India	62%	67%	68%	71%	70%	71%

Note: P: Projected, E: Estimated

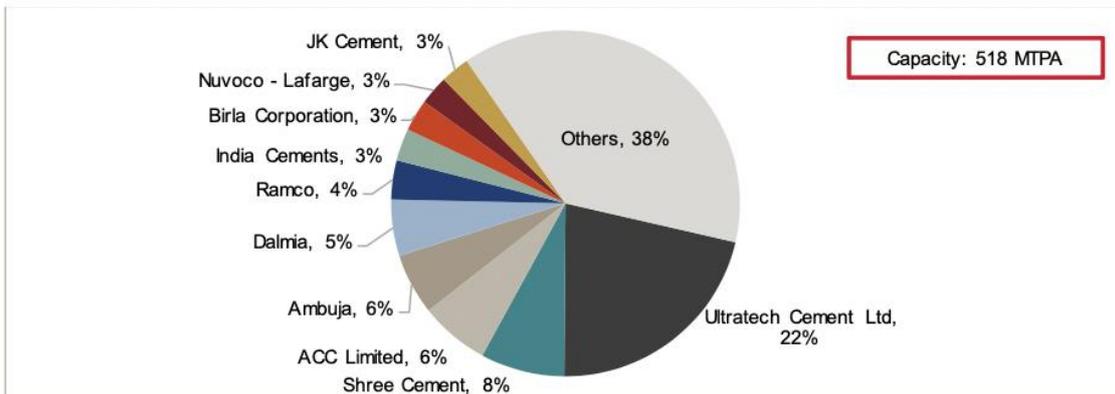
Source: CRISIL Research

Supply landscape: Large national players vs. regional players

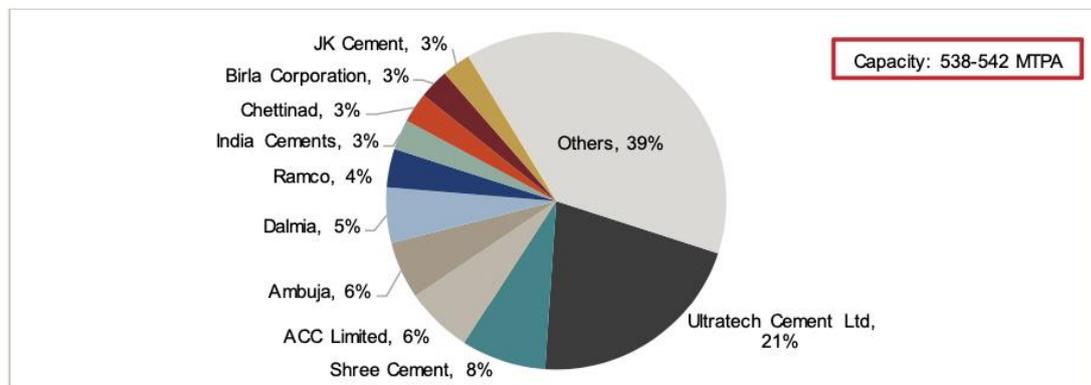
The Indian cement industry is fragmented, with the presence of few large players and many medium and small players. The share of top five players in the industry has grown to approximately 47% over years, led by consolidation and higher organic growth by large players. Driven by a foray into value-added products, such as RMC and white cement, the industry has somewhat diversified. Pan-India players are large players such as Holcim Group companies - ACC and Ambuja; and Aditya Birla Group Company - Ultra Tech Cement, Shree Cement and Dalmia Cement. Players whose presence is restricted to one or two regions are categorised as regional players. Key players are Nuvoco Visatas (concentrated in the East, Central and North), India Cement (South, West), JK Cement (North and South), JK Lakshmi Cement (East, West and North), Kesoram Industries (South), Chettinad Cement (South) and Ramco Cements (South and East). Players such as Panyam Cement, Penna Cement, Star Cement, Sanghi Cement, etc., are operational in few states within a region.

Region-wise market share split of top players in terms of capacity, as of fiscals 2020-2021E

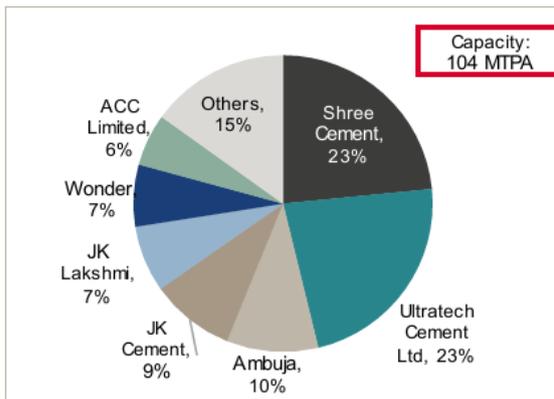
India – Player-wise capacity split, fiscal 2020



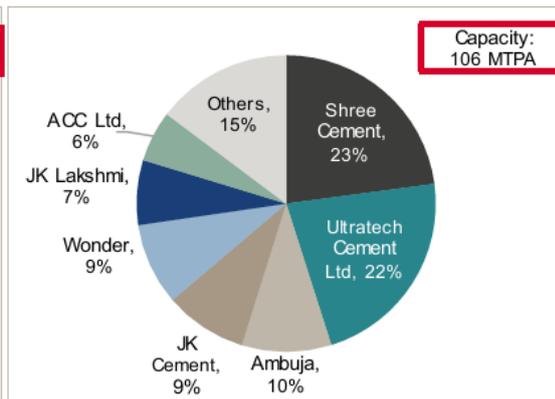
India – Player-wise capacity split, fiscal 2021E



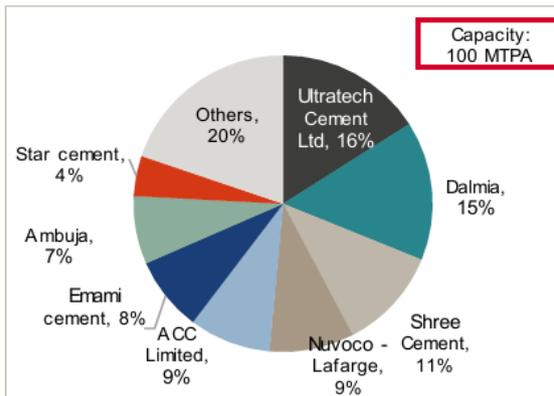
North – Player-wise capacity split, fiscal 2020



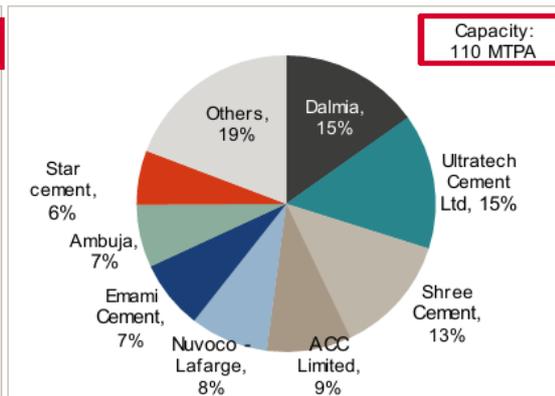
North – Player-wise capacity split, fiscal 2021E



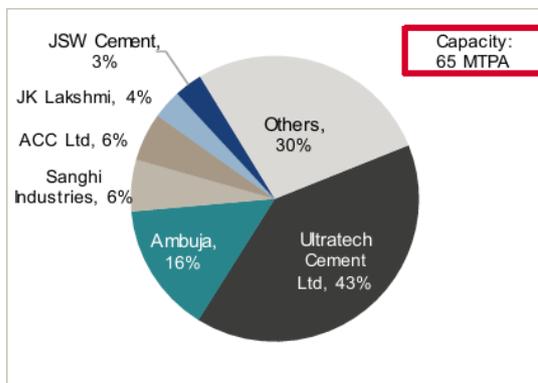
East – Player-wise capacity split, fiscal 2020



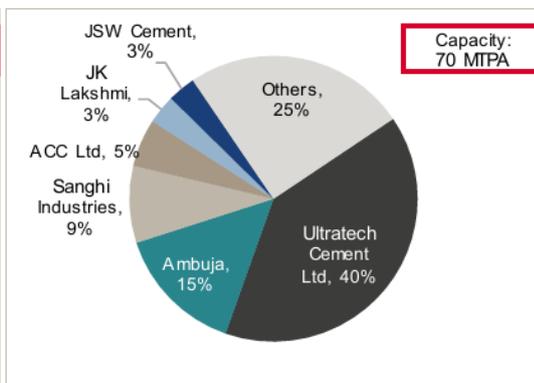
East - Player wise capacity split, fiscal 2021E



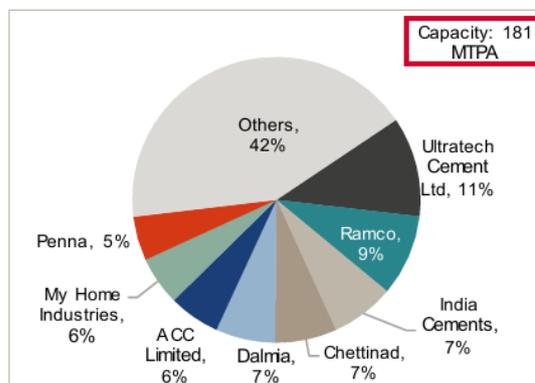
West – Player-wise capacity split, fiscal 2020



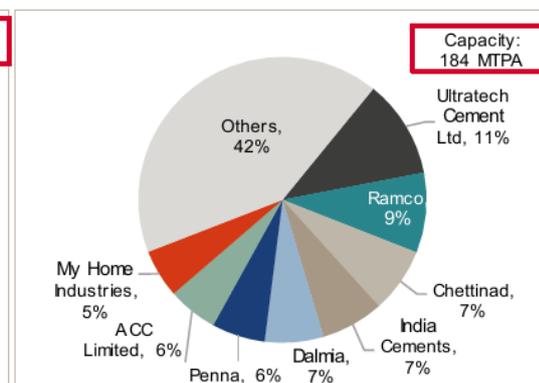
West – Player-wise capacity split, fiscal 2021E



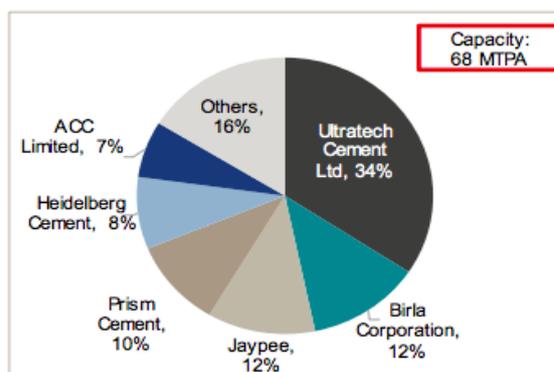
South – Player-wise capacity split, fiscal 2020



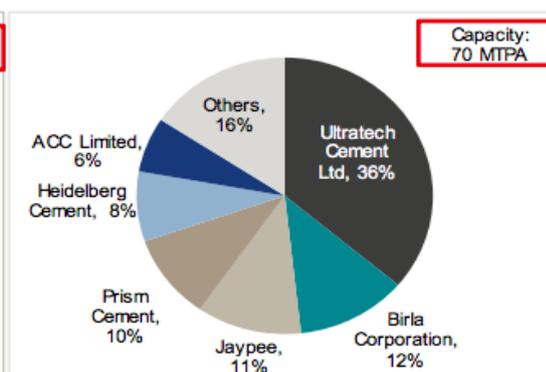
South – Player-wise capacity split, fiscal 2021E



Central – Player-wise capacity split, fiscal 2020



Central – Player-wise capacity split, fiscal 2021E



Note: North includes Rajasthan, Uttarakhand, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir and Punjab, Central- Uttar Pradesh and Madhya Pradesh, East- Chhattisgarh, West Bengal, Bihar, Jharkhand, Odisha, Meghalaya, Assam, Arunachal Pradesh, Sikkim, Mizoram, Nagaland, Tripura and Manipur, South- Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondichery and West- Maharashtra, Gujarat and Goa

Note: E: Estimated

Source: CRISIL Research

RAW MATERIAL

Impact of raw material on the industry

In India, for generation of one tonne of cement, raw materials accounted for 16% to 18% of the total cost in Fiscal 2020. The following table details the movement in per tonne raw material cost with respect to the movement in per tonne realisations.

Indian cement industry: Sales vs raw material cost - INR per tonne (fiscals 2017-2021E)

Parameter	FY17	FY18	FY19	FY20	FY21E
Realisations (A)	4379	4586	4658	4885	5004
Raw material (B)	607	633	711	621	669
% Raw material cost to realisation(B/A)	14%	14%	15%	13%	13%

Note: Considering the following set of companies: Ultra Tech – India Operations, Shree Cement, Prism, Heidelberg, Sagar Cement, Ambuja Cement (adjusted it to fiscal from the calendar), ACC (adjusted it to fiscal from the calendar), Star, JK Cement, Orient Cement, JK Lakshmi, Ramco Cements, Mangalam Cement, Birla Corp (cement business only), Sanghi, Dalmia, India Cements

Note: E: Estimated

Source: Company Reports, CRISIL Research

LOGISTICS TOPOLOGY

Cement is a relatively low-value added product and has to be transported over long distances as key consumption centres are far from cement production plants, which are located in proximity to limestone mines. Hence, logistics cost (specifically related to transportation through road, rail and sea) is the largest cost component accounting for 28-30% of the total operating cost for cement manufacturing during the period of Fiscal 2017 to Fiscal 2020. Limestone quarried from mines is transported to nearby clinker units for production of clinker. These units are generally located in close vicinity to the mining regions to contain freight costs. Some units are also setup near coal mines, but in general, closeness to limestone deposits has been the primary consideration. Rail is the preferred mode for long-distance transportation of clinker to the grinding units, owing to lower freight costs on a per tonne per km basis. These grinding facilities can either be setup near integrated plants or end consumption centres. However, availability of wagons, presence of railway siding and extent of last-mile connectivity have to be taken into consideration.

Road transportation is preferred for short distances and bulk transportation as it minimises secondary handling and secondary freight costs. Currently, approximately 60% of the cement is dispatched through road, 30-35% through rail and nearly 5-10% through sea. Cement players have preferred rail transportation amid pandemic disruptions due to local lockdowns and supply chain bottlenecks. This has substantially reduced the freight cost on a per tonne per km basis compared with road transport. However, rising diesel prices in lieu of higher excise duties levied by the government have offset the benefits of lower transportation costs from the rail route.

Freight cost by mode of transport, fiscal 2020

Mode of transport	Cost (Rs. per tonne per km)
Rail	1.4-1.6
Road	3.2-3.4
Sea	0.7-1.0

Note: The cost for railway transport does not include demurrage and wharfage and handling charges; the cost of road transport is the average cost for 2019-20 at diesel prices of Rs 68-70/litre. Also, the costs are estimated for distances greater than 300km

Source: Ministry of Railways, CRISIL Research

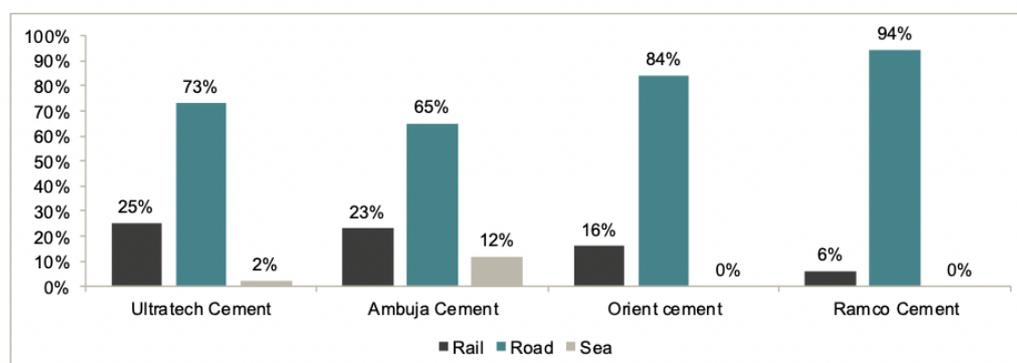
About 117.3 million tonnes and 110.1 million tonnes of cement were transported through the railway network in Fiscal 2019 and Fiscal 2020, respectively. While Railway transportation is preferred over long distances, there are certain disadvantages including an increase in freight costs due to multiple handling, loading and unloading costs, re-weighing of cement/clinker and rakes/wagons leading to penal charges in case of overloading and changes in environmental conditions may affect the quality of the cement being transported.

Bulk transportation of cement, clinker, and fly ash is carried out by bogie covered wagon, bogie tank for alumina powder (BTAP), Broad gauge bogie covered Hopper Fly Ash /Cement Wagon (BCFC), and bottom discharge wagons. India's road network totals more than 5.9 million km, which is the second largest in the world. Roads account for a majority of passenger and freight movement in India. The share of roads in total freight traffic has increased in the last decade, while the share of railways has dropped. Preference for road transport for freight movement is primarily on account of large capacity expansions carried out by fleet operators, flexibility and door-to-door movement.

Road is cement producers' most preferred transportation mode throughout India. The average transportation cost via road is ₹ 3.2 to ₹ 3.4 per tonne per km depending on the distance. The advantage of road over rail is that vehicles are readily available for loading depending on supply and demand in the transport market. Rail, on the other hand, is affected by inefficiency, unreliability, poor service and real-time unavailability of rakes for loading and subsequent delivery. Using a combination of road and rail is better than transportation using roads only as multi-mode transportation reduces freight costs. At present, a major portion of cement is being transported through road and rail. The sea route provides the highest cost advantage for transporting cement at ₹ 0.7-1.0 per tonne per km. It acts as a cost advantage especially for coast-based manufacturers. This has resulted in increasing attractiveness towards sea based transportation for coastal based plants in the recent times.

Despite possessing a coastline of about 7,516 km and close to 14,500 km of navigable inland waterways in the form of rivers and canals, India's coastal and inland waterway transportation is extensively underutilised. The traditional mode of setting up cement capacity in India has been hinterland plants located close to limestone reserves. For the coastal states having limestone reserves, it would be economical to set up clinkerisation units in coastal areas and grinding units near demand centres. The savings are also driven by the lower cost of fly-ash movement (due to better availability at ports from coastal power plants), and the lower cost of cement transport to demand centres. Primary concerns related to sea transport are unavailability of port infrastructure, difficulty in procurement of land near ports for setting up of grinding and packing units, challenges in terms of costs and government approvals, high capital expenditure requirements for loading and unloading. Hence, coastal movement is currently dominated by large players that have dedicated jetties or coastal berths at ports.

Modes of transport of the key cement producers in India (%)



Source: Company reports, CRISIL Research

Sea-based transportation helps in protection from any kind of pilfering and weathering damage which are typical in transportation through road and rail. Sea transportation of cement occurs through barges, bulk carrier vessels, or specialised cement carrier vessels which can be self-owned or chartered.

The government has designed the Sagarmala initiative to address challenges in coast-line and port development. This national programme is aimed at harnessing the potential of India's coastline and river network and reducing logistics costs for EXIM

and domestic cargo by optimising the modal mix, lowering logistics costs for bulk commodities by locating future industrial capacities near the coast, improving export competitiveness by development of the ports near manufacturing clusters and optimising the costs for container movement. This initiative is hence expected to support the cement segment by reducing overall logistic costs.

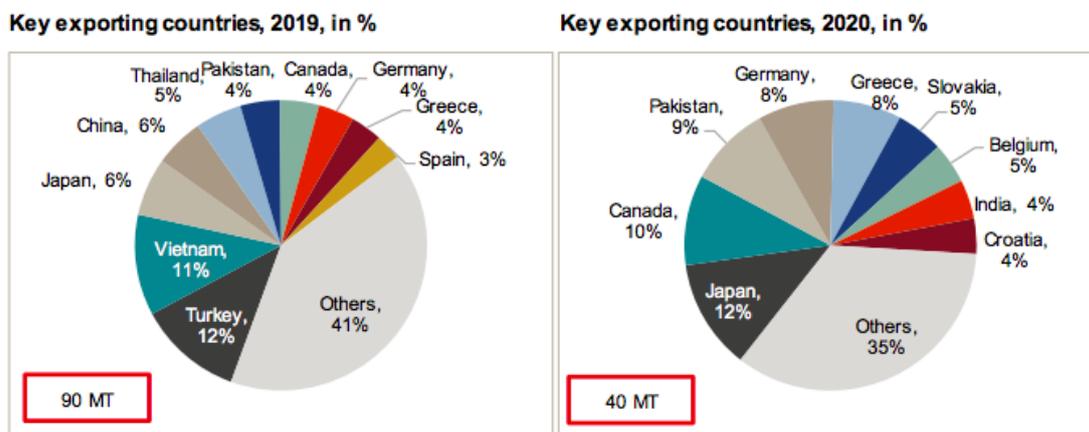
The inter-country cement trade usually takes place through sea-based transport

Major companies that have contributed towards cement exports include Ultra Tech Cement, Ambuja Cements, India Cements, and Sanghi Industries. They have been exporting to neighbouring countries such as Sri Lanka, Bangladesh, Middle East and African countries, leading to their global branding. This is due to the availability of requisite infrastructure such as jetties and bulk terminals.

Penna Cement has a robust logistics system in place. Apart from transportation through constant rake and road movement, the company plans to utilise the sea route for logistic benefit. The company undertakes coastal shipments to Kolkata, Cochin, Gopalpur and Karaikal and exports to Sri Lanka from Krishnapatnam, leading to cost savings compared with rail and road modes.

TRADE SCENARIO

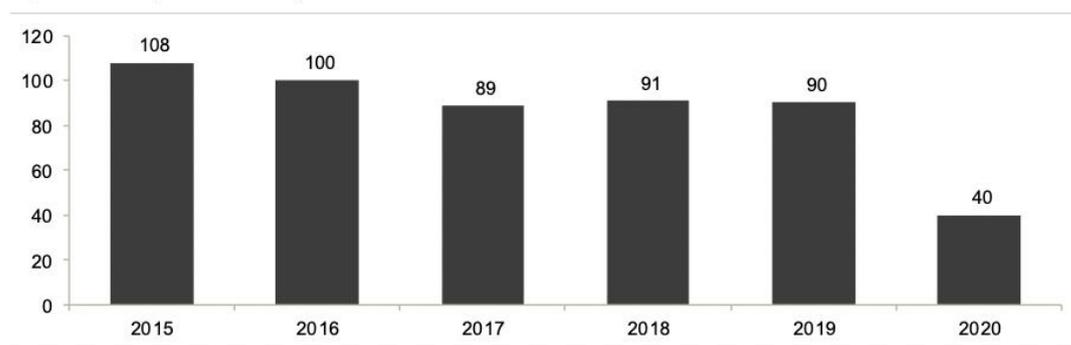
Overview of global cement exports and imports



Note: In 2020, others include Italy, Ireland, Portugal, South Africa, Zambia, etc., and in 2019, others include Slovakia, Senegal, Kazakhstan, Italy, Belgium, etc.

Source: UNCOMTRADE, CRISIL Research

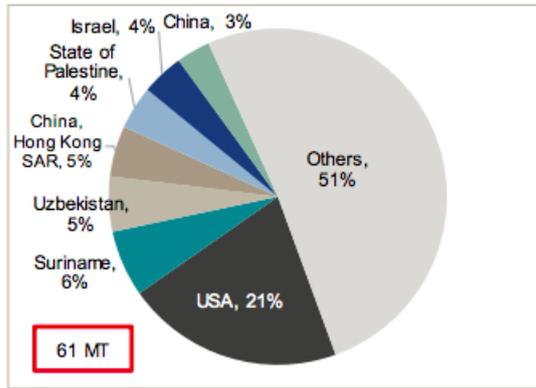
Exports Trend, 2015 to 2020, in million tonnes



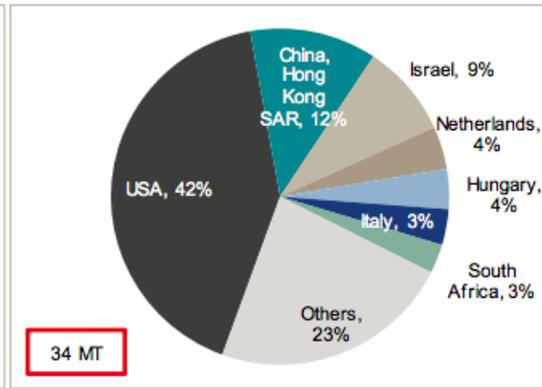
Source: UNCOMTRADE, CRISIL Research

Overview of global clinker exports and imports

Key importing countries, 2019, in % quantity



Key importing countries, 2020, in % quantity



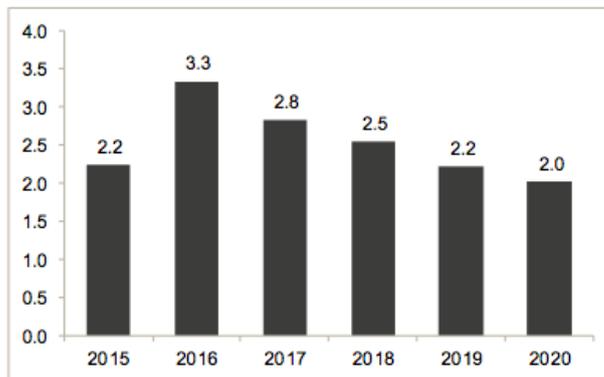
Note: In 2020, others include Botswana, Czechia, Portugal, Gambia, etc., and in 2019, others include Kuwait, Cambodia, Hungary, the Netherlands, Ghana, etc.

Source: UNCOMTRADE, CRISIL Research

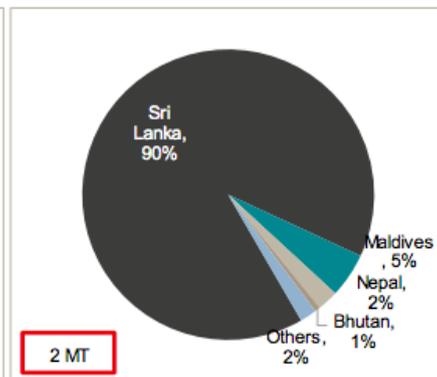
Overview of cement exports and imports–India

India has been a net exporter of cement to various countries. The major economies to which India exports are Sri Lanka, followed by Maldives, Nepal and Bhutan, aggregating to approximately 98% of the total export trade quantity in Fiscal 2020.

Exports trend, fiscal 2015 to fiscal 2020, in million tonnes



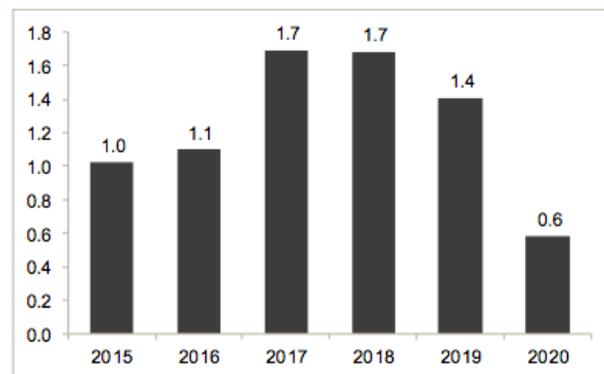
Key exporting countries, fiscal 2020



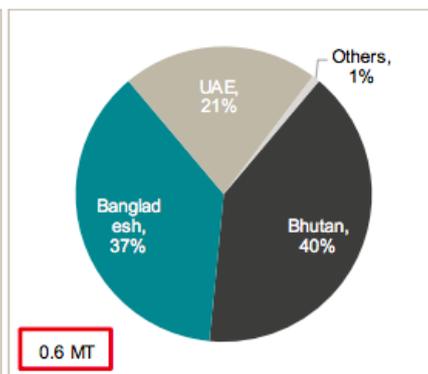
Note: Others include Reunion, Seychelles, the UK, the US, the UAE, Mauritius and Canada

Source: DGFT, CRISIL Research

Import trend, fiscal 2015 to fiscal 2020, in million tonnes



Key importing countries, fiscal 2020

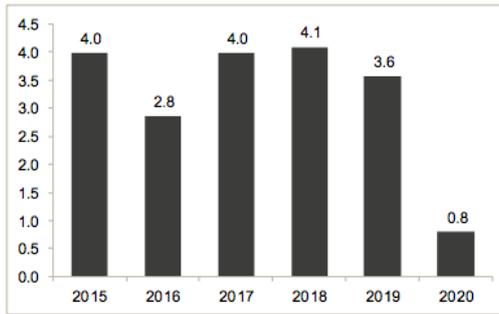


Note: Others include Myanmar and Pakistan amongst others

Source: DGFT, CRISIL Research

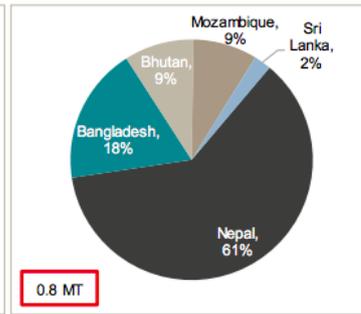
Overview of clinker exports and imports–India

Exports trend, fiscal 2015 to fiscal 2020, in million tonnes

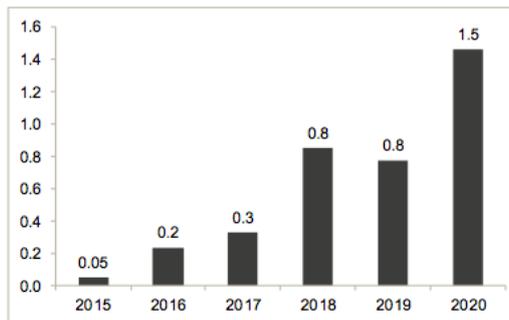


Source: DGFT, CRISIL Research

Key exporting countries, fiscal 2020

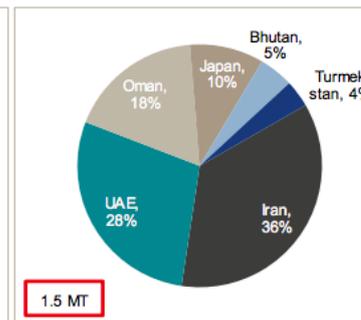


Import trend, fiscal 2015 to fiscal 2020, in million tonnes



Source: DGFT, CRISIL Research

Key importing countries, fiscal 2020



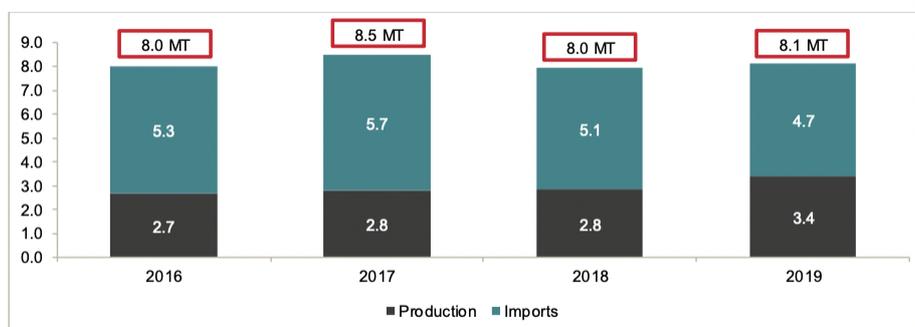
Brief insights on cement industry of Bangladesh and Sri Lanka

Due to limited raw material availability, Bangladesh and Sri Lanka depend on imports. This indicates a significant opportunity, especially for neighbouring countries, which possess abundant limestone and cement capacities such as India. Indian cement players located in the proximity of the coastal market have an advantage in terms of logistics and also export market opportunities to Sri Lanka and Bangladesh.

Sri Lanka:

Sri Lanka is heavily dependent on imports from different countries to meet its cement demand. In 2019, of the total cement volumes in the country, approximately 59% (total volume is assumed to be the sum of imports and production) was met through imports. In 2020, onset of Covid-19 affected the construction segment and resulted in a contraction in the demand for cement. This resulted in a drop of imports and production of cement. The overall cement imports decreased by 27.5% in 2020 compared with 2019. Sri Lanka imported approximately 1.82 million tonnes of cement from India in 2020. With a production capacity of 7.0 million tonnes, the Sri Lankan market is dominated by three major players which contribute to 75% of the total market share. Due to dependence on foreign trade, the country has an associated risk of dollar fluctuation. After the lockdown, Sri Lanka imposed an import tax, resulting in constraints related to an increase in port and custom taxes. Cement consumption is estimated to grow to 10 million tonnes by Fiscal 2025.

Cement production and import trend from 2016 to 2019 (In million tonnes)



Note: Financials considered for 2019 are provisional

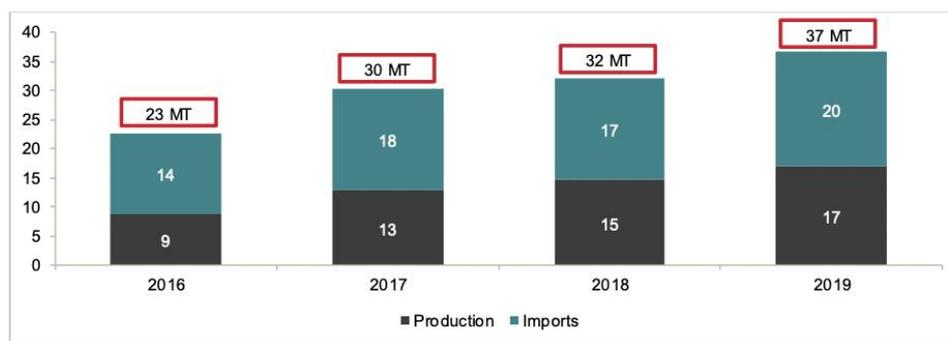
Source: Central Bank of Sri Lanka, CRISIL Research

Bangladesh

Over the past few years, the construction industry is experiencing strong growth in Bangladesh which is propelling cement demand in the country. As per Bangladesh Cement Manufacturers Association (BCMA), in 2019, the per capita consumption of cement in the country is around 200 kgs. The end markets contributing to major demand is from the housing segment. However, in the recent years, the demand from infrastructure segment has also seen an increase on account of investment by the government in various megaprojects. As of 2019, more than 70% of the cement market is captured by the top 10 cement players in the country. The industry is characterised by both local and foreign manufacturers with market share of 80-85% and 15-20% respectively. In terms of the cement type, widely used cement product is PCC cement as compared to OPC cement.

Due to non-availability of the raw material required for manufacturing of cement, the country is majorly dependent on import of clinker to cater to the local demand. The cement requirement is fulfilled by imports from countries like Indonesia, China, Malaysia and India. Major grinding units are located at Mukterpur, Munshiganj, Narayanganj, Meghnaghat, Chittagong and Mongla while the clinkerisation plants are located at Chattak and Sunamganj. The demand for cement in 2019 was at 33.65 million tonnes and a capacity of 61.02 million tonnes. The country began exporting in early twenties especially with north east India.

Cement production and import trend from fiscal 2016 to fiscal 2019 (In million tonnes)



Source: Bangladesh Bureau of Statistics, CRISIL Research

Recent regulatory and macroeconomic changes

Manufacturers are required to pay an advance income tax of 3% (reduced from 5%) on raw materials imported. The government has increased gas prices, leading to an increase in production cost for cement manufacturers, which use gas as a raw material in integrated and captive plants

Major growth drivers of cement demand in the country include:

Support from the government towards infrastructure development. In Fiscal 2020, the government allocated BDT 1,929 billion for the annual development project Demand is also expected from the road development projects such as Padma Bridge Rail Link.

GOVERNMENT POLICIES AND IMPACT

AatmaNirbhar Bharat

The Prime Minister of India has announced a ₹ 20 lakh crore economic package under the AatmaNirbhar Bharat Abhiyaan, to aid India out of the Covid-19 crisis. The five pillars of AatmaNirbhar Bharat focus on: the economy, the infrastructure, the system of implementation, India's vibrant demography, and the demand.

The five phases of AatmaNirbhar Bharat are: Phase I: Businesses including Micro Small and Medium Enterprises, Phase II: Poor, including migrants and farmers, Phase III: Agriculture, Phase IV: New horizons of growth, and Phase V: Government reforms and enablers.

Under this programme, the government has allocated ₹ 18,000 crore additional outlay for the PMAY-U, which is expected to drive demand for underlying sectors such as cement. The scheme supports the construction and infrastructure segment by reducing the lock-up capital and the cost of bank guarantee, hence supporting infrastructure-dependant segments like cement.

PLI Scheme

The scheme indicates potential incremental revenue generation of ₹ 35-40 lakh crore over the coming five years across the 14 covered sectors, aided by ₹ 2-2.7 lakh crore capital expenditure. Due to support provided through sectors, inherent demand for cement can also be expected because of increasing capacity extensions in these segments, resulting in overall growth of

the cement sector. The automotive industry is a major economic contributor in India. The PLI Scheme will make the industry more competitive and enhance globalization of the sector. The Indian pharmaceutical industry is the third largest in the world by volume and 14th largest in terms of value. Steel is a strategically important industry, and India is the second largest steel producer in the world.

NIP

Information from various stakeholders such as the line ministries, government departments, state governments and the private sector across infrastructure sub-sectors identified in the Harmonised Master List of Infrastructure, has been compiled to draw the NIP. Of the projected infrastructure investments in India, sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) are expected to amount to approximately 71% investments. Of the total NIP of ₹ 111 lakh crore, projects under implementation constitute ₹ 44 lakh crore (40%), ₹ 34 lakh crore (30%) worth of projects are at the conceptualisation stage, and ₹ 22 lakh crore (20%) worth of projects are under development. Information regarding project stage are unavailable for projects worth ₹ 11 lakh crore (10%). With improvement in capital expenditure spends, demand for the cement sector is expected to increase over the years.

Brief highlights of budget

Union Budget 2021-22 is a growth-centric, expansionary budget. The budget is not expected to significantly push private consumption for Fiscal 2022 due to factors associated with the lowering of budget allocation to employment-related schemes like MGNREGA, and the PMAY. However, infrastructure push can aid employment growth. Roads and railways saw 16% higher allocation relative to Union Budget 2020-21, along with encouragement in private investments through expansion of projects under the NIP. The budget not only focuses on pushing central capital expenditure but also state government capital expenditure.

COMPETITIVE LANDSCAPE

Competition overview

The Indian cement industry is highly fragmented with the presence of a few large players and several medium - sized and small players. However, the top five players – UltraTech Cement, Shree Cement, ACC Ltd, Ambuja and Dalmia Cement – account for approximately 47% of the total market share. The industry is characterised by various entry barriers such as high capital costs, long gestation period, and inadequate availability of raw materials. In addition, there are transportation barriers, because transportation through rail and roadways is expensive compared with sea transport; however, sea transport has difficulties associated with the procurement of land near coastal areas for setting up of the grinding units, and other associated costs for infrastructural facilities at port regions. Over the past decade, the Indian cement industry has seen many large mergers and acquisitions. Some have been in the form of global companies acquiring domestic players, whereas others have been domestic companies looking to consolidate their market position. Since demand growth is likely to pick up only gradually from current levels due to the pandemic-led disruptions, further consolidation in the industry is likely in the near term.

Domestic manufacturers can broadly be bucketed into pan-India, regional and standalone players. Pan-India players are large players such as, the Holcim group companies ACC and Ambuja; Aditya Birla group company - UltraTech Cement; Shree Cement; and Dalmia Cement. Players whose presence is restricted to one or two regions are categorised as regional players. Key players included in this segment are Nuvoco Visatas (concentrated in the East, Central and North), India Cement (South and West), JK Cement (North and South), JK Lakshmi Cement (East, West and North), Kesoram Industries (South), Chettinad Cement (South) and Ramco Cements (South and East). Players like Panyam Cement, Penna Cement, Star Cement and Sanghi Cement are operational in a few states within a region.

Pan-India (multiregional) player	Regional player
Pan India: UltraTech Cement, Ambuja Cement, ACC Ltd Multiregional: Shree Cement, Dalmia Cement	Nuvoco Visatas, India Cement, JK Cement, JK Lakshmi Cement, Kesoram Industries, Chettinad Cement, Ramco Cements, Panyam Cement, Penna Cement, Star Cement, Sanghi Cement

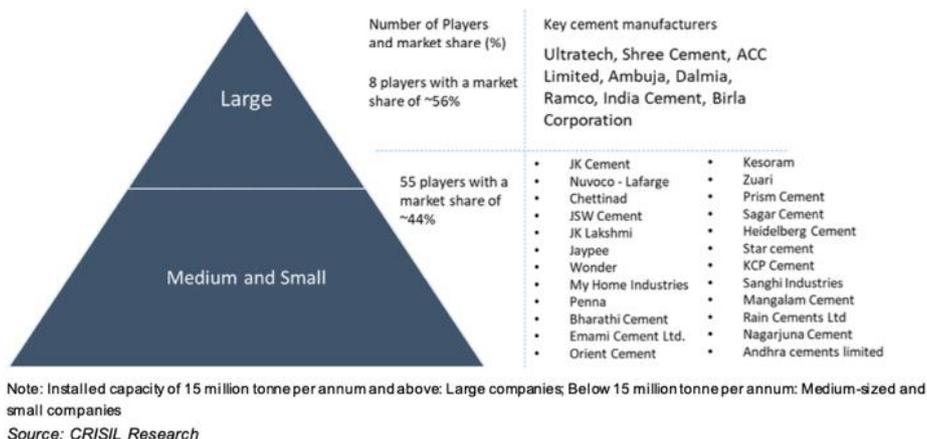
Source: CRISIL Research

Characteristics of pan-India and regional players

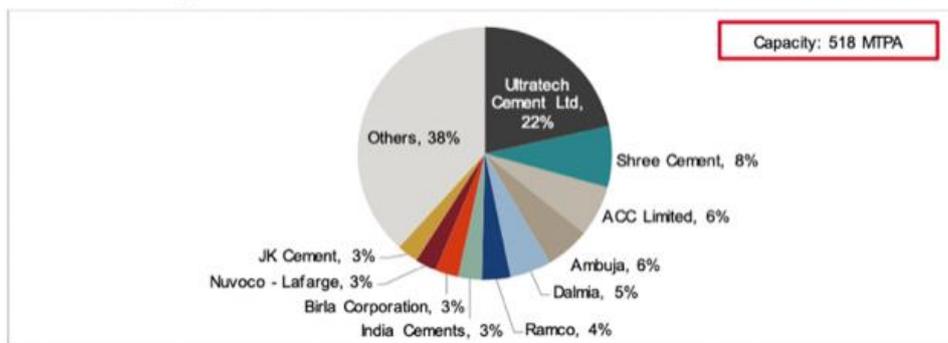
Regional players such as Penna Cement, Ramco Cement and JK Cement have a strong hold in the local market they are operating in, due to cost leadership and market advantage along with proximity to raw material sources.

Tiers of competitors and tier-wise market shares

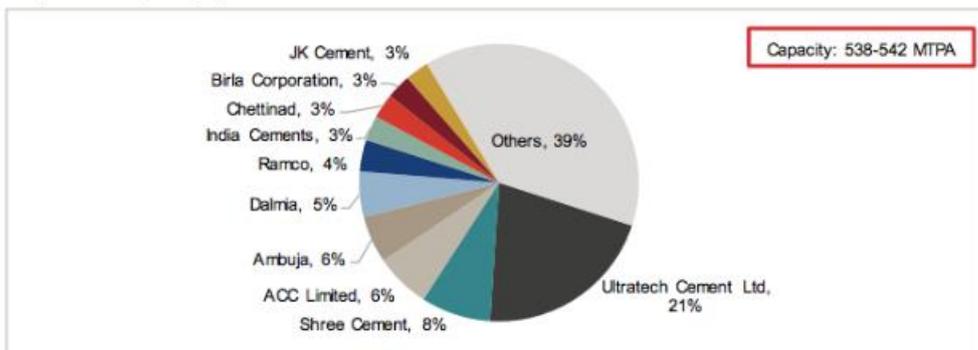
Cement players in India are also classified based on the competitor share as large companies vs. medium and small manufacturers.



Market share of large cement manufacturers, Fiscal 2020



Player-wise capacity split in India - fiscal 2021E



Note: E: Estimated
Source: CRISIL Research

Penna Cement is one of the large players in the southern part of India with a capacity of 10 million tonne as of Fiscal 2021. The company has sales spread across various regions of India with majority of sales contribution arising from the southern region, followed by western and eastern regions. The company also engages in international trade by supplying cement to Sri Lankan market.

In India, demand-supply imbalance is observed in a few states. However, at the national level, the cement industry in India is under-utilized. Despite the oversupply of cement/clinker, players have been undertaking capacity expansions to tap into export opportunities to markets such as Sri Lanka, Bangladesh and the Middle East. Yearly cement exports have remained consistent, with 2.0 million tonnes of cement exports in Fiscal 2020.

Exporting of cement by players such as UltraTech Cement, Ambuja Cements, India Cement and Sanghi Industries to Sri Lanka, Bangladesh, the Middle East and African countries has resulted in global branding for these companies.

Plants located in coastal regions, therefore, have an advantage both in terms of reduced logistics cost and increased export-oriented opportunities to neighbouring markets such as Sri Lanka, Bangladesh and the Middle East.

FINANCIAL BENCHMARKING

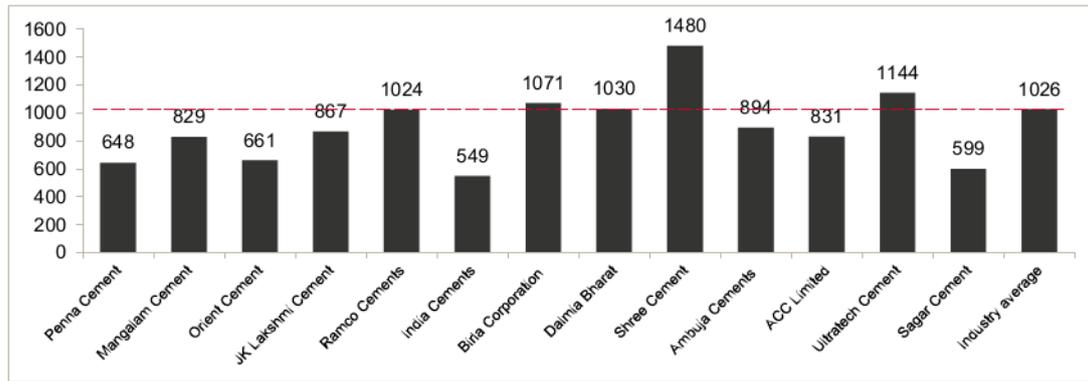
Financial benchmarking has been done on the basis of companies occupying a major market share in India (contributing to over 60% of the total capacity). From Fiscal 2016 to Fiscal 2020, cement demand grew at a CAGR of approximately 3-4%. This is on account of increased spending by the government of India on affordable housing and infrastructure projects. Average industry revenue grew at a CAGR of approximately 11% from Fiscal 2016 to Fiscal 2020. Average industry sales quantity posted a CAGR of about 9% to reach 239 million tonne in Fiscal 2020 from 167 million tonne in Fiscal 2016.

The industry set includes: Penna Cement Industries Limited (“Penna”), Orient Cement Limited (“Orient”), JK Lakshmi Cement Limited (“JK Lakshmi”), The Ramco Cements Limited (“Ramco”), India Cements Limited (“India Cement”), Birla Corporation Limited (“Birla Corp”), Dalmia Cement Limited (“Dalmia”), Shree Cement Limited (“Shree”), Ambuja Cements Limited (“Ambuja”), ACC Limited (“ACC”), UltraTech Cement Limited (“UltraTech”), Sagar Cements Limited (“Sagar”) and Mangalam Cement Limited (“Mangalam”). The peer set includes: Penna, Ramco, India Cement, Orient and Sagar.

Key trends among major players in the cement industry:

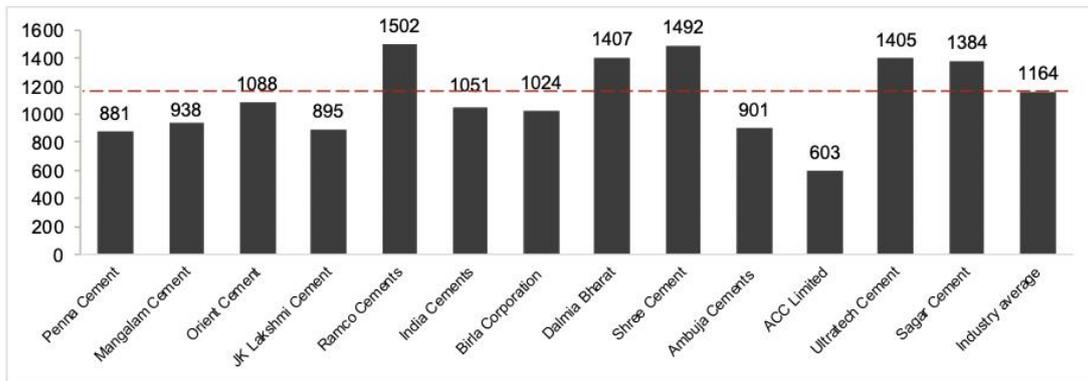
- **Capacity utilisation** – Over the years, growth in cement capacity has outpaced the demand in the market. In Fiscal 2016, the industry had an average utilisation rate of 67%, which rose to 71% in Fiscal 2020. Orient Birla Corp, Dalmia Bharat, Ambuja and ACC have reported utilisation rates higher than the industry average. Capacity utilisation in fiscal 2020 for Penna was 52%.
- **Revenue and realisation per tonne** – In Fiscal 2020, industry average realization per tonne was ₹ 5053 whereas in Fiscal 2016 it was ₹ 4700. Hence, indicating a CAGR of approximately 2% over the duration. A rise in realisations and a steep fall in power and fuel costs led to margin recovery. Growth in realisations was led by a higher proportion of the institutional segment. Industry PAT margins have also been rising on-year. In the nine months ended December 31, 2020, the industry average revenue dropped by 30% due to pandemic led disruptions in the demand.
- **EBITDA per tonne** – EBITDA (earnings before interest, tax, depreciation and amortisation) per tonne grew at a CAGR of approximately 3% from Fiscal 2016 to Fiscal 2020. The realisations have improved in Fiscal 2020 on the back of easing power and fuel costs. Power and fuel prices have eased on account of a fall in pet coke and international coal prices. The industry average EBITDA/tonne was at ₹ 1,026 in Fiscal 2020, an improvement over Fiscal 2019 by almost 30% growth. In Fiscal 2020, Penna (standalone) achieved EBITDA/tonne of ₹ 648, while the peer average was ₹ 732. For Fiscal 2021 (till December), the EBITDA/tonne has shown a growth by 13% over Fiscal 2020. In the same period, the industry average raw material costs have dropped as compared to fiscal 2020. The similar trend is observed for power and fuel costs as well.
- **ROE (return on equity) and ROCE (return on capital employed)** – As per the industry trend, the ROE grew to 13.2x in Fiscal 2020 from 12.18x in Fiscal 2016. In Fiscal 2020, UltraTech reported the highest ROE with 24.2x against the industry average of 13.2x. Among the peer group, ROE is reported to be at 6.2x, with Ramco reporting the highest ROE of 12.7x in fiscal 2020. The industry ROCE stood at 12.2x, while the peer ROCE stood at 7.7x. Penna (standalone) also reported ROCE of 7.7x during fiscal 2020.
- **Gearing ratios** – On an industry level, the gearing ratio has been at 0.4-0.55x over Fiscals 2016-20. As of Fiscal 2020, the industry gearing ratio was 0.5x against the peer ratio of 0.76x. Sagar had the lowest gearing ratio of 0.5x in Fiscal 2020.
- **Liquidity ratios** – Moderate liquidity levels were observed in Fiscal 2020 on an industry level. The current ratio for the industry stood at 1.1x in Fiscal 2020 while the peer average was at 0.8 time. Among the peer set, Penna had the highest current ratio at 1.0x among the peers in Fiscal 2020.

EBITDA in Rs per tonne, for fiscal 2020



Source: Company annual reports

EBITDA in Rs per tonne, for fiscal 9M 2021



Source: Company reports

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 22 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations” on pages 24 and 285, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Financial Statements” on page 220.

Unless the context otherwise requires, in this section, references to “we”, “us”, or “our” refers to Penna Cement Industries Limited on a consolidated basis and references to “the Company” or “our Company” refers to Penna Cement Industries Limited on a standalone basis.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report “Assessment of Cement Industry” dated April 2021 (the “CRISIL Report”) prepared and issued by CRISIL Research, a division of CRISIL Limited, commissioned by us. Also see, “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data” on page 19.

Overview

We are one of the largest privately held cement companies in India and a leading integrated cement player in terms of cement production capacity, as of March 31, 2021, with a strong brand recall in the southern and western states of India. (Source: CRISIL Report) Incorporated in 1991, with over 25 years of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets as well as Sri Lanka, and we intend to further expand into north, central and other east India markets through a phased expansion plan.

We have four integrated manufacturing facilities and two grinding units spread across the states of Andhra Pradesh, Telangana and Maharashtra, with an aggregate cement production capacity of 10.00 million tonne per annum (“MMTPA”) as of March 31, 2021, and we are in the process of increasing our capacity to 16.50 MMTPA, which is expected to be operational by Fiscal 2024. We are also in the process of increasing our aggregate clinker production capacity from 7.80 MMTPA as of March 31, 2021 to 10.80 MMTPA, which is expected to be operational by Fiscal 2024. As of March 31, 2021, our cement and clinker production capacity represented 5.5% and 6.3%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondicherry (Source: CRISIL Report). Our integrated manufacturing facilities and grinding units are strategically located, with road, rail and sea access to a number of markets in the southern, eastern and western regions of India as well as Sri Lanka.

We have strategically focused on developing port-based logistics infrastructure to ensure efficient, reliable and cost-effective distribution. We have commissioned one of the largest port based cement facilities in India at Krishnapatnam (Source: CRISIL Report), with an automated ship-loading facility as well as packing terminals at the Cochin, Gopalpur and Karaikal ports. We also acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka, and are further in the process of setting up an additional port-based packing terminal at Kolkata. In order to further bolster our port-based distribution strategy, we acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes. We believe that the strategic location of our various facilities, packing terminals and our port based logistics infrastructure provides us with several competitive advantages, including (i) providing strategic access to south, west and east India; (ii) enabling us to cost-effectively target markets in east, south and west India, including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Ahmednagar; and (iii) export of cement to Sri Lanka and export of clinker to Bangladesh. Our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement and clinker products to new markets as well as in the procurement of imported coal through the ports. Further, we distributed 10.69%, 7.18% and 8.26% of our cement products through rail, 84.36%, 80.62% and 78.81% of our cement products through road, and 4.95%, 12.22% and 12.93% of our cement products through sea in Fiscals 2019, 2020 and 2021, respectively.

Our cement products include ordinary portland cement (“OPC”) (including ‘Penna Premium OPC 53 Grade Cement’, ‘Penna Premium OPC 43 Grade Cement’ and ‘Penna Premium OPC 42.5 N Grade Cement’), Portland pozzolana cement (“PPC”) (including ‘Penna Power PPC’ and ‘Penna Concrete Guard’) and portland slag cement (“PSC”) (including ‘Penna Suraksha - PSC’). We market and sell our products under the Penna brand, and have a proven operational excellence of 25 years (Source: CRISIL Report).

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated manufacturing facilities. Limestone is mined from our captive limestone mines, for which we have entered into long-term mining leases. As of March 31, 2021, our Company's captive limestone mines had an aggregate residual reserves of 490.04 million MT of limestone. We optimize our coal procurement by sourcing coal and pet coke from the international markets and coal through coal linkages with The Singareni Colliery Company Limited ("SCCL") located in the state of Telangana. Our integrated manufacturing facilities are also located in close proximity to captive limestone mines. Our facilities located at Boyareddypalli, Ganeshpahad and Tandur and grinding units at Patas and Krishnapatnam have dedicated railway sidings, which enable transportation of laterite, coal, clinker, gypsum, slag and cement, as required. We have developed streamlined manufacturing processes and logistics management through designated split-grinding operations for our various facilities.

Our integrated manufacturing facilities are supplemented by auxiliary infrastructure, including a 77.00 MW captive power plant, as of March 31, 2021, at our Ganeshpahad facility primarily used for captive consumption, and waste heat recovery ("WHR") units at our Ganeshpahad and Boyareddypalli facilities with a current aggregate capacity of 32.00 MW, as of March 31, 2021. We are in the process of setting up WHR units at our Talaricheruvu and Tandur facilities with a capacity of 7.05 MW and 10.00 MW, respectively, which are expected to be operational by first quarter of Fiscal 2024 and fourth quarter of Fiscal 2023, respectively. In Fiscals 2019, 2020 and 2021, we met 71.63%, 63.46% and 53.03%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001:2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have received the Sri Lanka Standard Institution ("SLSI") certification for OPC 42.5N supplies to Sri Lanka for our Krishnapatnam unit. We were also awarded the *National Energy Conservation Award 2016* by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in the cement sector.

We have developed a strong distribution network across India comprising 3,310 dealers and distributors, as of March 31, 2021. We have been able to develop long-standing relationships with institutional customers, including large infrastructure and real estate companies, such as Alliance Group, Aparna Enterprises Limited, Bekem Infra Projects Private Limited, Casa Grand Builder Private Limited, EKK Infrastructure Limited, HIL Limited, M/s Krishi Infratech, MRKR Constructions and Industries Private Limited, Nath Infrastructures, Qcrete Readymix (India) Private Limited, Ramky Infrastructure Limited, RDS Projects Limited, Rockeira Engineering LLP, Sreedhanya Nath JV, Sun X Concrete India Private Limited and M. Venkata Rao Infra Projects Private Limited.

Our Company has been consistently profitable since commencement of operations, on a standalone basis. Although the ongoing COVID-19 pandemic has significantly affected the global economy, as we are engaged in production of essential goods in the form of cement, we were not significantly impacted by the COVID-19 pandemic, and accordingly, our revenues from operations increased by 14.25% from ₹ 21,676.14 million in Fiscal 2020 to ₹ 24,763.99 million in Fiscal 2021.

The following table provides certain key financial information of our business:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(₹ million)		
Revenue from operations	21,561.81	21,676.14	24,763.99
EBITDA ⁽¹⁾	3,089.48	3,383.61	4,798.45
Profit for the period	851.33	230.24	1,520.73

(1) EBITDA is calculated as profit before tax expenses and before profit/(loss) of associates plus finance costs and depreciation and amortization expense less other income for the year.

The following table provides certain key performance indicators of our business:

S. No.	Key Performance Indicators	Fiscal		
		2019	2020	2021
1.	Cement Production (in million MT)	5.39	5.25	5.43
2.	Clinker Production (in million MT)	4.60	4.44	4.56
3.	Cement Sales (in million MT)	5.29	5.20	5.48
4.	Capacity Utilization (cement) ⁽¹⁾	53.90%	52.47%	54.25%
5.	Capacity Utilization (clinker) ⁽¹⁾	86.77%	83.81%	63.59%
6.	Clinker to cement ratio ⁽²⁾	1.22	1.21	1.18
7.	OPC sales (as % of total cement sales volume)	60.95%	62.91%	66.21%
8.	PPC sales (as % of total cement sales volume)	38.61%	36.77%	31.67%

S. No.	Key Performance Indicators	Fiscal		
		2019	2020	2021
9.	PSC sales (as % of total cement sales volume)	0.44%	0.32%	2.12%
10.	Power consumption (in million units) ⁽³⁾	444.23	430.50	447.00
11.	Coal and pet coke consumption (in million MT)	0.73	0.63	0.64
12.	EBITDA per tonne (in ₹) ⁽⁴⁾	584.53	650.80	875.55
13.	EBITDA margin (%) ⁽⁵⁾	14.33%	15.61%	19.38%
14.	Power and fuel cost per tonne (in ₹) ⁽⁶⁾	1,016.20	1,008.32	1,089.58

(1) Capacity utilization (on an annualized basis) has been calculated on the basis of actual production in the relevant period divided by the aggregate installed production capacity of our manufacturing facilities as available for the relevant period. For further information, see “ - Capacity and Capacity Utilization on page 170.

(2) Clinker to cement ratio represents cement production divided by clinker consumption.

(3) One unit represents one KWH.

(4) EBITDA per tonne represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by total cement sales volume.

(5) EBITDA margin represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by revenue from operations.

(6) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.

Competitive Strengths

One of the market leaders in south India with a strong brand recall and extensive distribution network

Our market share in terms of total cement sales volume vs. total demand in south India was estimated to be 5.5% to 6% in Fiscal 2021. As of March 31, 2021, our cement and clinker production capacity represented 5.5% and 6.3%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondichery. (Source: CRISIL Report) We offer major variants of cement including OPC, PPC and PSC. We commenced operations in 1994 with our first manufacturing facility in Talaricheruvu, Andhra Pradesh with a cement production capacity of approximately 0.2 MMTPA. We operate four integrated manufacturing facilities and two grinding units with an aggregate cement production capacity of 10.00 MMTPA, as of March 31, 2021, and aim to increase our capacity to 16.50 MMTPA, which is expected to be operational by Fiscal 2024. We have steadily expanded our operations primarily through organic growth and recently operationalized a port based packing terminal at Karaikal in March 2021 with an approved capacity of 0.50 MMTPA and increased the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA to 4.00 MMTPA in July 2020, along with packing terminals at Cochin and Gopalpur and grinding units at Krishnapatnam and Patas in 2018. Further, we also acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka, and are in the process of setting up an additional port-based packing terminal at Kolkata. Further, we intend to set up an integrated manufacturing facility and two grinding units in the north India expected to be operational by the fourth quarter of Fiscal 2024.

The following table provides the existing and the post expansion production capacity of our integrated manufacturing facilities and grinding units:

S. No.	Integrated Manufacturing Facility/ Grinding Unit	Existing production capacity as of March 31, 2021*		Post proposed expansion production capacity	
		Clinker	Cement	Clinker	Cement
(in MMTPA)					
Existing					
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	1.30	1.80
2.	Boyareddypalli, Andhra Pradesh	4.00	2.00	4.00	2.00
3.	Ganeshpahad, Telangana	1.00	1.20	1.00	1.20
4.	Tandur, Telangana	1.50	2.00	1.50	2.00
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	4.00
6.	Patas, Pune, Maharashtra	-	1.00*	-	1.00
	Total	7.80	10.00	7.80	12.00
Proposed					
7.	Jodhpur, Rajasthan	-	-	3.00	2.00
8.	Kathuwas, Neemrana, National Capital Region	-	-	-	1.50
9.	Bathinda, Punjab	-	-	-	1.00
	Total	7.80	10.00	10.80	16.50

*As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “ - Capacity and Capacity Utilisation ” and “ -Expansion Plans ” on pages 170 and 171, respectively

*Approved capacity for Patas is currently for 0.70 MMTPA.

In addition, brand name and reputation are important for customers in India and we believe that our extensive history, market position, and quality products have led to wide recognition of our *Penna* brand, particularly in south India, which has enabled us to effectively target new customers and customer segments, address new business opportunities and increase the scale of our operations. Further, we have been able to develop long-standing relationships with our institutional customers, including large infrastructure and real estate companies, such as Alliance Group, Aparna Enterprises Limited, Bekem Infra Projects Private Limited, Casa Grand Builder Private Limited, EKK Infrastructure Limited, HIL Limited, M/s Krishi Infratech, MRKR Constructions and Industries Private Limited, Nath Infrastructures, Qcrete Readymix (India) Private Limited, Ramky Infrastructure Limited, RDS Projects Limited, Rockeira Engineering LLP, Sreedhanya Nath JV, Sun X Concrete India Private Limited and M. Venkata Rao Infra Projects Private Limited. We have also received various awards in relation to our brand, including the *Brand of the Year – Cement* by CMO Global at the Stars of the Industry Awards for excellence in building and construction product in 2019, the *Most Impactful Power Brands* by Daily Indian Media in 2018, the *Most Promising Brands* by the Economic Times in 2018. We also received the *Golden Peacock Innovation Management Award* in 2018 by the Institute of Directors, India. For further information on the awards received, see “*History and Other Corporate Matters – Awards and Accreditations*” on page 187.

Our business operations are supported by an extensive sales and distribution network spread across south, west and east India. Our market share in terms of total cement sales volume vs demand in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Kerala was estimated at 5.5%, 6%, 6%, 5.5% and 6%, respectively, in Fiscal 2021 (*Source: CRISIL Report*). In addition, we also serve markets in east and west India, including Kolkata, Bhubaneswar, Ganjam, Cuttack, Cochin, Pune and Ahmednagar. Our cement products are sold to the trade segment (which typically includes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers) and the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations). In Fiscals 2019, 2020 and 2021, sales to the trade segment were 54.22%, 53.45% and 51.04%, respectively, of our total gross revenue from cement sales in such period while sales to the non-trade segment were 45.78%, 46.55% and 48.96%, respectively, of our total gross revenue from cement sales in such period. We have developed long-term relationships with our dealers and distributors, with our distribution network comprising 3,310 dealers and distributors as of March 31, 2021. We believe we have benefited from the local knowledge of our sales and distribution team along with our existing institutional customers and will be able to leverage their expertise to further penetrate into existing and new markets such as West Bengal, Rajasthan, National Capital Region and Punjab as well as certain coastal and southern regions of Tamil Nadu.

Strategically located integrated manufacturing facilities and packing terminals which provide access to south, west and east India markets

We currently operate four integrated manufacturing facilities with two of our facilities located at Talaricheruvu and Boyareddypalli in Andhra Pradesh and the other two located at Ganeshpahad and Tandur in Telangana. In March 2018, we operationalized two grinding units at Krishnapatnam port in Andhra Pradesh and Patas in Maharashtra, and in order to supplement our integrated manufacturing facilities and grinding units, we commissioned a packing terminal at Cochin in March 2018 and have subsequently set up port-based packing terminals at Gopalpur in 2018 and Karaikal in March 2021 as well as acquired Singha Cement (Private) Limited in May 2019 that operates a packing terminal in Colombo, Sri Lanka. Our facilities are strategically located to enable access to markets such as Hyderabad, Vishakhapatnam, Bengaluru, Chennai, Pune and Ahmednagar, which provides significant convenience in logistics management and cost benefits. Each of our facilities are connected to both the national highway and railway network. In addition, our Krishnapatnam grinding unit is located at approximately less than 280 kms, 290 kms and 320 kms from our integrated manufacturing facilities at Talaricheruvu, Boyareddypalli and Ganeshpahad, respectively, while the Patas grinding unit is located at approximately less than 418 kms from our Tandur facility. The following table provides the distance between our facilities and certain key markets:

S. No.	Key Markets	Nearest Manufacturing Facility/ Grinding Unit	Distance
			(in approximate less than kms)
1.	Hyderabad, Telangana	Tandur, Telangana	130
		Ganeshpahad, Telangana	180
2.	Vishakhapatnam, Andhra Pradesh	Ganeshpahad, Telangana	500
3.	Chennai, Tamil Nadu	Krishnapatnam, Andhra Pradesh	180
4.	Bengaluru, Karnataka	Talaricheruvu, Andhra Pradesh	290
		Boyareddypalli, Andhra Pradesh	320
5.	Ahmednagar, Maharashtra	Patas, Pune, Maharashtra	90
6.	Pune, Maharashtra	Patas, Pune, Maharashtra	80

The cement industry is characterised by various entry barrier, such as, high capital costs, long gestation period and inadequate availability of raw materials. In addition, there are transportation barriers, because transportation through rail and roadways is expensive compared with sea transport; however, sea transport has difficulties associated with the procurement of land near coastal areas for setting up of the grinding units, and other associated costs for infrastructural facilities at port regions. With our Krishnapatnam grinding unit, packing terminals at Cochin, Gopalpur, Karaikal and Colombo ports and proposed packing

terminal at the Kolkata port, we are likely to become one of the few market players in India with superior port based logistics infrastructure and distribution facilities (*Source: CRISIL Report*). Our strategically located grinding units and packing terminal, together with our port based logistics infrastructure and distribution strategy, would provide us access to the coastal markets and will also enable us to serve markets in east and west India including Kolkata, Bhubaneswar, Cuttack, Ganjam, Cochin, Pune and Ahmednagar. Grinding units can be set up closer to the end-market segment and employ economic modes of transportation suitable to the location of the unit, thus improving logistics cost management (*Source: CRISIL Report*). Accordingly, our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets.

In addition, our facilities at Boyareddypalli, Ganeshpahad and Tandur and grinding units at Patas and Krishnapatnam enjoy access to dedicated railway siding which provides for the transportation of laterite, coal, clinker, gypsum, slag and cement, as required. The Krishnapatnam grinding unit is largely mechanized, with railway tippers supplying clinker to the grinding unit and thereafter, the browsers transporting the cement to the jetty silo, which has an automated ship loading system. For further information on our facilities, see “- Facilities” on page 168.

Access to quality raw materials and coal

Raw material costs are a major component of our operating costs. In Fiscals 2019, 2020 and 2021, cost of materials consumed (including changes in inventories, stock-in trade and work in progress) was ₹ 3,579.50 million, ₹ 3,528.61 million and ₹ 4,323.00 million, respectively and represented 16.60%, 16.28% and 17.46%, respectively, of our revenue from operations in such periods. Accordingly, we believe that efficient raw material sourcing of, amongst others, limestone, gypsum and fly ash, and coal, in close proximity to our integrated manufacturing facilities, has a direct result on our cost of production and profitability as well as ensuring protection against operational risks. In addition, our facilities are supported by a 77.00 MW captive power plant, as of March 31, 2021, at our Ganeshpahad facility, and we have also set up WHR units with an aggregate capacity of 32.00 MW, as of March 31, 2021, at our Ganeshpahad and Boyareddypalli facilities. In Fiscals 2019, 2020 and 2021, we met 71.63%, 63.46% and 53.03%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our Company has seven captive long term mining leases for our integrated manufacturing facilities, which are pit head mines having a lead distance of within six kilometres which provides our integrated manufacturing facilities with a stable and timely supply of limestone in a cost efficient manner. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 32 years, based on the stipulated amount of annual excavation specified in our mining leases. In addition, the residual reserves of mining leases that are in process of being granted to us coupled with the mines that have been granted to us would meet our current production capacity as well as the requirements of our expanded capacities for at least 32 years as well.

The following table provides details in relation to our Company’s captive mining lease and residual reserves for our existing integrated manufacturing facilities, as of March 31, 2021:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid up to [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
1.	Amalgamated Gudipadu limestone mine	Boyareddypalli, Andhra Pradesh	July 7, 2049	180.07
2.	Korumanipalli limestone mine – I	Talaricheruvu, Andhra Pradesh	January 28, 2054	49.15
3.	Korumanipalli limestone mine - II	Talaricheruvu, Andhra Pradesh	April 21, 2035	21.18
4.	Urichintala limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	6.68
5.	Talaricheruvu limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	0.43
6.	Chaanakya limestone mine	Ganeshpahad, Telangana	December 19, 2051	97.28
7.	Ogipur limestone mine	Tandur, Telangana	August 27, 2058	135.25
	Total			490.04

*As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

[#]The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

The following table provides details in relation to the mining leases granted to our Subsidiary, Marwar Cement Limited, and residual reserves as of March 31, 2021:

S. No.	Name of mine	Valid up to [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
1.	Ghorawat limestone mine -I	August 16, 2045	68.07

S. No.	Name of mine	Valid up to [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
2.	Ghorawat limestone mine -II	June 13, 2045	18.02
3.	Pundlu limestone mine	April 18, 2034	10.76
4.	Ghorawat and Borunda limestone mine	January 12, 2070	51.34
	Total		148.19

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

[#]The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

In addition, the following table provides details in relation to the mining leases which are under the process of being granted to us and the reserves as of March 31, 2021:

S. No.	Name of mine	Reserves (as per the last Indian Bureau of Mines approved mining plan/ prospecting reports) as of March 31, 2021 (million tonnes)*	Current Status
1.	Gudipadu limestone mine – III (auction block)	26.66	Letter of intent has been issued and further clearances are under process
	Total	26.66	

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

Further, at our Boyareddypalli facility, limestone is transported from mines to the facility through conveyors, which reduces delivered limestone cost. Further, we optimize our coal procurement by sourcing coal and pet coke from the international markets and coal through coal linkages with SCCL located in the state of Telangana. The strategic location of our facilities and our port based logistics infrastructure enables us to reduce cost of importing coal, and therefore coal and pet coke requirements for blending are met through import of United States, South African and Australian origin coal, and United States origin pet coke through the Krishnapatnam port. In Fiscals 2019, 2020 and 2021, coal from SCCL accounted for 29.55%, 9.05% and 4.51%, respectively, of our total procurement of coal and pet coke, while imported coal and pet coke accounted for 70.45%, 90.95% and 95.49%, respectively, of our total procurement of coal and pet coke in the same periods. In addition to utilizing fly ash from our captive power plant at our Ganeshphad facility, we procure fly ash from other coal-fired power plants located near our integrated manufacturing facilities. For our Krishnapatnam grinding unit, we believe we have been able to access relatively low cost fly ash by virtue of being in close proximity to fly ash sources. Further, we obtain gypsum and slag from nearby fertilizer companies and steel manufacturing plants, respectively.

Well positioned to benefit from the growth in the cement industry

The cement demand in India is expected to grow at a CAGR of 6% to 7% from Fiscal 2021 to Fiscal 2026 in comparison to a CAGR of 4% during Fiscal 2015 and Fiscal 2020, primarily on account of a number of infrastructure investments and a healthy revival in housing demand. Key Government of India’s initiatives, such as, ‘AatmaNirbhar Bharat’, Product Linked Incentive Scheme, ‘Make in India’, Smart Cities Mission, Bharatmala, ‘Housing for All’, ‘Sagar Mala’, and metro rail projects are expected to drive the growth of the domestic cement industry in India. During 2015 and 2020, developing nations, such as, India, Indonesia and Vietnam, have been some of the fastest growing economies in terms of cement produced. Further, although India was the second largest producer of cement globally in 2020, it accounted for only 6% to 8% of the world’s cement production. Moreover, in Fiscal 2019, India’s per capita cement consumption was 200 to 250 kilograms, which was significantly lower than the global average of 500 to 550 kilograms, which indicates the growth potential in India. (Source: CRISIL Report) This presents a major opportunity for growth in the cement industry in India and accordingly, we are well positioned to benefit from such initiatives.

We have over 25 years of experience in the cement manufacturing industry. As of March 31, 2021, our cement and clinker production capacity represented 5.5% and 6.3%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondicherry, while our market share in terms of total cement sales volume vs. total demand in south India was estimated to be 5.5% to 6% in Fiscal 2021 (Source: CRISIL Report). Our quality, reliability and prompt delivery of products have enabled us to procure orders from customers including large institutional customers such as real estate developers and infrastructure companies, the central and State Governments and EPC contractors who in turn are awarded contracts from the central and State Governments and governmental agencies for their infrastructure projects. Accordingly, we believe we are well positioned to capitalise on the growth in the cement industry based on our long operational history, integrated manufacturing facilities, access to raw materials and stringent quality management. In addition, our strategic focus of identifying markets along the eastern and western coastal region of India, which we believe are deficit cement markets, and on expanding our cement production capacity through the construction of additional facilities, packing terminals and associated infrastructure will allow us to take advantage of this opportunity.

Established track record of operational and financial performance

Our EBITDA and restated profit for the year have grown at a CAGR of 24.63% and 33.65%, respectively, from Fiscal 2019 to Fiscal 2021. In Fiscal 2021, our revenue from operations, EBITDA and profit for the year were ₹ 24,763.99 million, ₹ 4,798.45 million and ₹ 1,520.73 million, respectively.

The following table provides certain key performance indicators of our business in Fiscal 2021:

S. No.	Key Performance Indicators	Fiscal 2021
1.	EBITDA margin ⁽¹⁾ (%)	19.38%
2.	Logistics cost per tonne ⁽²⁾ (in ₹)	1,093.95
3.	Power and fuel cost per tonne ⁽³⁾ (in ₹)	1,089.58
4.	Contribution per tonne ⁽⁴⁾ (in ₹)	1,407.74
5.	EBITDA per tonne (in ₹) ⁽⁵⁾	875.55
6.	Return on Equity ⁽⁶⁾ (%)	12.59%
7.	Return on Capital Employed (pre-tax) ⁽⁷⁾ (%)	13.61%

Note:

(1) EBITDA margin represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by revenue from operations.

(2) Logistics cost per tonne represents total freight charges divided by total cement sales volume.

(3) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.

(4) Contribution per tonne represents revenue from operations (less: cost of raw materials, power and fuel, freight, packing and forwarding expense) divided by total cement sales volume.

(5) EBITDA per tonne represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by total cement sales volume.

(6) Return on Equity represents profit after tax divided by closing shareholders' equity.

(7) Return on Capital Employed (pre-tax) represents (EBIT (EBITDA less depreciation and amortization expense) / capital employed for the period (total debt less cash and cash equivalents plus total equity and non-controlling interest).

Experienced promoter and management team with an established track record of project and timely execution

We benefit from the experience of our Promoter and the senior management team who have extensive industry knowledge and expertise. Our Promoter, Chairman and Managing Director, P. Prathap Reddy has played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our Board of Directors and our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our integrated manufacturing facilities. Members of our Board and other key operating personnel possess extensive operating and industry experience. Lakshmi Kantham Dabbara, Whole-time Director of our Company, is responsible for the operations of all our facilities including procurement of raw materials, commercial production and manufacturing operations, and has been a Director of our Company since September 1, 2012. Krishna Srivastava, Director – Marketing, has been instrumental in driving our sales and marketing initiatives.

In addition, by leveraging the experience of our Promoter and management team, we believe that we have developed an established track record of efficient project management and execution experience, involving trained and skilled manpower, innovative work practices, efficient deployment of equipment and an in-house project management team. Our project management team, working in conjunction with the design and engineering team, ensures operational efficiencies through overall supervision of the manufacturing and project execution process. We believe our strong track record of successfully completing projects in a timely manner has allowed us to grow our business and further help in executing our proposed expansion plans.

Our Strategies

Setting up new facilities to establish presence in north and central India

In Fiscal 2020, Rajasthan was the only state in the northern region of India that had excess cement capacity over demand as it had more raw material sources than Haryana, NCT, and Punjab, which have a deficit of cement supply. The cement demand in central India and north India is expected to grow at a CAGR of 6.5% to 7.5% and 4.5% to 5.5%, respectively, between Fiscal 2021 and Fiscal 2026. In particular, the states of Rajasthan, Uttar Pradesh, Madhya Pradesh, National Capital Territory of Delhi, Haryana and Punjab are expected to grow at a CAGR of 5% to 6%, 6% to 7%, 7% to 8%, 3% to 4%, 4% to 4.5% and 3.5% to 4%, respectively, between Fiscal 2021 and Fiscal 2026. (Source: CRISIL Report) These underpenetrated markets in north and central India provide significant growth and increased margin opportunities. We have, over the years, made significant investments in expanding our production capabilities. Accordingly, we intend to set up cement manufacturing facility with a proposed clinker production capacity of 3.00 MMTPA and cement production capacity of 2.00 MMTPA in Jodhpur, Rajasthan and two grinding units in Kathuwas, Neemrana, National Capital Region and Bathinda, Punjab with a proposed cement production capacity of 1.50 MMTPA and 1.0 MMTPA, respectively, expected to be operational by the fourth quarter of Fiscal 2024. We have also acquired land in Jodhpur, Rajasthan and a portion of land in Kathuwas, Neemrana, National Capital Region. Further, we have also obtained mining lease in Jodhpur, Rajasthan for Ghora wat limestone mine –

I, Ghorawat limestone mine – II, Pundlu limestone mine and Ghorawat and Borunda limestone mine, which have residual reserves of 68.07 million tonnes, 18.02 million tonnes, 10.76 million tonnes and 51.34 million tonnes, respectively, as certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. As of March 31, 2021, we had made an investment towards capital expenditure of ₹ 1,410.60 million in relation to setting up of the integrated manufacturing facility and grinding units in north India, with the total project cost estimated to amount to ₹ 24,605.9 million. This expansion will help us in establishing presence in north and central India, specifically, Rajasthan, Uttar Pradesh, Madhya Pradesh, National Capital Territory of Delhi, Haryana and Punjab.

Through our phased expansion plans, where we intend to increase our production capabilities through organic growth, our aggregate cement production capacity of 10.00MMTPA, as of March 31, 2021, is proposed to be increased to 16.50 MMTPA, and our aggregate clinker production capacity of 7.80 MMTPA as of March 31, 2021 is proposed to be increased to 10.80 MMTPA, which are expected to be operational by Fiscal 2024. Accordingly, we will be able to establish presence across all the regions India and become a pan-India player, which will enable us to reduce our dependence on south India and prevent any concentration risk. For further information on our proposed expansion plans, see “- *Expansion Plans*” on page 171.

Focus on port based logistics infrastructure and distribution, consolidate presence in south India and expand presence in east and west India, and continue to grow exports

Cement is a relatively low-value added product, and has to be transported over long distances as key consumption centres are far from cement production plants, which are located in proximity to limestone mines. Accordingly, logistics cost (specifically related to transportation through road, rail and sea) is the largest cost component and accounted for 28% to 30% of the total operating cost for cement manufacturing during Fiscal 2017 and Fiscal 2020. Currently, a major portion of cement is transported through road and rail. The sea route provides the highest cost advantage for transporting cement at ₹ 0.7 to ₹ 1.0 per tonne per km and acts as a cost advantage specifically for coast-based manufacturers. This has resulted in increasing attractiveness towards sea based transportation for coastal based plants in the recent times. In comparison, the average transportation cost through rail and road was ₹ 1.4 to ₹ 1.6 per tonne per kilometer and ₹ 3.2 to ₹ 3.4 per tonne per kilometer, depending upon the distance. In addition, sea based transportation helps in protection from any kind of pilfering and weathering damage, which typically occurs in transportation through road and rail. (Source: CRISIL Report) Accordingly, we have and will continue to develop our port based logistics infrastructure and distribution in order to further expand our presence in new markets particularly in east and west India and further deepen our presence in south India.

Further, in order to address the challenges attributed to the coast-line and port development, the ‘Sagarmala’ initiative has been implemented by the Government of India with the aim of (i) reducing logistics costs for export-import and domestic cargo by optimising the modal mix; (ii) lowering logistics costs for bulk commodities by locating future industrial capacities near the coast; (iii) improving export competitiveness by development of the ports near manufacturing clusters; and (iv) optimising the costs for container movement. However, there are various limitations in sea mode of transportation, such as, unavailability of port infrastructure, difficulty in procurement of land near ports for setting up of grinding and packing units, challenges in terms of costs and government approvals, and high capital expenditure requirement for loading and unloading. Hence, the coastal movement is currently dominated by large players that have dedicated jetties or coastal berths at ports. (Source: CRISIL Report) In March 2018, we commissioned one of the largest port based cement facilities in India at Krishnapatnam (Source: CRISIL Report), with an automated ship-loading facility as well as a packing terminal at the Cochin port. Further, we set up packing terminals at Gopalpur and Karaikal ports in December 2018 and March 2021, respectively, and acquired Singha Cement (Private) Limited, that operates a packing terminal in Colombo, Sri Lanka in May 2019. We also increased the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA to 4.00 MMTPA in July 2020. By venturing into port based logistics infrastructure and distribution, we believe we will be able to ensure cost efficiencies in the transportation of our cement products to new markets at relatively lower freight costs.

In addition, the cement demand in south India, east India and west India is expected to grow at a CAGR of 5% to 6%, 8% to 8.5% and 5.5% to 6.5%, respectively, between Fiscal 2021 and Fiscal 2026. In particular, the states of Odisha, West Bengal, Jharkhand, Maharashtra, Tamil Nadu, Karnataka, Kerala, and Andhra Pradesh and Telangana are expected to grow at a CAGR of 9% to 10%, 7% to 8%, 9% to 10%, 5.5% to 6.5%, 5% to 5.5%, 6% to 6.5%, 5% to 5.5% and 5.5% to 6%, respectively, between Fiscal 2021 and Fiscal 2026. (Source: CRISIL Report) In order to meet this growing demand and serve the coastal markets, such as, Odisha, West Bengal and Tamil Nadu, along with enhancing our port based logistics infrastructure and distribution, we are in the process of establishing an additional packing terminal at Kolkata port, with an approved capacity of 0.50 MMTPA, which is expected to be operationalized by the second quarter of quarter of Fiscal 2023. We also aim to increase the cement production capacity of our Krishnapatnam grinding unit from 2.00 MMTPA to 4.00 MMTPA, expected to be operational by second quarter of Fiscal 2023. In addition, we acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes, which does not require any manual intervention and believe is relatively more environment friendly and accordingly, would lead to better operational and cost efficiencies. Further, we believe our grinding unit at Patas has provided us access to key markets in west India, particularly in Maharashtra at relatively lower freight cost. The clinker for this grinding unit is supplied from our existing integrated manufacturing facility at Tandur via railway siding that has in-turn helped in increasing the capacity utilization of our Tandur facility.

Due to limited raw material availability, Bangladesh and Sri Lanka depend on imports, which indicates a significant opportunity, particularly for neighbouring nations, which possess abundant limestone and cement capacities, such as, India. Indian cement players located in the proximity of the coastal market have an advantage in terms of logistics and export market opportunities to Sri Lanka and Bangladesh. (Source: CRISIL Report) Accordingly, we aim to establish our presence in export markets, specifically in Sri Lanka for cement and Bangladesh for clinker by leveraging our port based logistics infrastructure to transport clinker to Bangladesh and have acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019, that operates a packing terminal in Colombo, Sri Lanka.

Increase sales of blended cement

In addition to OPC, our cement products also include (i) PPC, which is a special blended cement and is manufactured by inter-grinding clinker with high-quality processed fly ash along with gypsum; and (ii) PSC, which is a slag-based blended cement and is manufactured by blending clinker with slag and gypsum. In addition, we have recently increased our PPC product portfolio to include a premium blended cement, *Penna Concrete Guard*.

The proportion of blended cement increased from approximately 60% to 62% in Fiscal 2010 to approximately 70% to 72% in Fiscal 2020, primarily due to its growing acceptability in the market and requirement of less limestone (a scarce natural resource). Further, slag cement has experienced significant growth in the last few years, and is expected to grow at a CAGR of 8% to 9% during Fiscal 2021 and Fiscal 2026. Moreover, blended cement minimizes the risk of developing contraction cracks on account of the lower heat of hydration compared to OPC. The demand for blended cement is expected to increase on account of sustainability goals, and the clinker-to-cement ratio is expected to reach 0.66x (cement production to clinker consumption alternatively shall be 1.52) by 2050 internationally. In addition, on account of blended cement, Indian cement manufacturers have been taking steps to reduce their operating cost and carbon footprint by reducing the use of clinker in cement. (Source: CRISIL Report)

Our target markets which include Kerala, Odisha, southern parts of Tamil Nadu and West Bengal, Rajasthan, National Capital Region and Punjab are primarily blended cement markets unlike some of our existing markets in south India and Maharashtra. The gross cement revenue of our blended cement sales (PPC and PSC together) accounted for 41.31%, 40.70% and 38.83%, of our total gross cement sales revenue in Fiscals 2019, 2020 and 2021, respectively, while OPC sales accounted for 58.69%, 59.30% and 61.17%, respectively, our total gross cement revenue, in the same periods. We believe that the sale of our blended cement would significantly increase by entering into these markets. Further, provided that blending material is available at significantly lower landed cost at our grinding units and integrated manufacturing facilities as compared to clinker, an increase in the sales of our blended cement would compensate for the incremental freight cost incurred towards transportation of clinker, maintain cost efficiencies and improve our production levels and profit margins. At our Krishnapatnam grinding unit, we believe we have access to relatively low cost fly ash due to being located within 15 kms from fly ash sources including thermal power plant. In addition, blended cement requires relatively lower quantity of limestone, leading to an increase in the availability of limestone.

Improve operational efficiency and continue to implement measures to reduce costs

We have implemented and will continue to implement measures to reduce our operating costs, which is critical in determining profitability. We have, at all times, endeavoured to maintain the price competitiveness of our products. We have and will continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and establishing WHR units that would further enhance our cost competitiveness and increase profitability. We intend to continue to focus on increasing our production capacity and improve utilization of our existing capacities through split-grinding operations. In split grinding, the clinker manufacturing unit is set-up in proximity to the limestone mines and the grinding unit is set-up at the location of consumption, which results in a reduction in the transportation cost incurred along with an ease in storage. (Source: CRISIL Report). In addition, higher capacity utilization would lead to lower fixed cost per tonne resulting in an increase in profitability. In Fiscals 2019, 2020 and 2021, we produced 5.39 million MT, 5.25 million MT and 5.43 million MT of cement, respectively, and 4.60 million MT, 4.44 million MT and 4.56 million MT of clinker, respectively. Our capacity utilization for cement was 53.90%, 52.47% and 54.25% in Fiscals 2019, 2020 and 2021, respectively, and our capacity utilization for clinker was 86.77%, 83.81% and 63.59%, respectively, in the same periods. For further information, see “- Capacity and Capacity Utilization” on page 170.

Power and energy cost is one of the major cost components for a cement plant. (Source: CRISIL Report) In Fiscals 2019, 2020 and 2021, the power and fuel (including coal consumed for power generation) cost accounted for 31.32%, 28.62% and 28.47%, respectively, of our total expenses. We continue to explore newer technologies that would help reduce energy consumption and thereby reduce costs. In addition to our captive power plant, we have set up WHR units with an aggregate capacity of 32.00 MW at our Ganeshpahad and Boyareddypalli facilities, and are in the process of setting-up of WHR units at the Talaricheruvu and Tandur facilities with capacity of 7.05 MW and 10.00 MW, respectively, which are expected to be operational by first quarter of Fiscal 2024 and fourth quarter of Fiscal 2023, respectively. Further, we also intend to set up a WHR unit in our proposed Jodhpur facility with a capacity of 15.00 MW, expected to be operational by the fourth quarter of Fiscal 2024. In addition, when a plant is combined with a WHR system, it results in cost and energy saving benefits (Source:

CRISIL Report). It is estimated that captive power generation cost for the industry is ₹ 0.7 to ₹ 1.0 per kWh cheaper than the average variable grid cost (*Source: CRISIL Report*). Further, by expanding our presence across India, we believe will be able to achieve certain synergy benefits such as reduction in our raw material and coal costs through bulk purchases and leverage our long-term relationships with our suppliers and economies of scale to increase our bargaining power with suppliers.

All of our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems. In addition, we have received the SLSI certification for OPC 42.5N supplies to Sri Lanka for our Krishnapatnam unit. We continuously endeavour to improve our cost competitiveness by adopting innovative and cost saving measures in our operations and control over the principal components of the manufacturing process.

Further strengthen our sales and distribution capabilities and focus on growing the ‘Penna’ brand

We aim to strengthen our sales and distribution capabilities by strengthening our customer relationship management and use product experts to better serve our customers, particularly our trade segment (which typically includes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers). We seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers. We plan to engage select dealers and distributors that have an established sales network in our target markets and attract them by providing incentive schemes and also undertake programs to provide training and advice on marketing and sales techniques, inventory management and technical applications of cement products. In addition, we plan to expand our sales network by establishing branch offices that will enhance our ability to develop, penetrate and control our target markets. We intend to build long-term relationships with these distributors, support their development and work with them closely, which we believe will further improve the stability of our sales and distribution network. In Fiscals 2019, 2020 and 2021, sales to the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations) were 45.78%, 46.55% and 48.96%, respectively, of our total gross revenue from cement sales in such period.

In addition, we believe that brand and reputation are important to customers, both trade and non-trade segment, in India. We have also received various awards in relation to our brand, including the *Brand of the Year – Cement* by CMO Global at the Stars of the Industry Awards for excellence in building and construction product in 2019, the *Most Impactful Power Brands* by Daily Indian Media in 2018, the *Most Promising Brands* by the Economic Times in 2018. We also received the *Golden Peacock Innovation Management Award* in 2018 by the Institute of Directors, India. We intend to grow our brand *Penna* and improve our reputation among cement manufacturers as a producer of high quality cement in our target markets by consistently providing high quality products. We intend to continue with a strategy of investing in our brand and marketing to differentiate our products, including by introducing regional brands, in existing and new markets, and maintaining market leadership in south India along with an objective of achieving market leadership in our target markets.

We are also focusing on providing technical support while increasing customer awareness of our products by providing training and workshops for customers to educate them about the diverse uses of our cement products in applications, such as, glass fiber reinforced concrete, garden furniture and pre-cast cladding panels. We plan to undertake extensive customer and market research to measure the various aspects of a product, plan our marketing campaigns and accordingly, continue to enhance the brand recall through a range of targeted advertising activities including television commercials, sponsorships and other media advertisements. We believe such intentions and continuous efforts will help us in maintaining our market leadership in South India and achieving market leadership in other markets and as a result, help in transforming the *Penna* brand into a pan-India brand.

Our Products

Our principal product is cement which is primarily used in the construction of infrastructure projects such as highways, bridges, railways and roads as well as in residential and commercial buildings. We produce different varieties of cement by mixing different proportions of gypsum, flyash, slag and other additives to clinker, a semi-finished product produced from heating limestone through a rotary kiln process. We currently produce three cement variants: (i) OPC; (ii) PPC; and (iii) PSC.

The following table sets forth the gross cement revenue contributed by each of our cement variants and the percentage of our total gross cement revenue they represent for the periods indicated:

Products	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
OPC	17,150.30	58.69%	17,702.57	59.30%	21,084.86	61.17%
PPC	11,936.39	40.85%	12,052.78	40.38%	12,516.45	36.31%

Products	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
PSC	136.28	0.47%	95.89	0.32%	869.90	2.52%
Total	29,222.97	100.00%	29,851.24	100.00%	34,471.21	100.00%

Note: Gross cement revenue includes GST and trade discount.

The following table sets forth the total quantity of each of our cement variants and percentage of our total cement sales volume they represent for the periods indicated:

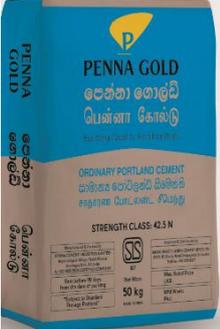
Products	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume
	(million MT)	(%)	(million MT)	(%)	(million MT)	(%)
OPC	3.22	60.95%	3.27	62.91%	3.63	66.21%
PPC	2.04	38.61%	1.91	36.77%	1.74	31.67%
PSC	0.02	0.44%	0.02	0.32%	0.12	2.12%
Total	5.29	100.00%	5.20	100.00%	5.48	100.00%

Ordinary Portland Cement (“OPC”)

OPC is produced mainly by inter-grinding clinker and gypsum in a cement mill. OPC is further classified based on compressive strength, which is expressed in mega pascals. OPC constitutes 95% to 97% clinker and 3% to 5% gypsum (Source: CRISIL Report). We have been granted the licenses to use the Bureau of Indian Standards (“BIS”) mark for the OPC manufactured at our Talaricheruvu, Boyareddypalli, Tandur and Ganeshpahad facilities, Krishnapatnam and Patas units, and Cochin and Gopalpur packing terminals. Further, we have been allowed to use 5% of granulated slag as performance improver in manufacturing 43 Grade OPC as per IS 269: 2015 and 4.5% of granulated slag as performance improver in manufacturing 53 Grade OPC as per IS 269: 2015 at Boyareddypalli and Talaricheruvu facilities as well as 5% of fly ash as performance improver in manufacturing 43 Grade OPC and 53 Grade OPC as per IS 269: 2015 at Ganeshpahad facility. In addition, we have been allowed to use 5% of granulated slag and fly ash as performance improver in manufacturing 53 Grade OPC and 43 Grade OPC as per IS 269: 2015 at Krishnapatnam unit. At our Tandur facility, we have been allowed to use 5% and 4.5% of limestone as performance improver in manufacturing 43 Grade OPC and 53 Grade OPC, respectively, as per IS 269: 2015.

We currently manufacture three varieties of OPC, ‘Penna Premium OPC 53 Grade Cement’, ‘Penna Premium OPC 43 Grade Cement’ and ‘Penna Premium OPC 42.5 N Grade Cement’. The range of minimum compression strength, characteristics and application requirement as per BIS of our OPC is discussed below:

OPC Category	Compression Strength	National Standard	Characteristics	Application
Penna Premium OPC 53 Grade Cement				
	Minimum 28 days strength of 530 Kg/CM2 (53 MPa)	BIS IS: 269-2015	High strength to structures due to its optimum particle size distribution, crystallized structure and balanced phase composition	Pre-cast concrete items such as paving blocks, tiles and building blocks, pre-stressed concrete components and major construction projects with special requirements such as bridges, runways, high-rise buildings and concrete roads
Penna Premium OPC 43 Grade Cement				

OPC Category	Compression Strength	National Standard	Characteristics	Application
	Minimum 28 days strength of 430 Kg/CM2 (43 MPa)	BIS IS: 269-2015	General purpose cement	General civil construction work, in the manufacture of pre-cast items such as blocks, pipes and tiles, asbestos products such as sheets and pipes and non-structural works such as plastering and flooring
Penna Premium OPC 42.5 N Grade Cement				
	Minimum 28 days strength of 42.5 Kg/CM2 (42.5 Mpa)	SLS 107: 2015	General purpose cement	General civil construction work, in the manufacture of pre-cast items such as blocks, pipes and tiles, asbestos products such as sheets and pipes and non-structural works such as plastering and flooring. We use this cement for exports to Sri-Lanka.

Portland Pozzolana Cement (“PPC”)

PPC is a special blended cement and we manufacture PPC by inter-grinding clinker with high-quality processed fly ash along with gypsum.

Pozzolana is a clay matter (natural or synthetic), which when ground with lime/clinker and mixed with water produces cementitious compounds. Highly reactive pozzolana or fly ash is mixed with portland cement clinker and ground with 5% to 6% of gypsum to form PPC. In accordance with BIS norms, fly ash should be within 15% to 35% of total mass. (*Source: CRISIL Report*)

Fly ash is a pozzolanic material that is a by-product of thermal power plants. The use of such blended cement in concrete reduces crack formation, improves workability, inhibits sulphate attacks and reduces the heat of hydration, making it particularly appropriate for the use in coastal areas. We have been granted the license to use the BIS mark for the PPC manufactured at our Talaricheruvu, Boyareddypalli, Tandur and Ganeshpahad facilities, our Krishnapatnam and Patas units as well as Cochin and Gopalpur packing terminals.

Since the manufacturing process involves the use of fly ash, PPC has a relative cost advantage arising from lower usage of clinker in cement production. This also results in mineral conservation on account of mining of raw materials required for the production of clinker because of higher availability of fly ash in the market. PPC has lower heat of hydration than OPC and is relatively more resistant to sulphates. (*Source: CRISIL Report*) For information, in relation to procurement of fly ash, see “- Raw Materials” on page 173. Therefore, the use of fly ash significantly reduces the overall cost of manufacturing of cement.

The range of minimum compression strength, characteristics and application requirement as per BIS of our PPC is discussed below:

PPC Category	Compression Strength	National Standard	Characteristics	Application
Penna Power – PPC				
	Minimum 28 days strength of 330 Kg/CM2 (33 MPa)	BIS IS: 1489 (Part 1) 2015	Low heat of hydration and corrosion resistant	Marine and hydraulic construction and other mass concrete structures such as building of houses, dams, barrages, high-rise buildings, spillways, underground structures, hydro-power stations and bridges
	Minimum 28 days strength of 330 Kg/CM2 (33 MPa)	BIS IS: 1489(Part I)-2015	Pore refinement of concrete through secondary hydration process along with low heat of hydration and corrosion resistant	Individual home builders covering applications such as foundation, columns, beams and slabs.

Portland Slag Cement (“PSC”)

In addition to OPC and PPC, we manufacture PSC, which is a slag-based blended cement as per BIS specification.

PSC is a blended cement created with a combination of 35% to 70% slag, 25% to 65% clinker and 3% to 5% gypsum as specified by the BIS norms. Due to its low heat of hydration, it is considered as the best cement to be used for mass construction. (Source: CRISIL Report)

Slag is primarily a by-product of steel manufacturing process. We have been granted the license to use the BIS mark for the PSC manufactured at our manufacturing facilities located at Boyareddypalli and Talaricheruvu facilities and grinding units located at Krishnapatnam and Patas unit.

The range of minimum compression strength, characteristics and application requirement as per BIS of our PSC is discussed below:

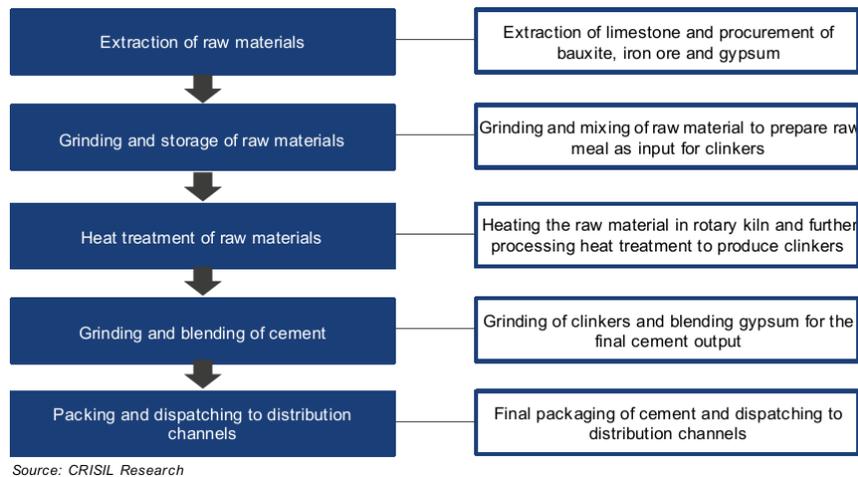
PSC Category	Compression Strength	National Standard	Characteristics	Application
Penna Suraksha – PSC				
	Minimum 28 days strength of 330 Kg/CM2 (33 MPa)	BIS IS: 455 - 2015	High strength and durability along with sulphate resistance and low heat of hydration	Mega constructions, water retaining structures, dams and other mass concrete works and marine construction

Packaging

Product packaging is also an important characteristic to our business. We package our products in a number of ways depending on the manner of distribution, intended customer, and quantity of the cement being packaged. We have automated packing terminals at each of our facilities. We primarily package our cement products in 50 kg polypropylene, paper or laminated bags. In addition, we supply our cement in bulk in closed bulk tankers to direct consumers. Our packaging material is sourced from different polypropylene bags suppliers in India.

Manufacturing Process

The various steps involved in cement manufacturing process are as follows:



(Source: CRISIL Report)

Limestone/ chalk is a key input used to produce clinker, to which additives, such as, bauxite iron ore and gypsum are added for manufacturing cement. The grades of limestone and additives used to determine the quality of cement produced. Similarly, the choice of fuel depends on availability, cost, and process efficiency.

Manufacturing of cement involves two steps: (i) manufacturing of clinker; and (ii) production of cement from clinker.

Manufacturing of clinker involves the following steps:

1. Limestone benching, drilling and blasting: In limestone benching, the quality of the input is assessed and compared with benchmarks before the additives are mixed. The benching limestone is then drilled and blasted into small pieces.
2. Crushing: The limestone is crushed to make particles suitable for blending and storage. After this, all raw materials including additives are grounded.
3. Pre-homogenous stage: At this stage, crushed limestone is packed and transported to the reclaimer, where additives, such as, silica, alumina, and iron ore are added to make the mixture uniform, in order to reduce chemical variations in limestone.
4. Raw meal grinding: The raw meal (comprising limestone, clay and additives) is finely grounded (so it reacts fully) before being burnt in the kiln.
5. Blending and storage: The raw meal feed for a day is blended in silos, with two or more silos being used in series or in parallel. The feed is continuously blended in the first silo, while in the second one, it is homogenised further (*i.e.* mixed with other constituents). The feed could also be simultaneously blended and stored in one large silo, wherein blending is done through a series of orifices in the base, with limited fluidisation.
6. Pre-heating stage and kiln: After being blended, the raw meal is heated in a rotary kiln, or in recent times, it is also heated in a pre-heater and/or a pre-calcinator to ensure better product quality. Gas, oil, or pulverised coal is used to ignite the flame at the lower or front-end of the kiln. The formation of clinker involves multiple processes, beginning with the evaporation of water, thermal decomposition of clay minerals (at 300-650 degree Celsius), calcite formation (at 800-950 degree Celsius), liquid formation (at about 1,250 degree Celsius), and finally, formation of clinker (at over 1,400 degree Celsius). The clinker then passes into a cooler, before being ground further.

Production of cement from clinker:

1. Grinding and blending: Cement is produced in a separate grinding mill by grinding cooled clinker with gypsum. Gypsum, along with, amongst others, blast-furnace slag, fly ash, natural pozzolanas, or limestone is added to the clinker. The clinker is then grounded into a fine and homogenous powder in a ball mill. The cement is then stored in silos before being dispatched either in bulk or as bags.
2. Blending: Blending can be undertaken using two materials:
 - (a) Fly ash is a finely divided residue resulting from the combustion of pulverised bituminous coal or sub-bituminous lignite in thermal power plants, which comprise inorganic mineral constituents of coal and organic matter that are not fully burnt. Owing to its pozzolanic properties, fly ash can be mixed with clinker to form PPC. When fly ash is added to cement, it improves its strength, durability and reduces carbon dioxide emissions. However, cement manufacturers can

only use up to 35% fly ash in every tonne of cement on account of the properties of cement changing beyond a certain level; and

(b) Slag, produced as waste material by steel plants, is considered as the next alternative for blending material. Slag is a non-metallic product comprising glass containing silicates of lime and other bases and is obtained as a by-product while manufacturing pig iron. Granulated slag is used to manufacture PSC. Slag cement can be used for all plain and reinforced concrete constructions, mass concrete structures, such as, dams, reservoirs, swimming pools, river embankments and bridge piers. It is advantageous to use slag cement where low hydration and resistance to alkali-silica reaction are preferred for structures in aggressive environments where chemical and mildly acidic waters are encountered.

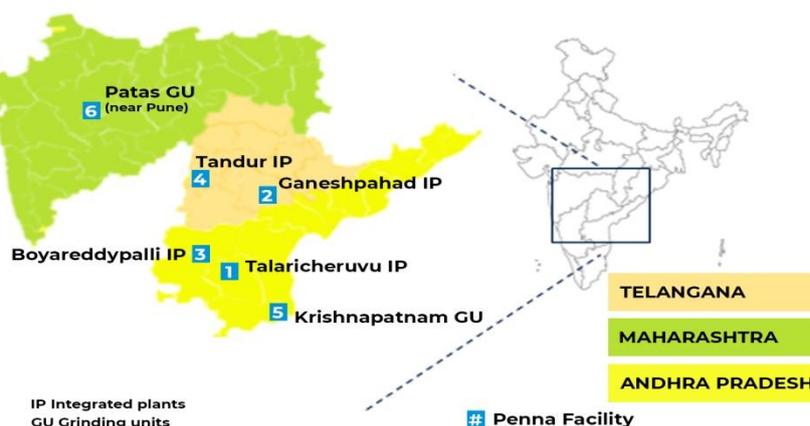
(Source: CRISIL Report)

Facilities

We own and operate four integrated manufacturing facilities located at (i) Talaricheruvu, Andhra Pradesh; (ii) Boyareddypalli, Andhra Pradesh; (iii) Ganeshpahad, Telangana; and (iv) Tandur, Telangana. Further, we have commenced operations of two grinding units located at Krishnapatnam, Andhra Pradesh and Patas, Pune, Maharashtra. We also established packing terminals located at Cochin, Gopalpur and Karaikal ports as well as acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka.

We use plant and machinery equipment developed by multinational companies. Our suppliers include Adani Enterprises Limited, Aumund Engineering Private Limited, IKN Engineering (I) Private Limited, Humboldt Wedag India Private Limited, Swiss Singapore Overseas Enterprises Pte. Ltd., Turbovent Industries Private Limited.

The map below shows the location of these integrated manufacturing facilities and grinding units:



Note: Map not to scale

The table below sets forth certain information regarding the cement manufactured at our integrated manufacturing facilities and grinding units:

Integrated Manufacturing Facility/ Grinding Unit	OPC	PPC	PSC
Talaricheruvu, Andhra Pradesh	√	√	√
Boyareddypalli, Andhra Pradesh	√	√	√
Ganeshpahad, Telangana	√	√	-
Tandur, Telangana	√	√	-
Krishnapatnam, Andhra Pradesh	√	√	√
Patas, Pune, Maharashtra	√	√	√

The following table provides the certain capacity information of our integrated manufacturing facilities and grinding units:

S. No.	Integrated Manufacturing Facility/ Grinding Unit	As of March 31, 2021*			
		Clinker (in MMTA)	Cement	WHR units (in MW)	Captive Power Plant (in MW)
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	-	-
2.	Boyareddypalli, Andhra Pradesh	4.00	2.00	25.00	

S. No.	Integrated Manufacturing Facility/ Grinding Unit	As of March 31, 2021*			
		Clinker	Cement	WHR units	Captive Power Plant
		(in MMTPA)		(in MW)	
3.	Ganeshpahad, Telangana	1.00	1.20	7.00	77.00
4.	Tandur, Telangana	1.50	2.00		
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	-
6.	Patas, Pune, Maharashtra	-	1.00*	-	-
	Total	7.80	10.00	32.00	77.00

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Capacity and Capacity Utilisation” and “- Expansion Plans” on pages 170 and 171, respectively.

* Approved capacity for Patas is currently for 0.70 MMTPA.

Integrated Manufacturing Facilities

All of our integrated manufacturing facilities are supported by infrastructure for limestone extraction and crushing, production of clinker, production of cement by inter-grinding clinker along with fly ash/ slag/ gypsum, packing facilities and quality control lab. In addition, our Ganeshpahad and Boyareddypalli facilities have commissioned WHR units.

Talaricheruvu, Andhra Pradesh

The manufacturing facility at Talaricheruvu village in the Tadipatri Mandal of Anantapur District in Andhra Pradesh commenced operations in 1994 with an initial cement production capacity of approximately 0.20 MMTPA. As of March 31, 2021, our Talaricheruvu facility had an aggregate cement and clinker production capacity of 1.80 MMTPA and 1.30 MMTPA, respectively. We source limestone for this facility from Korumanipalli limestone mine – I, Korumanipalli limestone mine – II, Urichintala limestone mine and Talaricheruvu limestone mine which are pit head mines having a lead distance of within five kms. Gypsum, fly ash and slag for this facility are sourced from nearby fertilizer companies, coal-fired power plants and steel manufacturing facilities, respectively. The power requirements are met through local state power grid and from our captive power plant through inter state open access, while water is sourced from bore wells.

Boyareddypalli, Andhra Pradesh

The manufacturing facility at Boyareddypalli in the south-western part of Andhra Pradesh commenced operations in 2008. As of March 31, 2021, our Boyareddypalli facility had an aggregate cement and clinker production capacity of 2.00 MMTPA and 4.00 MMTPA, respectively. We source limestone for this facility from Amalgamated Gudipadu limestone mine which is a pit head mine having a lead distance of less than six kilometres. Gypsum, fly ash and slag is sourced from nearby fertilizer companies, coal-fired power plants and steel manufacturing facilities, respectively. Our Boyareddypalli facility possess a dedicated railway siding through which the clinker produced is transported to the Krishnapatnam grinding unit and cement is transported to our markets. In addition, we have also installed WHR units in this facility with an aggregate capacity of 25.00 MW, as of March 31, 2021. The power requirements are met through local state power grid, WHR unit and from our captive power plant through inter state open access, while water is sourced from bore wells and pit head mines.

Ganeshpahad, Telangana

The manufacturing facility at Ganeshpahad village in Damarcherla Mandal of Nalgonda District in Telangana commenced operations in 2002 with an initial cement production capacity of 0.80 MMTPA. As of March 31, 2021, our Ganeshpahad facility had an aggregate cement and clinker production capacity of 1.20 MMTPA and 1.00 MMTPA, respectively. Our captive power plant is located at our Ganeshpahad facility. For further details, see “- Captive Power” and “- Power and Fuel - Electricity” on pages 170 and 175, respectively. We source limestone for this facility from Chaanakyia limestone mine which is a pit head mine having a lead distance of within five kms. Gypsum and fly ash is sourced from nearby fertilizer companies and coal-fired power plant, respectively. Our Ganeshpahad facility possess a dedicated railway siding primarily through which coal is transported to the facility along with a WHR unit with a capacity of 7.00 MW, as of March 31, 2021. The power requirements for this facility were met through our captive power plant and WHR unit, while water is sourced from bore wells and pit head mines. For our captive power plant, we have permission to draw water from Krishna River, which flows in the vicinity of our Ganeshpahad facility.

Tandur, Telangana

The manufacturing facility at Tandur located in the Ranga Reddy district of Telangana commenced operations in 2010. As of March 31, 2021, our Tandur facility had an aggregate cement and clinker production capacity of 2.00 MMTPA and 1.50 MMTPA, respectively. We source limestone for this facility from Ogipur limestone mine which is a pit head mine having a lead distance of within five kms. Gypsum and fly ash is sourced from nearby fertilizer companies and coal-fired power plants, respectively. Our Tandur facility possess a dedicated railway siding through which the clinker produced is transported to our

grinding unit at Patas along with an automatic truck loading facility. The power requirements are met through local state power grid and from our captive power plant through intra state open access, while water is sourced from bore wells.

Grinding Units

Krishnapatnam, Andhra Pradesh

In March 2018, we commissioned one of the largest port based cement facilities in India at Krishnapatnam (*Source: CRISIL Report*), with an automated ship-loading facility and a cement production capacity of 2.00 MMTPA, which principally processes clinker produced at our integrated manufacturing facilities at Boyareddypalli, Talaricheruvu and Ganeshpahad. The clinker is transported through Krishnapatnam's dedicated railway siding. Our Krishnapatnam grinding unit is supplied with clinker primarily produced at our Boyareddypalli facility. In addition, our Krishnapatnam grinding unit is largely mechanized, with railway tippers supplying clinker to the grinding unit and thereafter, the browsers transporting the cement to the jetty silo, which has an automated ship loading system. We believe we have been able to procure fly ash at Krishnapatnam from nearby thermal power plant at a relatively lower cost due to lower transportation cost. Gypsum and slag is sourced from nearby fertilizer companies and steel manufacturing facilities, respectively. The power requirements are met through local state power grid, while water is sourced from bore wells.

Patas, Pune, Maharashtra

The grinding unit located at Patas in Pune, Maharashtra commenced operations in August 2018. As of March 31, 2021, our Patas grinding unit had a cement production capacity of 1.00 MMTPA. The approved capacity for Patas is currently for 0.70 MMTPA. Our Patas grinding unit is supplied with clinker from our manufacturing facility at Tandur via dedicated railway siding located at both the facilities. Gypsum and fly ash is sourced from nearby fertilizer companies and coal-fired power plants, respectively.

Packing Terminal

Cochin, Kerala

We commissioned a packing terminal at Cochin port with a packing capacity of 240 tonnes per hour and an approved capacity of 0.50 MMTPA in March 2018. Our packing terminal is supported by a pipe conveyer to unload cement from a cement carrier vessel to silo along with an automated packing and truck loading facility. The power requirements are met through local service providers, while water is sourced from bore wells.

Gopalpur, Odisha

We commissioned a packing terminal at Gopalpur port with an approved capacity of 0.50 MMTPA. Our packing terminal is supported by a pneumatic conveying system to unload cement from a cement carrier vessel to silo along with an automated packing and truck loading facility. The power requirements are met through local service providers, while water is sourced from bore wells in the terminal.

Karaikal, Puducherry

We recently commissioned a packing terminal at Karaikal port in Puducherry with an approved capacity of 0.50 MMTPA in March 2021. The power requirements are met through local service providers, while water is sourced from bore wells.

Colombo, Sri Lanka

We acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka with an approved capacity of 0.60 MMTPA in May 2019. The power requirements are met through local service providers, while water is sourced from bore wells.

Captive Power

In Fiscals 2019, 2020 and 2021, 71.63%, 63.46% and 53.03%, respectively, of our electricity requirement was met through captive sources including our captive power plant located at Ganeshpahad village in Damarcherla Mandal of Nalgonda District in Telangana which was commissioned in 2010. As of March 31, 2021, the Ganeshpahad plant had a total power capacity of 77.00 MW. We sell our excess power generated from our captive power plant to the Telangana state grid and an energy exchange. For further information, see “- Power and Fuel - Electricity” on page 175.

Capacity and Capacity Utilization

The following table sets forth certain information relating to our capacity utilization of all our integrated manufacturing facilities and grinding units, calculated on the basis of total production capacity and actual production for the periods indicated below:

S. No.	Type of the Product	Production Capacity as of March 31, 2019 (MMTPA) ^{#(1)}	Capacity Utilization (%) ^{#(1)(2)(3)}	Production Capacity as of March 31, 2020 (MMTPA) ^{#(1)}	Capacity Utilization (%) ^{#(1)(2)(3)}	Production Capacity as of March 31, 2021 (MMTPA) ^{#(1)}	Capacity Utilization (%) ^{#(1)(2)(3)}
1.	Cement	10.00	53.90%	10.00	52.47%	10.00	54.25%
2.	Clinker	5.30	86.77%	5.30	83.81%	7.80	63.59%

[#] As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021.

(1) The information relating to the aggregate production capacity of our integrated manufacturing facilities as of the periods included above and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of cement industry after examining the kiln capacity, cement grinding capacity and other ancillary equipment installed at the plant, the calculations and explanations provided our management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the capacity information of our integrated manufacturing facilities included in this Draft Red Herring Prospectus and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity of our facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary." on page 46.

(2) Actual production for cement was 5.39 million MT, 5.25 million MT and 5.43 million MT in Fiscals 2019, 2020 and 2021, respectively, and for clinker was 4.60 million MT, 4.44 million MT and 4.56 million MT in Fiscals 2019, 2020 and 2021, respectively.

(3) Capacity utilization has been calculated on the basis of actual production in the relevant year divided by the aggregate production capacity of our integrated manufacturing facilities as available during the relevant period.

See "Risk Factors - Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, prospects and future financial performance." on page 36.

Expansion Plans

We have devised a phased plan to expand our market reach and production capacity through split-grinding, port based logistics infrastructure and distribution strategy, construction of new facilities and improve utilization of our existing capacities to realize cost efficiencies. We plan to increase our production capacity through organic growth from the current aggregate cement production capacity of 10.00 MMTPA as of March 31, 2021 to 16.50 MMTPA, and the current aggregate clinker production capacity of 7.80 MMTPA as of March 31, 2021 to 10.80 MMTPA, which are expected to be operational by Fiscal 2024.

Under the first phase of our expansion plan, we aim to focus on enhancing our presence in south India and expanding our presence in east and west India along with commencing exports, particularly to Sri Lanka and Bangladesh. Particularly to cater to south and east India, we commissioned one of the largest port based cement facilities in India at Krishnapatnam (Source: CRISIL Report) along with a port based packing terminal at Cochin. Subsequently, we set up two packing terminals at Gopalpur ports and Karaikal ports as well as increased the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA to 4.00 MMTPA in July 2020. We also intend to increase our Krishnapatnam grinding unit cement production capacity from 2.00 MMTPA, as of March 31, 2021 to 4.00 MMTPA, which is expected to be operational by the second quarter of Fiscal 2023. We further aim to commission a packing terminal at Kolkata port, with an approved capacity of 0.50 MMTPA, which is expected to be operationalized by second quarter of Fiscal 2023, and have already leased the land for the proposed packing terminal. In order to facilitate our port based logistics infrastructure and distribution, we acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes. In order to grow our presence in west India, particularly in Maharashtra, we have commissioned a grinding unit in Patas in March 2018. Further, for exports of cement and clinker products, we have acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka. In addition, we are also undertaking some efficiency enhancement projects, which would lead to better cost structure, including setting-up of WHR units at our Talaricheruvu and Tandur facilities with capacity of 7.05 MW and 10.00 MW, respectively, which are expected to be operational by first quarter of Fiscal 2024 and fourth quarter of Fiscal 2023, respectively. The estimated project cost for the expansion of the Krishnapatnam Line II project, raw grinding, cement mill upgradation, and the Tandur and Talaricheruvu WHR units is ₹ 704.88 million. As of March 31, 2021, we had incurred ₹ 5,309.31 million capital expenditure towards such expansion. For further information, see "Objects of the Offer" on page 101.

Under the second phase of our expansion plan, we aim to expand our operations and presence in north India, particularly in Rajasthan, National Capital Region and Punjab. Accordingly, we intend to set up cement manufacturing facility with a proposed clinker production capacity of 3.00 MMTPA and cement production capacity of 2.00 MMTPA in Jodhpur, Rajasthan and two grinding units in Kathuwas, Neemrana, National Capital Region and Bathinda, Punjab with a proposed cement production capacity of 1.50 MMTPA and 1.0 MMTPA, respectively, which is expected to be operational by the fourth quarter of Fiscal 2024. We have also acquired land in Jodhpur, Rajasthan and a portion of land in Kathuwas, Neemrana, National

Capital Region. Further, we have also obtained mining lease in Jodhpur, Rajasthan for Ghorawat limestone mine – I, Ghorawat limestone mine – II, Pundlu limestone mine and Ghorawat and Borunda limestone mine, which have residual reserves of 68.07 million tonnes, 18.02 million tonnes, 10.76 million tonnes and 51.34 million tonnes, respectively, as certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. In addition, we also intend to set up a WHR unit and a captive power plant in our proposed Jodhpur facility with a capacity of 15.00 MW and 25.00 MW, respectively, expected to be operational by Fiscal 2024. However, we are yet to place orders for majority of the plant and machinery for our proposed facilities in north India as well as for the capital expenditure we propose to undertake in respect of the expansion of the Krishnapatnam Line II project and the Tandur and Talericheruvu WHR units through the utilization of certain portion of the Net Proceeds. As of March 31, 2021, we had made an investment towards capital expenditure of ₹ 1,410.60 million in relation to setting up of the integrated manufacturing facility and grinding units in north India, with the total project cost estimated to amount to ₹ 24,605.9 million.

The following table provides the existing and the post expansion production capacity of our integrated manufacturing facilities and grinding units:

S. No.	Integrated Manufacturing Facility/ Grinding Unit	Existing production capacity as of March 31, 2021*		Post proposed expansion production capacity	
		Clinker	Cement	Clinker	Cement
(in MMTPA)					
Existing					
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	1.30	1.80
2.	Boyareddypalli, Andhra Pradesh	4.00	2.00	4.00	2.00
3.	Ganeshpahad, Telangana	1.00	1.20	1.00	1.20
4.	Tandur, Telangana	1.50	2.00	1.50	2.00
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	4.00
6.	Patas, Pune, Maharashtra	-	1.00*	-	1.00
	Total	7.80	10.00	7.80	12.00
Proposed					
7.	Jodhpur, Rajasthan	-	-	3.00	2.00
8.	Kathuwas, Neemrana, National Capital Region			-	1.50
9.	Bathinda, Punjab	-	-	-	1.00
	Total	7.80	10.00	10.80	16.50

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Capacity and Capacity Utilisation” and “-Expansion Plans” on pages 170 and 171, respectively.

* Approved capacity for Patas is currently for 0.70 MMTPA.

The following table provides the packing capacity of our existing and proposed packing terminals:

S. No.	Packing Terminal [^]	Existing Packing Capacity as of March 31, 2021 ^{##}	Proposed Post Expansion Packing Capacity
		(in tonnes per hour)	
1.	Cochin, Kerala [^]	240.00	240.00
2.	Gopalpur, Orissa [^]	240.00	240.00
3.	Kolkata, West Bengal [^]	-	240.00
4.	Karaikal, Tamil Nadu [^]	240.00	240.00
5.	Colombo, Sri Lanka ^{^^}	240.00	240.00

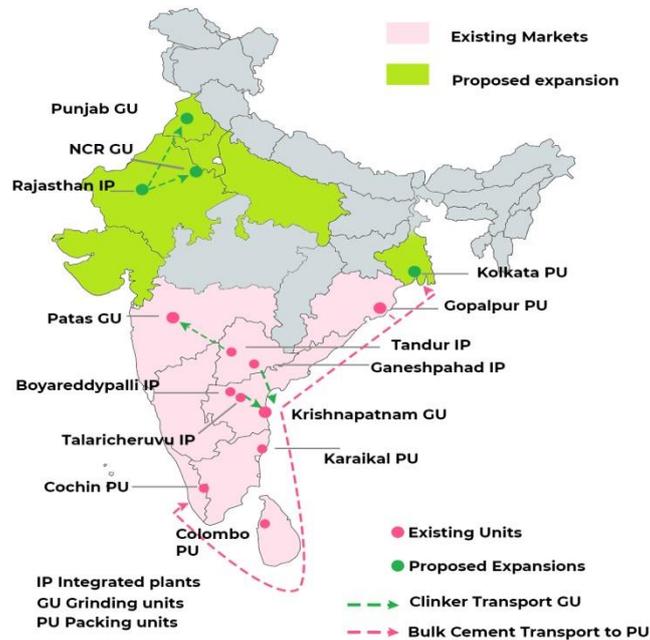
* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Capacity and Capacity Utilisation” and “-Expansion Plans” on pages 170 and 171, respectively.

^{##} The packing capacity is as per the packing machine rated capacity.

[^] Our Cochin, Gopalpur, Kolkata and Karaikal packing terminals have an approved capacity of 0.50 MMTPA

^{^^} Our Colombo packing terminal has an approved capacity of 0.60 MMTPA

The map below shows the location of the proposed facilities under our expansion plan:



Raw Materials

Our business is significantly dependent on the availability of raw materials used in our manufacturing processes. In India, for generation of one tonne of cement, raw materials accounted for 16% to 18% of the total cost in Fiscal 2020 (*Source: CRISIL Report*). The primary raw materials used in our cement production are limestone, gypsum, fly ash and slag. In Fiscals 2019, 2020 and 2021, the cost of materials (including changes in inventories, stock-in trade and work in progress) consumed accounted for 16.60%, 16.28% and 17.46%, respectively, of our revenue from operations. Raw materials are primarily transported to the integrated manufacturing facilities primarily by means of road and rail transport. For every tonne of clinker to be produced, 1.5 to 1.7 tonne of limestone, 0.15 to 0.18 million tonnes of coal and 0.08 to 0.10 million tonnes of pet coke is required (*Source: CRISIL Report*).

Limestone

The principal raw material used in the production of cement is limestone. In Fiscal 2021, we consumed 6.40 MMTPA of crushed limestone for our cement products. Our Company currently operate seven limestone mines, which are pit head mines and are located in close proximity to our integrated manufacturing facilities, having a lead distance of less than six kilometres. We have obtained long-term mining leases from the relevant state Government in order to mine the limestone deposits. As of March 31, 2021, our Company's captive limestone mines had a aggregate residual reserves of 490.04 million MT of limestone.

The following table provides details in relation to our Company's captive mining lease and residual reserves for our existing integrated manufacturing facilities, as of March 31, 2021:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid upto [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
1.	Amalgamated Gudipadu limestone mine	Boyareddypalli, Andhra Pradesh	July 7, 2049	180.07
2.	Korumanipalli limestone mine - I	Talaricheruvu, Andhra Pradesh	January 28, 2054	49.15
3.	Korumanipalli limestone mine - II	Talaricheruvu, Andhra Pradesh	April 21, 2035	21.18
4.	Urichintala limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	6.68
5.	Talaricheruvu limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	0.43
6.	Chaanakya limestone mine	Ganeshpahad, Telangana	December 19, 2051	97.28
7.	Ogipur limestone mine	Tandur, Telangana	August 27, 2058	135.25

S. No.	Name of mine	Integrated Manufacturing Facility	Valid upto [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
	Total			490.04

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

[#]The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

The following table provides details in relation to the mining leases granted to our Subsidiary, Marwar Cement Limited, and residual reserves as of March 31, 2021:

S. No.	Name of mine	Valid upto [#]	Residual Reserves as of March 31, 2021 (million tonnes)*
1.	Ghorawat limestone mine -I	August 16, 2045	68.07
2.	Ghorawat limestone mine -II	June 13, 2045	18.02
3.	Pundlu limestone mine	April 18, 2034	10.76
4.	Ghorawat and Borunda limestone mine	January 12, 2070	51.34
	Total		148.19

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

[#]The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendment Act, 2015.

In addition, the following table provides details in relation to the mining leases which are under the process of being granted to us and the reserves as of March 31, 2021:

S. No.	Name of mine	Reserves (as per the last Indian Bureau of Mines approved mining plan/ prospecting reports) as of March 31, 2021 (million tonnes)*	Current Status
1.	Gudipadu limestone mine – III (auction block)	26.66	Letter of intent has been issued and further clearances are under process
	Total	26.66	

* As certified by K. Surya Narayana Murthy, Chartered Engineer, by certificate dated May 7, 2021. For further information, see “- Raw Materials - Limestone” on page 173.

In addition, changing circumstances may require us to amend these licenses or mining lease contracts. In addition, we had been issued a letter of intent in relation to Kowlapalli limestone mine on June 29, 2018, however, subsequently, the Hyderabad Regional Office of the Indian Bureau of Mines issued a letter dated April 1, 2021 stating that on account of the Mines and Mineral (Development and Regulation) Amendment Act, 2021 dated March 28, 2021, our Company’ right to obtain mining lease in relation to the Kowlapalli limestone mine has lapsed and accordingly, our letter of intent was rejected.

All of the limestone produced from our limestone mines is used for our operations. We do not make any external sales of limestone. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 32 years, based on the stipulated amount of annual excavation specified in our mining leases. In addition, the residual reserves of mining leases that are in process of being granted to us coupled with the mines that have been granted to us would meet our current production capacity as well as the requirements of our expanded capacities for at least 32 years as well.

In addition, in 2008, we had received a prospecting license for limestone over an extent of 304.74 hectares in Kurmool District for a period of three years and in 2009, Penna Tandur Cement Company Limited, which was subsequently amalgamated with our Company, was granted a mining lease for limestone for 822.13 acres in Ranga Reddy District. The CBI has filed a charge sheet alleging that our Company received such licenses and mining leases along with certain other benefits in exchange for certain *quid pro quo* investments in Jagati Publications Private Limited and Carmel Asia Holdings Private Limited, owned by Mr. Y S Jagan Mohan Reddy, son of the then Chief Minister of Andhra Pradesh, Y.S. Rajashekar Reddy. The Special CBI Court, Hyderabad, took cognizance of the supplementary charge sheet on January 10, 2020. Further, the hearing on discharge application is currently pending. For further information, see “Risk Factors - There are ongoing proceedings filed by the Central Bureau of Investigation, the investigative agency in India and the Directorate of Enforcement against our Company, our Promoter and others, relating to alleged corruption in the allotment of certain land parcels, mining lease and a prospecting license. If these proceedings are determined against us, it could have a material adverse effect on our financial condition, results of operations and our reputation.” and “Outstanding Litigation and Other Material Developments – Litigation involving our Company - Litigation against our Company - Criminal Litigation” on pages 24 and 310, respectively.

Gypsum

We also use gypsum in the manufacturing of cement. Gypsum acts as a retarding agent to control the setting time for cement and is ground with clinker and other blending agents to produce cement. In Fiscal 2021, we required 0.18 MMTPA, respectively, of gypsum for our cement products. We obtain our gypsum requirement from fertilizer companies located in close proximity to our facilities.

Fly ash

Fly ash, a pozzolanic material, is a key requirement for the production of PPC and is a by-product of the coal burning process at thermal power plants. We procure fly ash from our captive power plant at our Ganeshpahad facility and other coal-fired power plants located near our facilities. Moreover, the availability of fly ash at reasonable cost helps cement manufacturers in achieving higher margins.

Slag

Slag is used in the manufacture of PSC. Slag is a by-product of the steel manufacturing process and is added to the clinker to produce slag cement. We source our slag requirements primarily from nearby steel manufacturing plants.

Other raw materials

We also require various additives such as, bauxite, iron ore, laterite and dolomite, for our cement manufacturing process. We primarily procure such additives from domestic suppliers generally located near to our manufacturing plants.

Power and Fuel

Coal and electricity are principal sources of energy for cement production. Power and fuel account for a significant amount of our total expenses. In Fiscals 2019, 2020 and 2021, the power and fuel (including coal consumed for power generation) cost accounted for 31.32%, 28.62% and 28.47%, respectively, of our total expenses. We primarily utilize coal as a fuel in the kiln and calciner during the process of cement production along with in our captive power plant, while electricity is used across all processes.

Coal

We import United States, South African and Australian origin coal and United States origin pet coke. In Fiscals 2019, 2020 and 2021, we imported 70.45%, 90.95% and 95.49%, respectively, of our total procurement of coal while all of our pet coke requirements were imported. In addition, we also obtain coal from SCCL with whom we have entered into separate long-term fuel supply contracts for each of our facilities, grinding units and captive power plant. Further, in Fiscals 2019, 2020 and 2021, we utilized 728,779 MT, 485,159 MT and 583,437 MT of coal, respectively, in our cement production and power generation, while we utilized 1,435 MT, 146,713 MT and 61,219 MT, respectively, of pet coke in the same periods, in our cement production. In Fiscals 2019, 2020 and 2021, the cost of coal accounted for 54.00%, 48.72% and 48.02%, respectively, of our total cost of materials consumed (including power and fuel expenses, stores and spares, and packing material). In Fiscals 2019, 2020 and 2021, pet coke consumption accounted for 0.20%, 23.22% and 9.50%, respectively, of our total coal and pet coke consumption. In addition, our average cost of coal decreased from ₹ 7,899.08 per tonne in Fiscal 2019 to ₹ 7,790.94 per tonne in Fiscal 2021.

Electricity

We require a steady supply of electricity for our cement and clinker production. All of our integrated clinker and cement manufacturing facilities have power transmission lines that are connected to the power grid network. In order to cater to our power requirements, we established a captive power plant comprising 77.0 MW. We have installed WHR units at Ganeshpahad and Boyareddypalli with an aggregate capacity of 32.00 MW. These WHR units collect residual heat from the cement production process to generate power that can be used in the production process. We sell our excess power generated from our captive power plant to Telangana state grid and an energy exchange. For further information, see “- *Captive Power*” on page 170. In Fiscals 2019, 2020 and 2021, 71.63%, 63.46% and 53.03%, respectively, of our electricity requirement was met through captive sources. Our remaining electricity requirements are met through state electricity boards.

Distribution, Sales and Marketing

Currently, we sell our cement primarily in south India particularly in Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry, Telangana and Kerala as well as in west India in Maharashtra and Goa, and east India in West Bengal and Odisha. The following table provides the sales volume for the following regions in the periods indicated:

Products	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	Sales Volume	As % of Total Sales Volume	Sales Volume	As % of Total Sales Volume	Sales Volume	As % of Total Sales Volume
	(million MT)	(%)	(million MT)	(%)	(million MT)	(%)
Total sales volume in south India ⁽¹⁾	4.51	85.31%	3.87	74.37%	4.08	74.55%
Total sales volume in east India ⁽²⁾	0.09	1.79 %	0.21	4.08%	0.23	4.12%
Total sales volume in west India ⁽³⁾	0.68	12.91%	0.90	17.37%	0.83	15.18%
Total sales volume in Sri Lanka	0.00	0%	0.22	4.18%	0.34	6.15%
Total Gross Cement Revenue	5.29	100.00%	5.20	100.00%	5.48	100.00%

Note:

(1) South India consists of sales to Andhra Pradesh, Karnataka, Goa, Kerala, Tamil Nadu, Pondicherry and Telangana.

(2) East India consists of sales to West Bengal, Jharkhand, Odisha and Bihar.

(3) West India consists of sales to Maharashtra.

We distribute and sell our cement products either directly to the trade segment (which typically includes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers) and non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations). In Fiscals 2019, 2020 and 2021, sales to the trade segment were 54.22%, 53.45% and 51.04%, respectively, of our total gross revenue from cement sales in such period while sales to the non-trade segment were 45.78%, 46.55% and 48.96%, respectively, of our total gross revenue from cement sales in such period.

We conduct our sales primarily through our regional and local sales offices located across the south and west India. We have developed strong relationships with various customers leading to repeat orders from such customers. As of March 31, 2021, our distribution network consisted of 3,310 dealers and distributors. Our sales are primarily made to dealers of large infrastructure, construction and real estate companies as well as wholesale and retail outlets. We also have a team of sales officers operating within each district where we sell our products who are in regular contact with our dealers and help us monitor these sales relationships and inventory requirements. Our orders for sales to dealers are typically a one-time purchase orders and such dealers place orders for products based on prices, availability and the quality of products offered.

Further, our sales and marketing team is regularly in contact with our customers and distributors to understand the evolving needs of customers as well as market trends. In recognition of our marketing efforts, in 2018, we have received various awards in relation to our brand, including the *Brand of the Year – Cement* by CMO Global at the Stars of the Industry Awards for excellence in building and construction product in 2019, the *Most Impactful Power Brands* by Daily Indian Media in 2018, the *Most Promising Brands* by the Economic Times in 2018. We also received the *Golden Peacock Innovation Management Award* in 2018 by the Institute of Directors, India.

Logistics

Our suppliers either deliver our raw materials and coal directly to us or we are required to collect the coal from our suppliers, depending on the contract terms, at our own costs. We hire third party logistics companies to deliver our raw materials from our suppliers to our facilities. Some of our distributors and direct sale customers collect their cement purchases at their own costs at our integrated manufacturing facilities. For certain large infrastructure construction projects and government infrastructure projects, we arrange and pay for the shipment of our products from our facilities to construction sites for our customers.

The following tables provides certain information in relation to the percentage of cement distributed through rail, road and sea for the periods indicated:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
Rail	10.69%	7.18%	8.26%
Road	84.36%	80.62%	78.81%
Sea	4.95%	12.22%	12.93%

Production Management and Inventory Control

We plan our production and manage the inventory level of our finished products on a monthly basis based on projected sales volumes and make periodic adjustments to the production schedule and volumes based on actual orders received. We closely supervise our daily production and aim to maintain suitable inventory levels of raw materials and finished goods at each of our integrated manufacturing facility. We maintain different inventory levels for raw materials and coal depending on lead time required to obtain additional supplies.

Pricing

We set the prices for our products based on market demand, our production capacity, transportation costs, inventory levels, competitors' prices and credit terms. Prices for different regions are also affected by local regulations and tax policies. A minimum price level is set for each type of products. Our central sales department evaluates the factors affecting our selling price on a regular basis and adjusts our minimum prices when appropriate and also determines the various schemes, offers and discounts applicable on our products. We are generally responsible for shipping costs and include such costs in the sales price. We usually sell our products by prepayment or credit sales. In order to maximize our profits and to increase overall brand equity, we have launched a premium product '*Penna Concrete Guard*', which we believe has helped us in bridging the gap in several markets.

Customers

We have a diversified customer base and have developed strong and long-standing relationships with key customers. Most of our customers are infrastructure and construction companies, such as, Alliance Group, Aparna Enterprises Limited, Bekem Infra Projects Private Limited, Casa Grand Builder Private Limited, EKK Infrastructure Limited, HIL Limited, M/s Krishi Infratech, MRKR Constructions and Industries Private Limited, Nath Infrastructures, Qcrete Readymix (India) Private Limited, Ramky Infrastructure Limited, RDS Projects Limited, Rockeira Engineering LLP, Sreedhanya Nath JV, Sun X Concrete India Private Limited and M. Venkata Rao Infra Projects Private Limited. In Fiscals 2019, 2020 and 2021, our top five customers contributed 4.76%, 5.91% and 6.68%, respectively, of our gross cement revenue in such periods, while our single largest customer contributed 1.09%, 1.76% and 1.87%, respectively, of our gross cement revenue in such periods.

Quality Control, Testing and Certifications

Our quality policy is focused on fulfilling customer requirements through reliable products and services aimed at meeting all regulatory requirements and through continual improvement of our quality management systems. Our products undergo a qualification process throughout the entire value chain to ensure that quality products are being provided to customers. Our quality control programs at all of our integrated manufacturing facilities involve subjecting the manufacturing processes and quality management systems to periodic reviews and observations for various periods. Our integrated manufacturing facilities are automated and are ISO 9001:2015 certified for quality. In addition, we have received the SLSI certification for OPC 42.5N supplies to Sri Lanka for our Krishnapatnam unit. We have also been granted licenses to use the BIS mark for our products. For further information in relation to the licenses granted, see "*Our Products*" on page 163.

We also have a technical cell, which is responsible for building and maintaining contact with the end customer in the region. The technical cell gets brand approvals in government organisations, conducts necessary tests on cements and concrete, promotes and disseminates technical information about our cements to individual house owners, other cement influencers, such as, masons, contractors, engineers and consultants, ensuring technical confidence of new premium cement of our Company amongst cement influencers, availability of technical services by handling and training of customers, managing quality complaints, and providing training on latest developments happening in the industry amongst technical cell team.

Repair and Maintenance

We schedule regular repair and maintenance programs for our facilities, including relining our kilns, to maximize production efficiency and avoid unexpected interruption of our operations. We also have periodic scheduled shutdowns for maintenance. Our machinery and electrical repair teams carry out day-to-day maintenance and repair of the facilities and machinery on an as-needed basis. In addition, our facilities are also periodically inspected in respect of gears and other critical equipment by independent inspection agencies.

Environmental, Social and Corporate governance

Our strong financial performance allows us to make investments in order to ensure responsible and safe operations and help us enrich the communities we work and live in. We believe in caring and nurturing the environment and the community. We work collectively and individually towards a sustainable and green environment.

Environment

We are focused on conserving the environment, and have made various contributions and undertaken initiatives towards environmental sustainability. We seek to integrate our business values and operations ethically to improve our fulfilment of environmental practices to positively impact society. We have implemented sustainable practices across all our operations, such as, responsible use of natural resources, well-calibrated processes to reduce wastage, optimized the raw material mix to reuse waste materials and debottlenecking operations.

We deploy modern and sophisticated equipment, which allows us to reduce emissions, minimize our carbon footprint and help us operate more sustainably. We have set up WHR units in our operations to ensure that our business operates with a minimal carbon footprint. We comply and aim to continue to comply with all regulatory policies and frameworks. We regularly undertake plantation programmes to revive the quality of soil and air near our facilities. Our waste management systems incorporate sustainable practices in the cement industry. We also deploy technological solutions to ensure minimal environmental impact.

Social

We believe that our responsibility is to positively impact society and endeavour towards imparting the basics of livelihood to our villages and the community, *i.e.* food, water, shelter and education. We have contributed to the betterment of the quality of lives in the villages surrounding our manufacturing facilities and grinding units.

Our corporate social responsibility activities are primarily focused on, amongst others, ensuring environmental sustainability, education, gender equality and empowerment of women, hunger, poverty, malnutrition and health. We are actively involved in the improvement of roads and other infrastructures. We undertake health camps in the villages and provide support to various schools in providing education and vocational training to students. We have been committed to our responsibilities towards our stakeholders, from employees and their families to customers and society, since inception. Our community efforts focus on education, health, local infrastructure development and poverty eradication through local employment

We have been providing experience-based education on cement sciences, which focuses on experiential learning, syllabus education with industry interaction and soft skill development. We provide the students with a stipend to prioritize education and ensure the availability of skilled manpower for the cement industry. We have provided support to five educational institutions for the benefit of the underprivileged, by providing education to students. We have systematically supported projects that bring the crucial infrastructure and hygienic water supply to villages. Over the years, our Company has set up community centres that play a key role in cultural development in communities and made concrete roads to ensure that rural areas are connected to essential services and healthcare.

Governance

We are committed to following the best governance practices relevant to our industry and aim to achieve high levels of transparency, accountability and ethical behaviour in all aspects of our operations. Our Board consists of experienced professionals in their respective fields, bringing in specialized experiences and adding to the diversity of our Board. Our Directors are well qualified and have significant experience in accounting, manufacturing, cement sciences, operations, engineering, power, governance, administrative services, mergers, and acquisitions. Our Board's performance is evaluated annually, based on the Directors' key responsibilities during appointment/re-appointment. We have also implemented a robust mechanism for managing compliances and ensure that all the applicable rules and regulations are followed.

We believe that transparency, accountability, inclusiveness and integrity constitute the basic building blocks of good governance practice. We have built a robust governance framework with well-defined codes of conduct and procedures, with an experienced and diverse leadership driving our Company.

Health, Safety and Environment

Our activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety. For information regarding applicable health, safety and environmental laws and regulations, see "*Key Regulations and Policies*" on page 181.

All of our integrated manufacturing facilities are accredited by international certifying agencies with certifications including ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems.

We consider environmental issues to be an important factor in our operations and we take various measures to ensure that our operations do not negatively impact the environment. We have adopted an Integrated Management System policy. Our Integrated Management System policy aims to provide innovative cementing solutions to the growing challenges of the modern construction industry, enhance customer satisfaction, and create a safe and healthy working environment by continual improvement, organisational excellence through employee skill development and technology upgradation and further, provides for protection of environment by minimizing overall emissions, efficient usage of natural resources. In order to preserve the environment, we have adopted various technologies to ensure reduction in carbon di-oxide emissions and have set up sewage treatment plants in our integrated manufacturing facilities. In recognition of our efforts, we have been awarded the *National Energy Conservation Award* in 2016 by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in cement sector.

We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations. In recognition of our efforts, we have been awarded the *Overall Performance Award in Safety (Mines Safety Week)* in 2019 by the Directors of Mines Safety. Environmental requirements imposed by the Government of India and state governments will continue to have an effect on our operations and us. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. See “*Risk Factors - We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our facilities, and any delay or inability in obtaining, renewing or maintain such permits, licenses and approvals could result in an adverse effect on our results of operations.*” on page 42.

Research and Development

Our research and development efforts focus on lowering costs by optimizing the raw material mix for producing clinker by utilizing raw materials, laterite and iron ore from different sources. We are also in the process of implementing an ‘alternate fuel firing system’ in our integrated manufacturing facility located at Tandur which would lead us to shift to alternate fuels such organic, inorganic, solid and municipal wastes, leading to cost reductions and conservation of natural resources.

Employees

As of March 31, 2021, we had 1,245 full-time employees. In addition, we contract with third party manpower and services firms for the supply of contract labour for, amongst others, transportation of our raw materials and products, and for loading and unloading of our raw materials at our facilities. As of March 31, 2021, we had employed 2,787 contract labour. The number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors.

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner. We conduct training workshops for our employees to develop a variety of skill sets and organize modules at regular intervals to promote teamwork and personal growth of employees. We train all our employees in our manufacturing operations, including machine utilization, operations flow, quality management and work safety. Our employees are not unionised into any labour or workers’ unions and have not experienced any major work stoppages due to labour disputes or cessation of work in the last three years.

Competition

The cement industry in India continues to be highly fragmented as compared to other cement producing countries. We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. Many of our current and potential competitors include large companies that have longer operating histories, better name recognition, greater ability to influence industry standards, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we have. See, “*Risk Factors - We operate in a highly competitive environment which could have an adverse effect on our business, results of operations, financial condition and future prospects.*” on page 28.

The Indian cement industry is highly fragmented with the presence of a few large players and several medium-sized and small players. Regional cement players include Nuvoco Visatas, India Cement, JK Cement, JK Lakshmi Cement, Ramco Cement, Star Cement and Sanghi Cement. Pan-India (multi-regional players) include UltraTech Cement, Ambuja Cement, ACC Limited, Shree Cement and Dalmia Cement. (Source: CRISIL Report)

Information Technology

Our facilities are connected to our central IT network that facilitates monitoring of our operations and management of supply chain. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and contract suppliers, receivables from customers and distribution network. We have also implemented integrated business management software for planning and management of operations at our production facilities and distribution network, including an integrated SAP enterprise resource planning solution covering production planning, including monitoring of equipment, inventory, finance, sales, marketing stores, logistics, purchase and payroll operations, and a customer relationship management system, salesforce, for, amongst others, order booking and customer master data management. Further, we have also set up a supplier portal which helps us track vendor registration, purchase order acknowledgements and invoices. In addition, we have established a customer portal application, CARE, for our customers and a human resource management application, myPORTAL, for our employees.

Insurance

Our operations are subject to various risks inherent in the manufacturing industry. Accordingly, we have obtained standard fire and special perils policies, machinery insurance policies, contractor's all risks insurance policies, industrial all risk policy and erection all risks/ storage cum erection insurance policies. For our employees, we have obtained employees compensation insurance policies, group mediclaim policy and personal accident insurance policy as well as a directors and officers liability insurance policy. We have also obtained a public liability insurance policy and fidelity guarantee insurance policies. For transportation, we have obtained marine cargo open policy for rail and road transit. Further, for our vessel, we have obtained a hull machinery insurance policy and marine cargo open policy. In addition, we have obtained a protection and indemnity insurance policy for 'Penna Suraksha'. Also, see "Risk Factors – An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability." on page 43.

Corporate Social Responsibility ("CSR")

We seek to integrate our business values and operations in an ethical and transparent manner to improve our fulfilment of social responsibilities and environmental and economic practices in an attempt to create a positive impact on the society. We have formulated a CSR policy. Our CSR activities are primarily focused on, amongst others, ensuring environmental sustainability, education, gender equality and empowerment of women, hunger, poverty, malnutrition and health. We are actively involved in the improvement of roads and other infrastructure. In 2016, we received a Certificate of Appreciation by the state Government of Telangana for *Dedicated Services Rendered* in Nalgonda district, Telangana. We also provide support to various schools in providing education to students. For further information, see "Our Management - Corporate Governance" on page 198.

Intellectual Property Rights

We have registered our brand name *Penna* together with the logo  under classes 19 (cement, cement slabs, cement poles and other building material), 39 (electricity distribution) and 99 (multiclass application) under the Trade Marks Act, 1999. In addition, we have also obtained the registration of various other trademarks, including *Penna Suraksha*, *Penna Power*, *Penna Gold*, *Penna Super*, *Penna Cement Building Quality Relationships*, *Penna Cement Strength Within*, *Penna Coastal* and *Penna Concrete Guard*, *Penna Concrete Guard, P (One Letter)*, *Penna Cement – Future Ready* and *Penna Concrete Guard – Promise to Protect* trademarks under the Trade Marks Act, 1999. For further information, see "Government Approvals – Intellectual Property Rights" on page 323.

Properties

Our registered and corporate office located at Plot No. 705, Lakshmi Nivas, Road No. 3, Banjara Hills, Hyderabad has been leased by us for a period of nine years from May 1, 2019 to March 31, 2028. Our branch offices, godowns and guest houses located across the states of Andhra Pradesh, Telangana, Karnataka, Kerala, Maharashtra, Tamil Nadu, Puducherry and Odisha are primarily located on leased premises.

We own the land of our four integrated manufacturing facilities located in Talaricheruvu, Boyareddypalli, Ganeshpahad and Tandur, and grinding unit located in Patas. Our packing terminals in Cochin, Gopalpur, Karaikal and Colombo are located on leased premises, while we have entered into a right to use agreement for Krishnapatnam port. We have also leased land for setting up our packing terminal at Kolkata port. In addition, we have also acquired land in Jodhpur, Rajasthan for our proposed integrated manufacturing facility and a portion of land in Kathuwas, Neemrana, National Capital Region for our proposed grinding unit.

KEY REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company and our Subsidiaries. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

For details of regulatory approvals obtained by us in compliance with the applicable regulations, see “Government and Other Approvals” on page 321.

Key Regulations applicable to the cement industry in India

The key laws applicable to the cement industry include:

- **Cement Control Order, 1967**

The Cement Control Order, 1967 requires cement producers to maintain books relating to production, removal, sale and transport of cement (excluding white cement). Cement manufacturers are also required to furnish returns or such other information as may be specified by the Central Government. The Cement Control Order, 1967 also provides for the maintenance of a cement regulation account by the Development Commissioner for the cement industry. The amount credited in this account is to be used, *inter alia*, for reimbursing the producer towards equalizing freight or concession in the matter of export price. The Cement Control Order, 1967 was amended pursuant to the Cement Control (Amendment) Order, 1989 with a view to liberalise the pricing and distribution of cement.

- **Cement (Quality Control) Order, 2003**

The Cement (Quality Control) Order, 2003, has been framed under the Bureau of Indian Standards Act, 1986, and prohibits sale, manufacture or storage for sale and distribution of cement which does not meet the quality / standard requirements specified by the BIS or does not bear the standard mark certified by the BIS. The Order also requires a manufacturer of cement to make an application to the BIS for obtaining a licence for the use of the standard mark.

Mining Laws and Regulations

Mines and Minerals (Development and Regulation) Act, 1957 (the “MMDR Act”) as amended and Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 (the “Mineral Rules”)

The MMDR Act and the Mineral Rules govern the grant and renewal of mining leases. The MMDR Act prohibits any person from undertaking any mining operations without obtaining a mining lease. Pursuant to the MMDR Act, a mining lease for coal and lignite is granted for a maximum period of 30 years and a minimum period of 20 years. The mining lease can be renewed for a maximum of 20 years with the prior approval of the Central Government. The Mineral Rules regulate the procedures for grant and expiry/termination/lapse of reconnaissance permits, prospecting license and mining leases and terms and conditions thereof. The Mineral Rules also govern the transfer of mining lease/prospecting license cum mining lease.

The lease for minerals other than coal, lignite and atomic minerals, granted after 2015 are for a period of 50 years and the leases granted before 2015 shall be deemed to be granted for a term of 50 years. After expiry of the said leases, the lease shall be put up for auction as per the procedure specified in the MMDR Act. The period of lease granted before 2015, where mineral is used for captive purposes, shall be extended and be deemed to have extended up to a period ending on March 31, 2030 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with. The period of lease granted before 2015, where mineral is used for other than captive purposes, shall be extended and be deemed to have extended up to a period ending on March 31, 2020 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with. Any holder of lease granted, where mineral is used for captive purpose, shall have the right of first refusal at the time of auction held for such lease after the expiry of the lease period.

Applications for mining leases are processed by the relevant State Governments who decide upon the precise area approved for the mining lease. The State Governments may grant a mining lease for a maximum extent of 10 square kilometres in one or more mining leases. However, the Central Government is vested with the power to relax such requirement in the interest of developing the minerals.

A mining plan (laying out the detailed procedure for conducting mining operations) is required to be submitted to the officer of the IBM duly authorised in writing by the Controller General, IBM. A mining plan is also required to be in accordance with the system established by the respective state government for preparation, certification and monitoring of the mining plan.

The prior consent of the State Government in writing is required for transfer of a mining lease. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

The lessee is required (during the term of the mining lease), to pay royalty or dead rent, whichever is higher, to the State Government. As per the Second Schedule of the MMDR Act, the current rate of royalty applicable to a limestone lease for L. D. grade (less than 1.5% silica content) is ₹90 per tonne and for others, it is ₹80 per tonne (where mines are allotted without auction). Under the Third Schedule, the current rate of dead rent is ₹400 per hectare per annum from the second year of lease, ₹1,000 in the third and fourth year of lease and ₹2,000 from the fifth year onwards (for low value minerals). The dead rent is two times of the rents specified above for medium value minerals, three times the rate for high value minerals and four times the rate for precious metals and stone.

The Central Government and the State Governments have the power to take actions with respect to mining rights, including the imposition of fines or restrictions, the revocation of the mining rights or implementation of a change in the amount of royalty payable.

Other mining laws and regulations that are applicable to the Company and its Subsidiaries include the following:

- Metalliferous Mine Regulations, 1961;
- Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
- Limestone and Dolomite Mines Labour Welfare Fund Rules, 1973;
- Mineral Conservation and Development Rules, 2017;
- Mining Leases (Modification of Terms) Rules, 1956;
- Minerals (Evidence of Mineral Contents) Rules, 2015;
- Mineral (Auction) Rules, 2015;
- Minerals (Transfer of Mining Lease Granted Otherwise Than Through Auction For Captive Purpose) Rules, 2016
- The Mines Act, 1952 and Mines Rules, 1955; and
- The Payment of Wages (Mines) Rules, 1956.

Environment Regulation

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State PCBs. The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

The Company is required to obtain consent under the Water Act for discharge of sewage and trade effluent.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

The Company is required to obtain consent under the Air Act for establishing and operating its plants.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the “Hazardous Waste Rules”)

The objective of the Hazardous Waste Rules is to control the collection, reception, treatment and storage of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in generation, treatment, processing, packaging, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, transfer or the like of hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

Environment Protection Act, 1986 (“EPA”)

The EPA has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per this Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the EPA, including the power to direct the closure, prohibition or regulation of any industry, operation or process.

Fire prevention and life safety measures

We are subject to the fire control and safety rules and regulations framed by the state government of Telangana under the Telangana Fire Service Act, 1999.

Other Environmental Laws and Regulations

The other environmental laws and regulations that are applicable to the Company include the following:

- Explosives Act, 1884
- Gas Cylinder Rules, 2016
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
- The Explosives Rules, 2008
- Industries (Development and Regulation) Act, 1951;
- The Boilers Act, 1923 and the Indian Boiler Regulations, 1950;
- Batteries (Management and Handling) Rules, 2001;
- Bio-Medical Waste Management Rules, 2016; and
- The Environmental Impact Assessment Notification, 2006.

Labour Laws and Regulations

- Contract Labour (Regulation and Abolition) Act, 1970
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Factories Act, 1948;
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Public Liability Insurance Act, 1991;
- Shops and Commercial Establishments Act, 1953 and the relevant state legislations thereunder;
- Telangana Tax on Professions, Trades, Callings and Employments Act, 1987 and Telangana Tax on Professions, Trades, Callings and Employment Rules, 1987;
- Equal Remuneration Act, 1976;
- Trade Union Act, 1926; and
- Employee's Compensation Act, 1923.

The Occupational Safety, Health and Working Conditions Code, 2020 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different dates may be appointed for different provisions of the Occupational Safety, Health and Working Conditions Code, 2020. Once effective, it will subsume, *inter alia*, the Factories Act and the Contract Labour (Regulation and Abolition) Act, 1970.

The Code on Social Security, 2020 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different date may be appointed

for different provisions of the Code on Social Security, 2020. Once effective, it will subsume, *inter alia*, the Employees Compensation Act, 1923, the Employees State Insurance Act, 1948, the Employees Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972.

The Code on Wages, 2019 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different date may be appointed for different provisions of the Code on Wages, 2019 however, certain provisions related to the Central Advisory Board have been notified. Once effective, it will subsume the Equal Remuneration Act, 1976, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Payment of Wages Act, 1936.

The Industrial Relations Code, 2020 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different date may be appointed for different provisions of the Industrial Relations Code, 2020. Once effective, it will subsume the Trade Union Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Dispute Act, 1947.

Other Laws and Regulations

Certain other laws and regulations that may be applicable to the Company include the following:

- Atomic Energy Act, 1962;
- Bureau of Indian Standards Act, 2016;
- The Electricity Act, 2003 read with the Electricity Rules, 2005;
- Petroleum Act, 1934;
- The Legal Metrology Act, 2009

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. Subsequently, the name of our Company was changed back to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. The name of our Company was changed on account of numerological considerations.

Changes in Registered Office

Except as disclosed below, there have been no changes in registered office of our Company since the date of incorporation.

Date of change of Registered Office	Details of the address of Registered Office
September 5, 1992	Our registered office shifted from 8-2-268/A, S/1, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India to II Floor, "Santhi Sikhara Complex", 6-3-1092/1093, Raj Bhavan Road, Somajiguda, Hyderabad 500 482, Andhra Pradesh, India
October 20, 1998	Our registered office shifted from II Floor, "Santhi Sikhara Complex", 6-3-1092/1093, Raj Bhavan Road, Somajiguda, Hyderabad 500 482, Andhra Pradesh, India to from Plot No. 703, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India
October 1, 2009	Our registered office shifted from Plot No. 703, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India to H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India

The change in the Registered Office was made to meet the expanding business needs due to increased size of operations and to accomplish higher operational efficiency.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

- 1. To produce, manufacture, refine, prepare, process, purchase, import, export, sell & generally to deal in all kinds of cement, cement products of any description, lime, limestone, gypsum, kankar, and/or by-products thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto in India or outside India.*
- 2. To produce, manufacture, process, refine, prepare, treat purchase, sell, export, import or otherwise deal with either as principals or as agents, either solely or in partnership with others, cement, alumina cement, white and coloured cements, lime, plaster of paris and other building materials of all kinds and other building boards to be used in ceiling, floor or walls, made from any fibrous materials such as begasse, bamboo, wood, paper, jute, hemp and grasses; pottery, fire clay and fire bricks, flooring tiles roofing materials.*
- 3. To fabricate, manufacture and deal in all kinds of cement plants, apparatus, mining equipment, tools, utensils and materials and things necessary of convenience for carrying on the manufacture of cement and mining operations.*
- 4. To own, explore, take on lease, or otherwise acquire any area, mining lease, quarries and to do all such other acts and deal in all such other things as may be conducive to and allied to the business of the company.*
- 5. To carry on the business of ginning, carding, spinning, processing, twisting, reeling, weaving, knitting, printing, manufacturing, finishing and dealing in cotton or other fibrous materials and the preparation of dyeing or colouring or any of the said substance and pure silk, artificial silk, polyester, rayon, nylon or any similar substances as manufacturers, buyers, sellers, importers and exporters in India or abroad for the aforesaid purposes as a division or as a manufacturing company or/and to acquire, run or manage any company or undertaking engaged in similar activities.*
- 6. To carry on the business in India or abroad as promoters, manufacturers, buyers, sellers, finishers, converters, developers, processors, texturisers, draw twisters, twistors, spinners, weavers, dyers, importers, exporters, agents, suppliers and dealers of all kinds of fibres and yarns of man-made synthetic fibres such as polyester, polypropylene, acrylic, viscose, silk, rayon and other synthetic materials, and all kinds of accessories, textile processing chemicals, spinning consumables, nonwoven filters, filter clothes, sieves, wire mesh, absolute filters, paper tubes, cones, spare*

parts, tools etc. used in such manufacture or processing or spinning of such fibres, yarns and all types of fabrics, textiles and non-woven fabrics of industrial and domestic use for the aforesaid purposes as a division or as a manufacturing company or/and to acquire, run or manage any company or undertaking engaged in similar activities.

7. To promote, establish, generate, operate, distribute, accumulate, maintain, transmit, supply, sell electricity and or power by installing, maintaining, operating power plants, whether based on thermal, hydel, gas, solar, wind energy, tidal energy, or any other source, whether conventional or nonconventional and to lay down, establish power stations, cables, transmission lines or towers, substations, terminals and other works for the aforesaid purposes as a division or as a generating company or/and to acquire, run or manage any company or undertaking engaged to similar activities.
8. To purchase, charter, hire or otherwise, sell, let, exchange, lot or charter either in India or in any country or otherwise deal with steam and other ships or vessels of any description to establish, maintain and operate shipping and transport business for the carriage of cargo, goods by water between India and other countries of the world or other places as may seem expedite to the Company from time to time and generally to establish maintain and operate lines.”

The main objects and objects ancillary and incidental to the main objects, as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out and the activities for which the loans were taken, which are proposed to be repaid from the Net Proceeds. For further details, see “*Objects of the Offer*” on page 101.

Amendments to the Memorandum of Association in last 10 years

Set out below are the amendments to our Memorandum of Association in the last 10 years.

Date of Shareholders' Resolution	Particulars
July 13, 2012	The Memorandum of Association was amended to reflect the change in the name of the Company from ‘Penna Cement Industries Limited’ to ‘Penna Cement Industries Limited’ wherever it appeared in the Memorandum of Association
March 25, 2015*	Pursuant to a scheme of amalgamation between Sriba Industries Limited and our Company, Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each to ₹900,000,000 divided into 90,000,000 Equity Shares of ₹10 each pursuant to which the authorised share capital of Sriba Industries Limited was merged with the authorised share capital of our Company. For further details, see “-Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any” on page 188
October 17, 2015*	Pursuant to a scheme of arrangement between our Company and PCIL Power Holdings Limited, Clause V of the Memorandum of Association was amended to reflect the reduction in authorised share capital from ₹900,000,000 divided into 90,000,000 Equity Shares of ₹10 each to ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10. For details, see “-Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any” on page 188
October 20, 2017	The main objects of the Memorandum of Association was amended to include the following clause 8: “To purchase, Charter, hire or otherwise, sell, let, exchange, lot or charter either in India or in any country or otherwise deal with steam and other ships or vessels of any description to establish, maintain and operate shipping and transport business for the carriage of cargo, goods by water between India and other countries of the world or other places as may seem expedite to the Company from time to time and generally to establish maintain and operate lines.”
March 30, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each to ₹1,500,000,000 divided into 150,000,000 Equity Shares of ₹10 each
June 14, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹1,500,000,000 divided into 150,000,000 Equity Shares of ₹10 each to ₹2,000,000,000 divided into 200,000,000 Equity Shares of ₹10 each

* Court convened meeting

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Year	Particulars
1994	• Installation and commissioning of first manufacturing line of cement of 0.2 MTPA capacity at the Talaricheruvu Plant
2001	• Installation of the second manufacturing line of cement at the Talaricheruvu Plant increasing capacity from 0.2 MTPA to 1 MTPA
2002	• Installation of manufacturing line of cement at the Ganeshpahad Plant
2005	• Subsequent expansion in the capacity of the Talaricheruvu Plant

Year	Particulars
2008	<ul style="list-style-type: none"> Commissioning of the Boyareddypalli Plant with a capacity of 2.0 MTPA⁽¹⁾ Commencement of construction of Tandur Plant with capacity of 2.0 MTPA
2010	<ul style="list-style-type: none"> Commercial operation commenced in respect of the 77 MW coal based power plant at Ganeshpahad⁽²⁾ Commercial operation commenced in respect of the Tandur Plant with capacity of 2 MTPA
2018	<ul style="list-style-type: none"> Commissioning of grinding unit of 2.0 MTPA capacity at Krishnapatnam, Andhra Pradesh⁽³⁾ Commissioning of grinding unit of 1.0 MTPA capacity at Patas, Pune⁽⁴⁾ Commissioning of packing terminal of 0.5 MTPA capacity at Cochin Port⁽⁵⁾ Commissioning of packing terminal of 0.50 MTPA capacity at Gopalpur, Odisha⁽⁶⁾
2019	<ul style="list-style-type: none"> Expansion of sales in Kolkata, West Bengal Started export from Krishnapatnam, Andhra Pradesh Launch of Penna Concrete Guard, a new product Acquisition of SCL
2020	<ul style="list-style-type: none"> Commissioning of line 2 at the Boyareddypalli Plant with a capacity of 2.6 MTPA⁽⁷⁾
2021	<ul style="list-style-type: none"> Commissioning of the waste heat recovery unit at line 2 at the Boyareddypalli Plant⁽⁸⁾ Commissioning of packing terminal of 0.50 MTPA capacity at Karaikal, Puduchery⁽⁹⁾

⁽¹⁾As per consent and authorisation order dated May 28, 2009 issued by the Andhra Pradesh Pollution Control Board.

⁽²⁾As per environment clearance dated May 8, 2009 issued by the Ministry of Environment and Forests, Andhra Pradesh, Government of India.

⁽³⁾As per consent and authorisation under red category dated August 19, 2019 issued by the Andhra Pradesh Pollution Control Board and the acknowledgement dated May 4, 2018

⁽⁴⁾As per consent under red category order dated August 9, 2018 issued by the Maharashtra Pollution Control Board, Further, it was renewed by the Maharashtra Pollution Control Board on June 17, 2020

⁽⁵⁾As per consent to operate order dated May 10, 2018 issued by the Kerala Pollution Control Board.

⁽⁶⁾As per consent to operate order dated December 29, 2018 issued by the State Pollution Control Board, Odisha.

⁽⁷⁾As per consent and authorisation under red category dated August 19, 2019 issued by the Andhra Pradesh Pollution Control Board and the acknowledgement dated March 2, 2021 issued by the Government of India, Ministry of Commerce & Industry, Department for Promotion of Industry and Internal Trade

⁽⁸⁾As per the receipt of the grid connectivity approval for the proposed 15 MW WHR plant issued from Southern Power Distribution Company of A.P. Limited Corporate Office, Tirupati and Transmission Corporation of Andhra Pradesh Limited, Vidyut Soudha, Vijayawada on March 31, 2021

⁽⁹⁾As per consent order dated March 31, 2021 from Government of Puducherry, Department of Science, Technology and Environment.

Awards and Accreditations

We have been given the following awards and accreditations:

Year	Awards and Accreditations
2005	<ul style="list-style-type: none"> Our Company received an appreciation certificate for “Meritorious Performance in implementing the programmes of Environment Protection, Pollution Control and Plantation Work, etc.” on the occasion of “World Environment Day” from the Andhra Pradesh Pollution Control Board Nalgonda, Government of Andhra Pradesh
2006	<ul style="list-style-type: none"> Our Company was awarded a certificate in recognition of its practicing “Cleaner Production Technologies” in the industry for the year 2005-2006 on the occasion of “World Environment Day” from the Andhra Pradesh Pollution Control Board
2008	<ul style="list-style-type: none"> Our Company received an appreciation certificate for its “Best Cleaner Production Practices and Waste Minimization Techniques” on the occasion of “World Environment Day” from the Andhra Pradesh Pollution Control Board
2016	<ul style="list-style-type: none"> Our Company was awarded the National Energy Conservation Award by the Ministry of Power, New Delhi for conservation of energy in the cement sector A team representing our Company received the “Gold Award” at the 30th Annual Chapter Convention, CCQC from the Quality Circle Forum of India
2017	<ul style="list-style-type: none"> Our Company was awarded the first prize for “Overall Performance” at the zonal level during the Mines Safety Week from the Mines Safety and Productivity Council Our Company was awarded the first prize for “Safe Mine Workings” at the zonal level during the Mines Safety Week from the Mines Safety and Productivity Council Our Company was awarded the second prize for “Drilling and Blasting” at the zonal level during the Mines Safety Week from the Mines Safety and Productivity Council Certain teams representing our Company received two Gold Awards at the 31st Annual Chapter Convention, CCQC from the Quality Circle Forum of India
2018	<ul style="list-style-type: none"> Our Company has been recognized as one of the “Most Promising Brands of 2018” by the Economic Times Our Company has been recognized as one of the “Most Impactful Power Brands of 2018” by the Daily Indian Media Certain teams representing our Company received three Gold Awards and two Silver Awards at the 32nd Annual Chapter Convention, CCQC from the Quality Circle Forum of India Our Company was awarded “Golden Peacock Innovation Management Award” at the Golden Peacock Awards by the Institute of Directors, India
2019	<ul style="list-style-type: none"> Our Company was awarded the “Brand of the Year – Cement” for excellence in building and construction product at the Star of the Industry Awards by CMO Global

Time and cost over-runs

Our Company and Subsidiaries have not implemented any projects and have, therefore, not experienced any time or cost overruns in relation thereto.

Defaults or re-scheduling/ restructuring of borrowings with financial institutions/banks

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company and Subsidiaries from any financial institution or bank. However, in response to the COVID-19 pandemic, the RBI allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements. Pursuant to such measures, we availed a moratorium offered by the RBI to defer payments under a few financing arrangements.

Strikes and Lock-outs

There have been no lock-outs or strikes at any time in our Company or Subsidiaries.

Accumulated Profits or Losses

As on date of this Draft Red Herring Prospectus, there are no accumulated profits and losses of any Subsidiaries that are not accounted for by our Company in the Restated Financial Statements.

Significant financial and strategic partnerships

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partnerships.

Details of guarantees given to third parties by our Promoter participating in the Offer for Sale

Our corporate Promoter, P R Cement Holdings Limited, which is participating in the Offer for Sale, has not provided any guarantees to third parties.

Launch of key products or services, capacity/facility creation, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, capacity/facility creation, location of plants, entry into new geographies or exit from existing markets, see “*Our Business*” on page 154.

Details regarding acquisition or divestment of business/undertakings, mergers, amalgamation, revaluation of assets, if any, in last 10 years

Except as disclosed below, our Company has neither acquired or divested any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets:

- (i) Pursuant to a scheme of arrangement approved by the High Court of Judicature at Hyderabad, by its order dated June 4, 2013, Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited, erstwhile wholly owned subsidiaries of our Company, amalgamated into our Company, pursuant to Sections 391 to 394 of the Companies Act, 1956. The appointed date for the merger was October 1, 2012. Pursuant to this scheme, all estate, assets, properties, debts, outstandings, credits, liabilities, duties and obligations of Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited were transferred to and vested in our Company. Upon the scheme coming into effect, each of the aforementioned transferor entities stood dissolved without proceedings for winding up, the shares held by our Company in Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited stood cancelled and added to the authorized share capital of our Company.
- (ii) Pursuant to a scheme of amalgamation approved by the High Court of Judicature at Hyderabad, by its order dated June 2, 2015, Sriba Industries Limited, an erstwhile wholly owned subsidiary of our Company, amalgamated into our Company pursuant to Sections 391 to 394 of the Companies Act, 1956. The appointed date for the merger was October 1, 2014. Pursuant to this scheme, all estate, assets, properties, debts, outstandings, credits, liabilities, duties and obligations of Sriba Industries Limited were transferred to and vested in our Company. Upon the scheme coming into effect, the entire issued and paid up share capital of Sriba Industries Limited which was held by our Company stood cancelled and Sriba Industries Limited stood dissolved without going through the process of winding up.
- (iii) Pursuant to a scheme of arrangement approved by the High Court of Judicature at Hyderabad, by its order dated December 16, 2015, the electricity producing undertaking of our Company was demerged to PCIL Power and Holdings Limited. The appointed date for the scheme of arrangement was April 1, 2015. As a consideration for this transaction

PCIL Power Holdings Limited issued to each of the Shareholders of our Company (as on the applicable relevant date), one equity share of face value ₹10 each for each Equity Share held by them at the relevant time. Accordingly, PCIL Power and Holdings Limited allotted 13,380,000 equity shares of face value ₹10 each to each of the Shareholders of our Company, as consideration for the transaction. Upon the scheme becoming effective, the authorised share capital of our Company to the extent of ₹150,000,000 got transferred to PCIL Power and Holdings Limited and accordingly, the authorised share capital of PCIL Power and Holdings Limited increased by ₹150,000,000 from ₹50,000,000 to ₹200,000,000.

- (iv) Pursuant to a share purchase agreement dated February 28, 2019 amongst our Company, Ciments Francais S.a.s., and Singha Cement (Private) Limited (“**Singha SPA**”), our Company has acquired 539,421,660 equity shares equity shares constituting 99.94% of the total issued shares of Singha Cement (Private) Limited (“**Singha Cement**”), a company incorporate in Sri Lanka, from Ciments Francais S.a.s., for an aggregate consideration of USD 3.6 million. Pursuant to the board resolution dated October 29, 2019, Singha Cement acquired 317,917 equity shares pursuant to a buyback of equity shares constituting the remaining 0.06% from Star Trading Company (Private) Limited, a minority shareholder of Singha Cement. The equity shares were cancelled resulting in change in the percentage of shareholding of our Company in Singha Cement from 99.94% to 100.00%. Accordingly, Singha Cement (Private) Limited has become a Subsidiary of our Company with effect from May 9, 2019.
- (v) Pursuant to the Share Purchase Agreement dated February 24, 2021 entered into amongst Turbotech Constructions Private Limited (“**Purchaser**”), our Company (“**Seller**”) and Parasakti Cement Industries Limited, our Company has transferred 13,200,000 equity shares, aggregating to 50.00% of the issued and paid up share capital of Parasakti Cement Industries Limited to the Purchaser, for an aggregate consideration of `2,500 million. Parasakti Cement Industries Limited has accordingly ceased to be an associate of our Company with effect from March 9, 2021.

Our Holding Company

Our Company does not have a holding company as on the date of this Draft Red Herring Prospectus.

Our Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Company has two direct Subsidiaries namely (i) Pioneer Cement Industries Limited; and (ii) Singha Cement (Private) Limited. Our Company has one step-down subsidiary namely Marwar Cement Limited

Pioneer Cement Industries Limited (“Pioneer Cement”)

Corporate Information

Pioneer Cement was incorporated on September 30, 2010 under the Companies Act, 1956 as a public limited company under the name of Pioneer Cement Industries Limited and received the certificate of commencement of business from the Registrar of Companies on October 15, 2010. The name of the company was subsequently changed to Pioneer Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 3, 2013. It has its registered office at Plot No. 705, Road No.3, Banjara Hills, Hyderabad 500 034, Telangana, India.

Pioneer Cement is authorized to engage in the business of *inter-alia* producing, manufacturing, refining, processing, preparing, selling and generally dealing in all kinds of cement and cement products and in connection therewith, construct, establish, operate and maintain cement factories, quarries etc.

Capital Structure

The authorised share capital of Pioneer Cement is ₹2,500,000,000 divided into 250,000,000 equity shares of ₹10 each and the issued and paid up share capital of Pioneer Cement is ₹2,498,015,400 divided into 249,801,540 equity shares of ₹10 each.

Shareholding pattern

Our Company directly holds 249,751,540 equity shares of ₹10 each aggregating to 99.98% of the issued and paid up share capital of Pioneer Cement. The remaining shareholders of Pioneer Cement collectively hold 50,000 equity shares of ₹10 each aggregating to 0.02% of the issued and paid up share capital of Pioneer Cement, beneficially, on behalf of our Company.

Singha Cement (Private) Limited (“SCL”)

Corporate Information

SCL was incorporated in Sri Lanka on August 24, 2009 under the Companies Act No. 7 of 2007 as a private limited company

under the name of International Cement Traders (Private) Limited. It has its registered office at No.44/L, New Nuge Road, Peliyagoda in the Democratic Socialist Republic of Sri Lanka.

SCL is authorized to engage in the business of importers, exporters and suppliers of cement.

Capital Structure

The stated share capital of SCL is LKR 1,889,895,770 divided into 539,421,660 ordinary shares.

Shareholding pattern

Our Company directly holds 539,421,660 ordinary shares of SCL aggregating to 100.00% of the stated share capital of SCL.

Marwar Cement Limited (“MCL”)

Corporate Information

MCL was incorporated on June 17, 2008 under the Companies Act, 1956 as a public limited company under the name of Vedanta Industries Limited and received the certificate of commencement of business from the Registrar of Companies on July 17, 2008. The name of the company was subsequently changed to Marwar Cement Limited and a fresh certificate of incorporation consequent upon change of name was issued on March 12, 2014. It has its registered office at Office No. A-505, Fifth Floor, Plot No. 14C, Sector-19, Groma House Vashi, Navi Mumbai 400 705, Maharashtra, India.

MCL is authorized to engage in the business of *inter-alia* producing, quarrying, mining, excavating, crushing, dressing, finishing, extracting, selling or otherwise dealing in all kinds of minerals and mineral products, limestone, lime, quick lime, all kinds of cement etc.

Capital Structure

The authorised share capital of MCL is ₹1,350,000,000 divided into 135,000,000 equity shares of ₹10 each and the issued and paid up share capital of MCL is ₹1,232,734,400 divided into 123,273,440 equity shares of ₹10 each.

Shareholding pattern

The shareholding pattern of MCL as on date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of the shareholders	Number of equity shares of face value of ₹10 each	Percentage of total holding (%)
1.	Chhotu Ram Chouhan	6,31,500	0.51
2.	Hari Kishan Chouhan	20,000	0.02
3.	Manisha Chouhan	10,000	0.01
4.	Moti Lal Chouhan	550,000	0.45
5.	Ram Kishore Chouhan	40,000	0.03
6.	Ram Chandra Chouhan	2,120,000	1.72
7.	Taruna Chouhan	50,000	0.04
8.	Badri Lal Chouhan	4,808,500	3.90
9.	Yogita Chouhan	50,000	0.04
10.	Ram Niwas Chouhan	10,000	0.01
11.	Usha Chouhan	50,000	0.04
12.	TapasyaFinvest Private Limited	17,550,000	14.24
13.	Kapil Badrilal Chouhan	100,000	0.08
14.	Chain Raj Chouhan	10,000	0.01
15.	Pioneer Cement Industries Limited	97,273,440	78.91
	Total	123,273,440	100.00

Joint Venture

As of the date of this Draft Red Herring Prospectus, our Company has no joint ventures.

Shareholders’ Agreements

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders’ agreements that are subsisting.

Other confirmations

None of our Subsidiaries are listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries been refused listing by any stock exchange in India or abroad, nor have any of our Subsidiaries failed to meet the listing requirements of any stock exchange in India or abroad.

Agreements with Key Managerial Personnel, Directors, Promoters or any other employee

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by a Key Managerial Personnel or Director or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Details of guarantees given to third parties by the Promoter participating in the Offer For Sale

As of the date of this Draft Red Herring Prospectus, one of our Promoters, P R Cement Holdings Limited who is also participating in the Offer For Sale has not provided any guarantees to third parties.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three directors and not more than fifteen directors. As on the date of this Draft Red Herring Prospectus, our Board comprises nine directors, having two Executive Directors (including one Whole-time Director) and seven Non-Executive Directors out of which there are five Non-Executive Independent Directors (of whom one is a woman Director).

The following table sets forth details regarding our Board of Directors:

Sl. No.	Name, designation, address, occupation, date of birth, DIN, period and term	Age (years)	Other directorships
1.	<p>Puttamreddy Prathap Reddy (“P. Prathap Reddy”)</p> <p><i>Designation:</i> Chairman and Managing Director</p> <p><i>Address:</i> H. No. 8-2-309/M/1 to 4 Navodaya Colony, Road No. 14 Banjara Hills Hyderabad – 500 034 Telangana, India</p> <p><i>Occupation:</i> Service</p> <p><i>Date of birth:</i> April 6, 1958</p> <p><i>Period and term:</i> For a period of five years from June 1, 2017 up to May 31, 2022</p> <p><i>DIN:</i> 00093176</p>	63	<p>Indian companies</p> <ul style="list-style-type: none"> • Anrak Aluminium Limited; • Penna Foundation; and • Pioneer Cement Industries Limited. <p>Foreign companies</p> <p><i>Nil</i></p>
2.	<p>Lakshmi Kantham Dabbara</p> <p><i>Designation:</i> Whole-time Director</p> <p><i>Address:</i> Plot No. 20, Padmajalaya, Flat # 101 Srinagar Colony Hyderabad – 500 073 Telangana, India</p> <p><i>Occupation:</i> Director</p> <p><i>Date of birth:</i> May 10, 1951</p> <p><i>Period and term:</i> For a period of two years with effect from June 1, 2021</p> <p><i>DIN:</i> 00822385</p>	70	<p>Indian companies</p> <ul style="list-style-type: none"> • Marwar Cement Limited; and • P R Cement Holdings Limited <p>Foreign companies</p> <ul style="list-style-type: none"> • Singha Cement (Private) Limited
3.	<p>Puttam Reddy Deepthi Reddy (“P. Deepthi Reddy”)</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Address:</i> H. No. 8-2-309/M/6 Navodaya Colony, Road No.14 Banjara Hills Hyderabad – 500 034 Telangana, India</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Date of birth:</i> November 29, 1983</p>	37	<p>Indian companies</p> <ul style="list-style-type: none"> • P R Cement Holdings Limited; • Penna Foundation; • Pioneer Builders Limited; • Pioneer Genco Limited; and • Pioneer Holiday Resorts Limited <p>Foreign companies</p> <p><i>Nil</i></p>

Sl. No.	Name, designation, address, occupation, date of birth, DIN, period and term	Age (years)	Other directorships
	<p><i>Period and term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00264481</p>		
4.	<p>Puttamreddy Venugopal Reddy (“P. Venugopal Reddy”)</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Address:</i> Plot No. 702, Sriniketan Colony Road No. 3, Banjara Hills Hyderabad – 500 034 Telangana, India</p> <p><i>Occupation:</i> Business</p> <p><i>Date of birth:</i> July 1, 1952</p> <p><i>Period and term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00094146</p>	68	<p>Indian companies</p> <ul style="list-style-type: none"> • P R Energy Holding Limited; • Pioneer Builders Limited; • Pioneer Cement Industries Limited; • Pioneer Power Limited; and • Trishul Cement Industries India Limited <p>Foreign companies</p> <p><i>Nil</i></p>
5.	<p>Anil Kumar Kutty (“Anil Kumar K.”)</p> <p><i>Designation:</i> Non- Executive Independent Director</p> <p><i>Address:</i> Plot No. 125, Prashasan Nagar Jubilee Hills Hyderabad – 500 033 Telangana, India</p> <p><i>Occupation:</i> Retired</p> <p><i>Date of birth:</i> October 12, 1953</p> <p><i>Period and term:</i> For a peiord of five years from May 18, 2018 up to May 8, 2023</p> <p><i>DIN:</i> 00055634</p>	67	<p>Indian companies</p> <ul style="list-style-type: none"> • Astha Power Corporation Private Limited <p>Foreign companies</p> <p><i>Nil</i></p>
6.	<p>Kancherla Ravindranath</p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Address:</i> Plot No. 303F, Road No. 25 Jubilee Hills Hyderabad – 500 033 Telangana, India</p> <p><i>Occupation:</i> Doctor</p> <p><i>Date of birth:</i> June 20, 1954</p> <p><i>Period and term:</i> For a period of five years from June 14, 2018 up to June 13, 2023</p> <p><i>DIN:</i> 00117940</p>	66	<p>Indian companies</p> <ul style="list-style-type: none"> • Centre for Digestive and Kidney Diseases (India) Private Limited; • Global Clinical Research Services Private Limited; • Global Hospital (North) Limited; • Global Hospitals Private Limited; • Global Sunrise Medi Services Private Limited ; • Global University Foundation; • Hygieia Global Health Services Private Limited; • Laurus Labs Limited; • Ravindranath Medical Foundation; and • Ravindranath GE Medical Associates Private Limited <p>Foreign companies</p> <p><i>Nil</i></p>
7.	<p>Pradeep Kumar Panja (“P. Pradeep Kumar”)</p> <p><i>Designation:</i> Non-Executive Independent Director</p>	65	<p>Indian companies</p> <ul style="list-style-type: none"> • Brigade Enterprises Limited; • Brigade Properties Private Limited;

Sl. No.	Name, designation, address, occupation, date of birth, DIN, period and term	Age (years)	Other directorships
	<p>Address: Bhaskara, 21 I Main, 4th Cross, Gaurav Nagar J.P. Nagar, 7th Phase Bangalore – 560 078 Karnataka, India</p> <p>Occupation: Retired</p> <p>Date of birth: October 2, 1955</p> <p>Period and term: For a period of five years from May 18, 2018 up to May 8, 2023</p> <p>DIN: 03614568</p>		<ul style="list-style-type: none"> Shriram Transport Finance Company Limited; Svamaan Financial Services Private Limited; and Trigyn Technologies Limited; TVS Capital Funds Private Limited; The Karnataka Bank Limited; and Virescent Infrastructure Investment Manager Private Limited <p>Foreign companies</p> <p><i>Nil</i></p>
8.	<p>Sairam Mocherla</p> <p>Designation: Non- Executive Independent Director</p> <p>Address: 8-2-472/B/6 Road No. 4, Opp. GVK Mall Banjara Hills Hyderabad – 500 034 Telangana, India</p> <p>Occupation: Professional</p> <p>Date of birth: August 27, 1964</p> <p>Period and term: For a period of five years from May 18, 2018 up to May 8, 2023</p> <p>DIN: 01430951</p>	56	<p>Indian companies</p> <ul style="list-style-type: none"> Capital Fortunes Private Limited; and Kamadhenu Sukrit Private Limited; <p>Foreign companies</p> <p><i>Nil</i></p>
9.	<p>Umanath Varahabhotla</p> <p>Designation: Non- Executive Independent Director</p> <p>Address: 103 Surabhi Enclave Road No. 14, Banjara Hills Near Banjara Hills Police Station Khairatabad, Hyderabad – 500 034 Telangana, India</p> <p>Occupation: Professional</p> <p>Date of birth: March 4, 1962</p> <p>Period and term: For a period of five years from April 15, 2021 up to April 14, 2026</p> <p>DIN: 06539204</p>	59	<p>Indian companies</p> <ul style="list-style-type: none"> Vivimed Labs Limited <p>Foreign companies</p> <p><i>Nil</i></p>

Relationship between our Directors and Key Management Personnel

None of our Directors are related to each other or to the Key Management Personnel, except as follows:

- (i) P. Prathap Reddy is the father of P. Deepthi Reddy; and
- (ii) P. Venugopal Reddy is the brother of P. Prathap Reddy.

Brief Biographies of Directors

P. Prathap Reddy is the Chairman and Managing Director of our Company. He holds a bachelor's degree in arts (history) from Pachaiyappa's College, Chennai. He is responsible for managing the end to end business of our Company. He has more than 28 years of experience in the field of cement, power, construction, alumina, logistics, shipping and hospitality business. He has been a Director of our Company since incorporation.

Lakshmi Kantham Dabbara is the Whole-time Director of our Company. He holds a provisional bachelor's degree in science from Sri Venkateswara University. He is responsible for the operations of all the plants of our Company including procurement of raw materials, commercial production and manufacturing operations. He has more than 37 years of experience in the cement industry. He has been a Director of our Company since September 1, 2012.

P. Deepthi Reddy is a Non-Executive Director of our Company. She holds a bachelor's degree in business administration from the University of Wales, Cardiff. She has more than 10 years of experience in the field of business administration and power projects. She has been a Director of our Company since August 20, 2014.

P. Venugopal Reddy is a Non-Executive Director of our Company. He holds a bachelor's degree in commerce from Sri Venkateswara Arts College, Sri Venkateswara University. He is currently the Managing Director of Pioneer Builders Limited and has more than 14 years of experience in construction and infrastructure management. He has been a Director of our Company since January 1, 2001.

Anil Kumar K. is a Non-Executive Independent Director of our Company. He holds a master's degree in science from the University of Delhi. Being a retired officer of the Indian Administrative Service, he has served as a Joint Secretary (Hydro) with the Ministry of Power, and has several years experience in the field of civil administration.

Kancherla Ravindranath is a Non-Executive Independent Director of our Company. He holds a master's degree in surgery from the University of Madras. He is the founder and chairman of Gleneagles Global Hospitals and has more than 20 years of experience in the field of healthcare and medicine.

P. Pradeep Kumar is a Non-Executive Independent Director of our Company. He holds a master's degree in science from the University of Madras and is a certified associate of the Indian Institute of Bankers. He has previously worked as a managing director with the State Bank of India and has an experience of more than 39 years.

Sairam Mocherla is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in Commerce from Osmania University and a masters degree in business management from Joseph M. Katz Graduate School of Business, University of Pittsburg. He is also a member of the Institute of Chartered Accountants of India. He has more than 22 years of experience in the field of corporate finance, mergers and acquisitions, private equity, business transformation and restructuring, public private partnerships and infrastructure development.

Umanath Varahabhotla is a Non-Executive Independent Director of our Company. She holds a doctorate of Business Administration from Corlins University and a M. Phil in Hospital & Health Systems Management from Birla Institute of Technology and Science, Pilani (Rajasthan), India. She has also been recognised as a fellow in counseling & guidance by the South Asian International Educational Services, UK and has completed master of science in counselling and psychotherapy from the Institute of Psychotherapy and Management Sciences. She has several years of experience in the field of healthcare, hospital system management and corporate social responsibility. She is also involved in strategy creation, building hospital relations, developing businesses for emergency medicine capacity.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of our Directors has been or is a director on the board of any listed companies which have been or were delisted from any stock exchange(s), during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

None of our Directors have any interest in any property acquired in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired of our Company or by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Terms of appointment of our Executive Directors

P. Prathap Reddy

P. Prathap Reddy was appointed as our Chairman and Managing Director pursuant to a Shareholders' resolution dated July 5, 2017 with effect from June 1, 2017 up to May 31, 2022. The details of remuneration governing his appointment as approved by the Shareholders are stated below:

Particulars	Remuneration
Basic Salary	₹1,250,000 per month
Commission	Not exceeding 3% of the net profits of our Company, subject to Section 197 of the Companies Act, 2013 and applicable rules
Perquisites	Perquisites as under are restricted to an amount equal to the annual salary: <ul style="list-style-type: none">• Expenditure incurred for gas, electricity, water and furnishings reimbursed subject to a ceiling of 10% of the salary• Medical benefits for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years• Leave travel concession for self and family• Club fees including admission and lifetime membership fees• Personal accident insurance• Company's contribution towards provident fund subject to ceiling of 15% of salary• Use of Company's car with driver• Telephone facility at residence

Lakshmi Kantham Dabbara

Lakshmi Kantham Dabbara was appointed as Whole-time Director pursuant to a Shareholders' resolution dated July 5, 2017 with effect from June 1, 2017 up to May 31, 2021. He was re-appointed as a Whole-time Director pursuant to the resolution passed by the Board and Shareholders of our Company dated April 15, 2021 and May 13, 2021, respectively, for a period of two years with effect from June 1, 2021. The terms of appointment of Lakshmi Kantham Dabbara was revised pursuant to the resolutions passed by the Board and the Nomination and Remuneration Committee dated April 15, 2021 are as follows:

Particulars	Remuneration
Basic Salary	₹14.40 million per annum with effect from October 1, 2020
Perquisites	Perquisites as under are restricted to an amount equal to three months' salary: <ul style="list-style-type: none">• Medical benefits for self and family subject to a ceiling of half a month's salary in a year or one month's salary over a period of two years• Leave travel concession for self and family• Personal accident insurance• Company's contribution towards provident fund subject to ceiling of 15% of salary• Use of Company's car with driver• Telephone facility at residence

Payment or benefit to Directors of our Company

1. Remuneration to Executive Director and Whole-time Director:

The details of the total expense incurred by our Company towards remuneration paid to our Executive Director and Whole-time Director during Fiscal 2021 is as follows:

Sl. No.	Name of the Director	Remuneration (in ₹ million)
1.	P. Prathap Reddy	15.00*
2.	Lakshmi Kantham Dabbara	13.37

*P. Prathap Reddy is also entitled for a commission of ₹32.23 million which is yet to be paid to him by our Company

2. Compensation to Non-Executive Directors:

Pursuant to the Board resolution dated March 26, 2021, each Non-Executive Director including the Non-Executive Independent Directors are entitled to receive sitting fees of ₹50,000 per meeting, for attending meetings of the Board or any of its committees within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. The details of the expenses incurred by the Company towards sitting fees paid to the Non-Executive Directors including the Non-Executive Independent Directors for the Fiscal 2021 is as follows:

S. No.	Name of the Director	Sitting fees paid (in ₹ million)
<i>Non – Executive Directors</i>		
1.	P. Venugopal Reddy	0.13
2.	P. Deepthi Reddy	0.10

S. No.	Name of the Director	Sitting fees paid (in ₹ million)
<i>Non-Executive Independent Directors</i>		
3.	Anil Kumar K.	0.20
4.	Kancherla Ravindranath	0.08
5.	Mocherla Sairam	0.20
6.	P. Pradeep Kumar	0.20
7.	Umanath Varahabhotla [^]	Nil

[^] Since Umanath Varahabhotla was appointed in Fiscal 2022, she has not been paid any sitting fees from the Company for Fiscal 2021

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors was selected or appointed on the Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Red Herring Prospectus is set forth below:

Sl. No.	Name of Director	Number of Equity Shares	Pre-Offer (%)
1.	P. Prathap Reddy*	13,635,000	10.19
2.	P. Venugopal Reddy	300,000	0.22
3.	P. Deepthi Reddy	250,000	0.19

*P. Prathap Reddy also holds 70,094,800 Equity Shares aggregating 52.39% in his capacity as managing partner of Pioneer Builders, beneficially on behalf of Pioneer Builders and 450,000 Equity Shares aggregating to 0.34% in his capacity as Karta of the Puttamreddy Prathap Reddy (HUF).

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. P. Prathap Reddy, Lakshmi Kantham Dabbara, P. Deepthi Reddy and P. Venugopal Reddy, hold positions as directors on boards of our Subsidiaries and Group Companies and as heads of certain business verticals. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except as stated in “Other Financial Information - Related Party Transactions” and “Our Promoters and Promoter Group” on page 282 and 208, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within three preceding years prior to the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquiring land, construction of buildings or supply of machinery.

Other than, as disclosed in “Other Financial Information - Related Party Transactions” and “Our Promoters and Promoter Group” on page 282 and 208 respectively, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration and sitting fees for services rendered as Directors.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies and firms, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Other than P. Prathap Reddy, none of our Directors have any interest in the promotion of our Company.

No loans have been availed by our Directors from our Company.

Other than P. Prathap Reddy, who receives a commission of 3% on the net profit of the Company, none of the Directors is party to any bonus or profit sharing plan of our Company.

Further, except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Changes in the Board in the last three years

Name	Date of Appointment/ Change/Cessation	Reason
Kancherla Ravindranath	June 14, 2018	Appointment as Non-Executive Independent Director
Munikrishna Papagari	June 7, 2018	Resignation as Director
P. Pradeep Kumar	May 18, 2018	Appointment as Non-Executive Independent Director
Anil Kumar K.	May 18, 2018	Appointment as Non-Executive Independent Director
Mocherla Sairam	May 18, 2018	Appointment as Non-Executive Independent Director
Petluru Venugopal Reddy	May 9, 2018	Resignation as Executive Director (Finance) and Chief Finance Officer
Y. Santosh Kumar Reddy	February 20, 2021	Resignation as Non-Executive Independent Director
Umanath Varahabhotla	April 15, 2021	Appointment as Non-Executive (Additional) Independent Director*
Bezawada Vikram	April 15, 2021	Resignation as Executive Director

*Pursuant to the resolution passed by our Shareholders dated May 13, 2021, the designation of Umanath Varahabhotla has been changed to Non-Executive Independent Director

Borrowing powers of Board

Subject to the provisions of the Companies Act and the rules made thereunder and in accordance with our Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on May 18, 2018, the Board is authorised to borrow monies, which, together with the monies already borrowed, exceeds the aggregate of paid up share capital and free reserves apart from temporary loans borrowed, from such person or persons on such term(s) and condition(s) as to repayment, interest and otherwise as they may think fit and proper, provided that the total amount so borrowed shall not, at any time, exceed ₹50,000 million.

Corporate governance

The corporate governance provisions of the Companies Act and Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable law, including the Listing Regulations and the Companies Act, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and the Listing Regulations. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, our Board comprises nine directors, of whom two are Executive Directors (including one Whole-time Director) and seven are Non-Executive Directors out of which there are five Non-Executive Independent Directors (of whom one is an independent woman director).

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Sairam Mocherla (*Non-Executive Independent Director*), *Chairman*
2. P. Pradeep Kumar (*Non-Executive Independent Director*);
3. Anil Kumar K. (*Non-Executive Independent Director*); and
4. P. Venugopal Reddy (*Non-Executive Director*)

The Audit Committee was constituted by a meeting of the Board of Directors held on June 7, 2018 and was last reconstituted on April 15, 2021. The terms of reference of the Audit Committee was last revised on May 14, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations and its terms of reference include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Formulation of a policy on related party transactions, which shall include materially of related party transactions
5. Reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
6. Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013, as amended;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications and modified opinion(s) in the draft audit report.
7. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
8. Examination of the financial statement and auditor's report thereon;
9. Monitoring the end use of funds raised through public offers and related matters;
10. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
12. Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;
13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the Company, wherever it is necessary;
15. Evaluation of internal financial controls and risk management systems;
16. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
17. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
18. Discussion with internal auditors of any significant findings and follow up thereon;
19. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
20. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
21. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

22. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
23. To review the functioning of the whistle blower mechanism;
24. Monitoring the end use of funds raised through public offers and related matters;
25. Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimisation of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
26. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
27. Carrying out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;
28. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
29. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and
30. Carrying out any other function required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters/ letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
- (6) statement of deviations as and when becomes applicable:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (7) Review the financial statements, in particular, the investments made by any unlisted subsidiary.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Anil Kumar K. (*Non-Executive Independent Director*), *Chairman*;
2. P. Pradeep Kumar (*Non-Executive Independent Director*); and
3. P. Venugopal Reddy (*Non-Executive Director*).

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on June 7, 2018 and the terms of the Nomination and Remuneration Committee was revised pursuant to the resolution passed by the Board dated April 15, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
2. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
 3. Devising a policy on diversity of Board;
 4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and carrying out evaluation of every director's performance (including independent director);
 5. Analysing, monitoring and reviewing various human resource and compensation matters;
 6. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 7. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
 8. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 9. Recommending to the Board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
 10. Carrying out any other function as may be required/ mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, the listing agreements to be entered into between the Company and the respective stock exchanges on which the equity shares of the Company are proposed to be listed and/or any other applicable laws;
 11. Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
 12. Performing such other functions as may be necessary or appropriate for the performance of its duties under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;
 13. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employee, as applicable.
 14. Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. P. Venugopal Reddy (*Non-Executive Director*), *Chairman*;
2. P. Deepthi Reddy (*Non-Executive Director*);
3. Umanath Varahabhotla (*Non-Executive Independent Director*); and
4. Lakshmi Kantham Dabbara (*Whole-time Director*).

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on June 7, 2018 and was last reconstituted on April 15, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178(5) of the Companies Act, 2013 and the Regulation 20 of the Listing Regulations. The responsibilities of the Stakeholders' Relationship Committee of our Company include:

1. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares and debentures, non-receipt of annual report, non-receipt of declared dividends, non-receipt of balance sheet, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate / consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
4. To review measures taken for effective exercise of voting rights by shareholders;
5. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent of the Company and to recommend measures for overall improvement in the quality of investor services;
6. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Risk Management Committee

The members of the Risk Management Committee are:

1. Anil Kumar K., (*Non-Executive Independent Director*) *Chairman*;
2. P. Venugopal Reddy, (*Non-Executive Director*);
3. Ravindranath Kancherla (*Non-Executive Independent Director*);
4. Lakshmi Kantham Dabbara (*Whole-time Director*);
5. Petluru Venugopal Reddy; and
6. Krishna Srivastava.

The Risk Management Committee was constituted by our Board of Directors at their meeting held on June 7, 2018 and was last reconstituted on April 15, 2021. Further the terms of reference of the Risk Management Committee was last revised on May 14, 2021. The terms of reference of the Risk Management Committee shall include the following:

- a) To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed into to ensure adequate systems for risk management;
- b) To establish framework for the company's risk management process and ensure its implementation;
- c) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
- d) To assure business growth with financial stability;
- e) To over view the management's process and results in identifying assessing and monitoring risk associated with Organisation's business operations and implementations and maintenance of policies and control procedures to give adequate protection against key risks;
- f) To formulate a detailed risk management policy which shall include:

1. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environmental, social and governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
 2. Measures for risk mitigation including systems and processes for internal control of identified risks;
 3. Business continuity plan.
- g) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - h) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - i) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - j) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken; and
 - k) The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee.

Corporate Social Responsibility Committee (“CSR Committee”)

The members of the CSR Committee are:

1. Lakshmi Kantham Dabbara, Chairman (*Whole-time Director*); and
2. Sairam Mocherla (*Non-Executive Independent Director*);
3. P. Deepthi Reddy (*Non-Executive Director*);
4. Umanath Varahabhotla (*Non-Executive Independent Director*).

The CSR Committee was constituted by our Board of Directors at their meeting held on June 7, 2018 and was last reconstituted on April 15, 2021. The terms of reference, powers, quorum, and other matters in relation to the Corporate Social Responsibility Committee will be as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder. The terms of reference of the CSR Committee include the following:

- a) Formulation and recommendation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
- b) Reviewing and recommending the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
- c) Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
- d) Monitoring the corporate social responsibility policy and implementation from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes, and make any revisions therein as and when decided by the Board;
- e) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- f) Identifying and appointing the corporate social responsibility team of the Company including corporate social

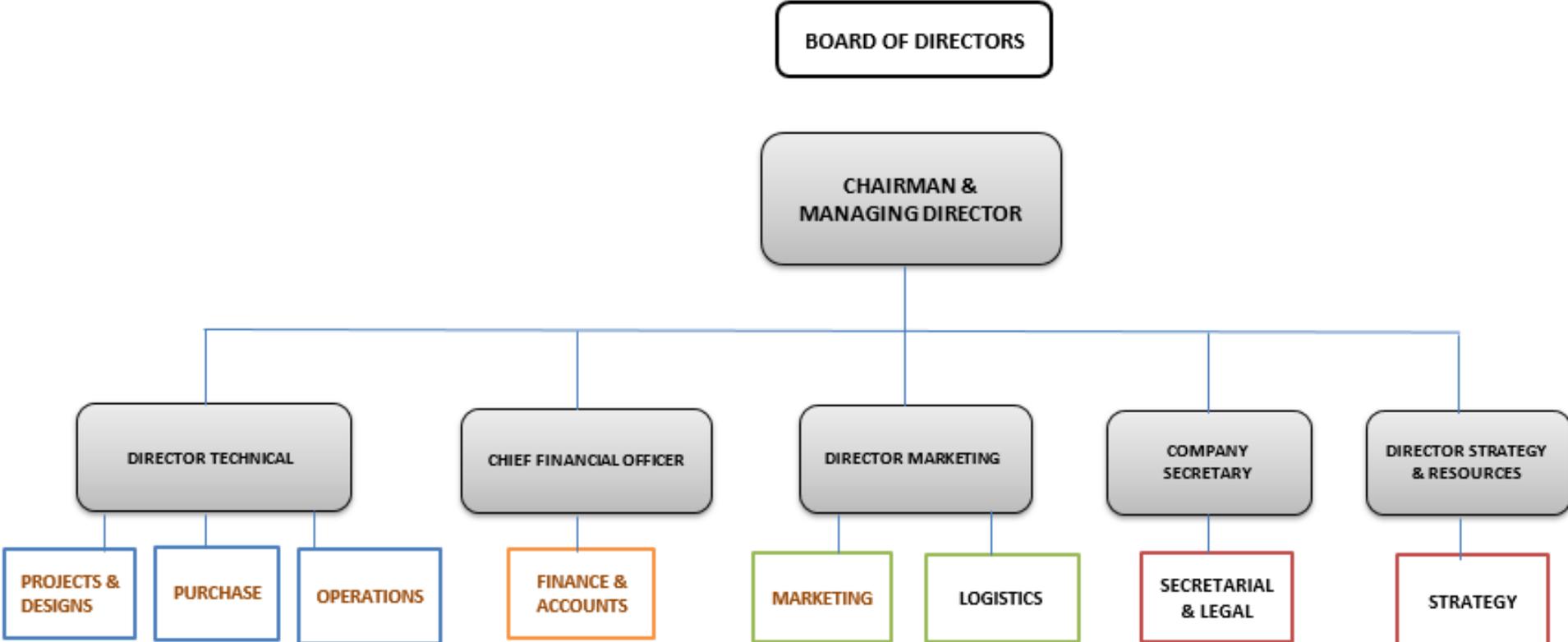
responsibility manager, wherever required; and

- g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

Other committees of our Company

In addition to the committees mentioned in “- *Committees of the Board*” on page 198, our Company has constituted other committees, such as the IPO Committee to oversee and govern various internal functions and activities of our Company.

Management Organisation Chart



Key Management Personnel

The details of the Key Management Personnel of our Company are as follows:

P. Prathap Reddy, is the Chairman and Managing Director of our Company. For further details, see “*Our Management – Brief Biographies of Directors*” on page 195.

Lakshmi Kantham Dabbara, is the Whole-time Director of our Company. For further details, see “*Our Management – Brief Biographies of Directors*” on page 195.

Peturu Venugopal Reddy is the chief financial officer of our Company. He holds a bachelor’s degree in Commerce from Sri Venkateswara University. He is also an associate of the Institute of Chartered Accountants of India. He had joined our Company on March 22, 2006 as assistant general manager – finance. Prior to joining our Company he was working with C. Ramachandram & Co., Chartered Accountants as a partner. During Fiscal 2021, he was paid a gross compensation of ₹6.53 million.

Krishna Srivastava is the director (marketing) of our Company. He was appointed to this post with effect from September 4, 2017, which is also his date of joining our Company. He holds a bachelor’s degree in Engineering from the Birla Institute of Technology and Science, Pilani. He has participated in the Executive Development Programme on General Management conducted by the Indian Institute of Management, Calcutta and the Middle Management Course of 3-Tier Programme for Management Development conducted by the Indian Institute of Management, Ahmedabad. He has also participated in the Innovative Strategies for Dynamic Economy programme, conducted by the Stanford Graduate School of Business. Prior to joining our Company he was a whole time director with Zuari Cement Limited. He has been awarded the 50 Talented CMO’s award, the Grandslam Leadership award, Power Brands Concrete Leadership award and the Institute of Economic Studies Udyog Rattan Award in the past. During Fiscal 2021, he was paid a gross compensation of ₹11.54 million.

P.J.V. Sarma is the director (strategy & resources) of our Company. He holds a bachelor’s degree in technology from Andhra University and a diploma in financial management from the Institute for Financial Management and Research, Madras. He is also an associate of the Cost and Works Accountants of India. He had joined our Company on February 25, 2021 as director (strategy & resources). He has more than 35 years of experience in *inter alia* banking and general insurance. Prior to joining our Company he was working with ICICI Bank Limited, ICICI Lombard General Insurance Company Limited, Nava Bharat Venture Limited. During Fiscal 2021, he was paid a gross compensation of ₹0.54 million.

Raj Kumar Singh is the Company Secretary and Compliance Officer of our Company. He was appointed to this post with effect from November 7, 2011, which is also his date of joining our Company. He is an associate member of the Institute of Company Secretaries of India. Prior to joining our Company he was working as a Company Secretary with Indu Spin Industries Limited from 2000 to 2005, as a Company Secretary with Parasakti Cement Industries Limited in 2005 and as a Company Secretary with Moschip Semiconductor Technology. During Fiscal 2021, he was paid a gross compensation of ₹3.42 million.

None of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees of our Company. Our Company does not have a high attrition rate of Key Managerial Personnel as compared to the industry.

Shareholding of Key Management Personnel

(i) Except as disclosed below, the Key Management Personnel do not hold any Equity Shares in our Company:

Sl. No.	Name	No. of Equity Shares	Pre-Offer (%)	Post-Offer (%)
1.	P. Prathap Reddy*	13,635,000	10.19	[●]

*P. Prathap Reddy also holds 70,094,800 Equity Shares aggregating to 52.39% in his capacity as Managing Partner of Pioneer Builders, beneficially on behalf of Pioneer Builders and 450,000 Equity Shares aggregating to 0.34% in his capacity as Karta of the Puttamreddy Prathap Reddy (HUF).

Bonus or profit sharing plans

Other than P. Prathap Reddy, who receives a commission of 3% on the net profit of the Company, none of the Key Management Personnel is party to any bonus or profit sharing plan of our Company.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent or deferred compensation payable to Key Management Personnel, which does not form part of their remuneration.

Interests of Key Management Personnel

The Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Company, if any. Further, some of our Key Management Personnel may hold positions as directors on boards of our Subsidiaries and Group Companies, in consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

None of the Key Management Personnel have been paid any consideration of any nature from our Company or Subsidiaries on whose rolls they are employed, other than their remuneration.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Changes in the Key Management Personnel in last three years

Other than as disclosed in “Changes in the Board in the last three years” on page 198, the changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
P.J.V. Sarma	Director (strategy & resources)	February 21, 2021	Appointment as director (strategy & resources)
G.M. Krishna	President (operations)	October 31, 2019	Resignation as president (operations)
Petluru Venugopal Reddy	Chief Financial Officer	May 25, 2019	Appointment as chief financial officer
Sanjeev Kumar Agarwal	Chief Financial Officer	February 9, 2019	Resignation as chief financial officer
Sanjeev Kumar Aggarwal	Chief Financial Officer	May 9, 2018	Change in designation from president (finance) to chief financial officer
Petluru Venugopal Reddy	Director (Finance)	May 9, 2018	Change in designation from chief financial officer and director (finance) in the Board to director (finance) at KMP level

Service contracts with Directors and Key Management Personnel

Other than statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and our Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon retirement or termination of employment. Further, none of our Directors have entered into a service contract with our Company pursuant to which they have been appointed as a director of our Company or their remuneration has been fixed in the preceding two years.

Payment or benefit to officers of our Company

No non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors within the two preceding years.

Employees Stock Options

As on the date of this Draft Red Herring Prospectus, our Company has not instituted any employee stock option plan or scheme.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

P. Prathap Reddy, Pioneer Builders and P R Cement Holdings Limited are the Promoters of our Company. P. Prathap Reddy holds 13,635,000 Equity Shares, equivalent to 10.19% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. P R Cement Holdings Limited holds 44,701,100 Equity Shares, equivalent to 33.41% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company and Pioneer Builders through its managing partner, P. Prathap Reddy holds 70,094,800 Equity Shares, equivalent to 52.39% of the pre-Offer issued, subscribed and paid up Equity Share capital of our Company. For further details, see “*Capital Structure*” and “*Our Management*” on pages 70 and 192, respectively.



P. Prathap Reddy

P. Prathap Reddy, aged 63 years, is the Chairman and Managing Director of our Company. For further details in respect of his date of birth, address, educational qualifications, professional experience, posts held in the past, other directorships, special achievements, business and financial activities, see “*Our Management*” on page 192. For details in relation to other ventures of our Promoter, see “*Our Group Companies*” on page 212.

The PAN of P. Prathap Reddy is AFIPP8044A. The Aadhar card number of P. Prathap Reddy is 7260 3911 1430. He holds a driver’s license no. 171041983OD issued by the State of Telangana.

Our Company confirms that the PAN, bank account number and passport number of P. Prathap Reddy shall be submitted to the Stock Exchanges, at the time of filing this Draft Red Herring Prospectus.

P R Cement Holdings Limited (“PRCHL”)

Corporate Information

PRCHL has been incorporated under the Companies Act, 1956 on April 7, 1986 as a public limited company under the name of P. R. Finance Limited and received the certificate of commencement of business from the Registrar of Companies on April 17, 1986. The name of the company was subsequently changed to P. R. Investments Limited and a fresh certificate of incorporation consequent upon change of name was issued on August 22, 1989. The name of the company was thereafter changed to PR Cement Holdings Limited and a fresh certificate of incorporation consequent upon change of name was issued on January 05, 2011. The registered office of PRCHL is situated at Plot No. 705, Sriniketan Colony, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana, India.

PRCHL is authorized to *inter alia* engage in the business of finance, investment, trading, purchasing, leasing and to finance lease operations of all kinds. It is also engaged in purchasing, selling, hiring and letting on hire all kinds of plant, machinery and equipment. Further, PRCHL are also engaged in the business of portfolio investment in equity shares, ships, aircrafts, automobiles, computes and all consumer and commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and or used.

PRCHL is promoted by our Promoters, P. Prathap Reddy and Pioneer Builders.

Changes in the management and control

There has been no change in the management and control of PRCHL in the three years preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the PAN, bank account number and corporate identification number of PRCHL and the address of the registrar of companies where PRCHL is registered shall be submitted to the Stock Exchanges, at the time of filing this Draft Red Herring Prospectus.

Pioneer Builders

Pioneer Builders is a partnership firm registered under the Partnership Act, 1932, constituted through a partnership deed dated July 1, 1983 and reconstituted pursuant to a partnership supplementary deed dated, April 1, 2015, with its principal place of business at H. No. 8-2-309/M/5, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad – 500 034, Telangana, India.

Pioneer Builders is authorised to engage in the business of *inter-alia* undertaking and executing contracts of any kind and nature whether civil, structural or mechanical.

Partners of Pioneer Builders

Pursuant to the supplementary partnership dated April 1, 2015, Pioneer Builders has eight partners. P. Prathap Reddy is the managing partner of Pioneer Builders and is vested with all powers and control over the management and affairs of the business of the firm. The partners of Pioneer Builders are:

1. P. Prathap Reddy;
2. P. Deepthi Reddy;
3. P. Venkata Divya Priyanka;
4. P. Venkata Lakshmi;
5. P. Venugopal Reddy;
6. P. Ramesh Reddy;
7. B. Sudhakar Reddy; and
8. B. Radhakrishna Reddy

Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend or other distributions payable, if any in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see “*Capital Structure*” and “*Our Management*” on pages 70 and 192, respectively.

Our Promoters have no interest in any property acquired by our Company during the three years preceding the date of this Draft Red Herring Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Other than as disclosed below, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Promoter Group except the normal remuneration and sitting fees for services rendered as Directors, as on the date of this Draft Red Herring Prospectus:

- Our Company has entered into a lease agreement dated May 1, 2019, (“**Lease Agreement I**”) with our Promoter, P. Prathap Reddy for a period of nine years for the lease of 7,200 square feet in Yelhanka Hobli, Bengaluru which is utilised as a warehouse. Pursuant to the Lease Agreement I, our Company is required to provide to our Promoter, P. Prathap Reddy lease rent of ₹0.18 million per month which is further subject to an annual escalation at 5% per annum.
- Our Company has entered into a lease agreement dated May 1, 2019 (“**Lease Agreement II**”) with P.V. Lakshmi, wife of our Promoter, P. Prathap Reddy, for a period of nine years for the lease of 27,685 square feet area (including parking space) in Banjara Hills, Hyderabad which is utilised as an office. Pursuant to the Lease Agreement II, our Company is required to pay a lease rent of ₹1.80 million per month which is further subject to an annual escalation at 5% per annum.
- Our Company has entered into a lease agreement dated May 1, 2019 (“**Lease Agreement III**”) with P. Deepthi Reddy, daughter of our Promoter, P. Prathap Reddy for a period of nine years for the lease of 5,000 square feet area in Domlur, Bengaluru, Karnataka which is utilised as an office. Pursuant to the Lease Agreement III, our Company is required to pay lease rent of ₹0.28 million per month which is further subject to an annual escalation at 5% per annum.
- Our Company has entered into a lease agreement dated May 1, 2019 (“**Lease Agreement IV**”) with one of our Promoters, Pioneer Builders, for a period of nine years for the lease of 6,000 square feet area in Banjara Hills, Hyderabad which is utilised as an office. Pursuant to the Lease Agreement IV, our Company is required to pay lease rent of ₹0.30 million per month which is further subject to an annual escalation at 5% per annum.

Business Interests

Our Promoters are interested in our Company (i) to the extent of their shareholding and the shareholding of their relatives in our Company and dividend or other distributions payable, if any, and other distributions in respect of such Equity Shares held by them or their relatives, (ii) in case of P. Prathap Reddy, to the extent of being the Chairman and Managing Director of our Company, and director on the boards of directors of the Subsidiaries and the Associate, and the compensation and perquisites payable to him, (iii) to the extent of any transactions or business arrangements in the normal course of business by our Company and the Subsidiaries with our Promoters, or their relatives or entities in which our Promoters hold shares or entities in which our Promoters are members of the board of directors or firms in which relatives of our Promoters hold interest, (iv) to the extent of guarantees provided by our Promoters in respect of outstanding borrowings of our Company from its lenders. For details regarding the shareholding of our Promoters and the members of our Promoter Group in our Company and their directorships, see “*Capital Structure*” and “*Our Management*” beginning on pages 70 and 192 respectively, and for business

transactions between our Promoters and our Company, see and “*Other Financial Information – Related Party Transactions*” beginning on page 282.

Other than our Promoter, P. Prathap Reddy being the director of Pioneer Cement Industries Limited, which is involved in the same line of business as our Company, our Promoters do not hold any interest in any ventures which are involved in the same line of business.

No sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in which such Promoters are members, in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or Company in connection with the promotion or formation of our Company except as disclosed in this Draft Red Herring Prospectus.

Change in the management and control of our Company

Our Promoter, P. Prathap Reddy is the original promoter of our Company and there has not been any change in the management or control of our Company in the preceding five years from the date of this Draft Red Herring Prospectus.

Payment of benefits to our Promoters or our Promoter Group

Except as disclosed in “*Other Financial Information - Related Party Transactions*” on page 282 and except as disclosed under “- *Interests of our Promoters*” on page 209, no amount or benefit has been paid nor is intended to be paid or given to our Promoters or our Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or Promoter Group.

Material guarantees given by our Promoters to third parties with respect to specified securities of our Company

Our Promoters, namely, P R Cement Holdings Limited and Pioneer Builders, has not provided any guarantees to third parties.

Further, (i) 68,238,000 Equity Shares aggregating 51% of the issued and paid up capital of our Company held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders have been encumbered pursuant to a non disposal undertaking dated August 23, 2017 entered into with IDBI Trusteeship Limited in relation to a loan availed from YES Bank Limited, L&T Finance Limited and Hero Fincorp Limited; (ii) 8,028,000 Equity Shares constituting 6.00% of the pre-Offer paid up capital of our Company held by our Promoter, P. Prathap Reddy and 5,352,000 Equity Shares constituting 4.00% of the pre-Offer capital of our Company, held by P. Prathap Reddy, in his capacity as Managing Partner, Pioneer Builders has been pledged, in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Pioneer Power Corporation Limited and a Promoter Group entity, Pioneer Power Limited from YES Bank Limited. Further, the Promoters have entered into a non disposal undertaking dated August 23, 2017 with L&T Finance Limited pursuant to which they had agreed to maintain 51% of the total issued and paid up capital of the Company at all times. For further details, see “*Capital Structure*” on page 70.

Further, the Debt Recovery Tribunal – II, Hyderabad (“**DRT-II Hyderabad**”), pursuant to its interim orders dated September 1, 2020 and November 11, 2020, has directed our Promoter, P. Prathap Reddy in his capacity as the personal guarantor to the borrowing availed by Anrak Aluminium Limited, a company forming part of our Promoter Group and a Group Company to deposit 56,07,000 Equity Shares before the DRT-II Hyderabad. For further details, “*Outstanding Litigation And Material Developments – Litigations involving our Promoters – Civil Litigation*” on page 317.

Disassociation by our Promoters in the preceding three years

Our Promoters have not disassociated themselves from any company during the preceding three years.

Our Promoter Group

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

A. Natural persons who are part of the Promoter Group

Name of Promoter	Name of relative	Relationship
P. Prathap Reddy	P. Venkata Lakshmi	Spouse
	P. Ramesh Reddy	Brother
	P. Venugopal Reddy	Brother
	P. Deepthi Reddy	Daughter
	P. Venkata Divya Priyanka	Daughter

B. Entities forming part of the Promoter Group (excluding our Subsidiaries)

- (i) Anrak Aluminium Limited;
- (ii) Anrak Seaportss Limited;
- (iii) E-Vision Softech India Limited
- (iv) Lakshmi Sea Foods Limited;
- (v) Om Hydropower Limited;
- (vi) P R Energy Holding Limited;
- (vii) PCIL Power and Holdings Limited;
- (viii) Peas in a Pod Consulting Private Limited
- (ix) Penna Foundation;
- (x) Penna Global FZ LLC
- (xi) Penna Shipping Limited;
- (xii) Pioneer Builderrs Limited;
- (xiii) Pioneer Enterprises;
- (xiv) Pioneer Estates;
- (xv) Pioneer Genco Limited;
- (xvi) Pioneer Holiday Resorts Limited;
- (xvii) Pioneer Power Corporation Limited;
- (xviii) Pioneer Power Limited;
- (xix) Pioneer Refinery Limited; and
- (xx) Puttamreddy Prathap Reddy HUF

An exemption application dated May 14, 2021, under Regulation 300(1)(c) of the SEBI ICDR Regulation is being submitted to SEBI along with this Draft Red Herring Prospectus, for excluding certain immediate relatives of our individual Promoter, P. Prathap Reddy (and entities/bodies corporate/firms/HUFs in which they have an interest) from being considered as part of the “promoter group”. Our Company undertakes to update disclosures above in the Red Herring Prospectus based on the outcome of the exemption application.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on April 15, 2021, group companies shall include (i) the companies (other than our Promoters and Subsidiaries) with which there are related party transactions, as disclosed in the Restated Financial Statements; and (ii) the companies considered material by our Board.

Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has identified the following companies as our group companies (“**Group Companies**”):

1. Parasakti Cement Industries Limited;
2. Pioneer Builders Limited;
3. Pioneer Power Corporation Limited;
4. Pioneer Genco Limited;
5. P R Energy Holding Limited;
6. Anrak Aluminium Limited;
7. PCIL Power & Holdings Limited;
8. Pioneer Holiday Resorts Limited; and
9. Penna Shipping Limited.

Our Board has also approved that, as on the date of the aforesaid resolution, there are no other group companies of our Company other than the companies disclosed above.

Details of our top five Group Companies

None of our Group Companies are presently listed. Our top five unlisted Group Companies based on turnover as per their respective last audited financial year comprise of (i) Parasakti Cement Industries Limited, (ii) Pioneer Builders Limited, (iii) Pioneer Power Corporation Limited, (iv) Pioneer Genco Limited and (v) P R Energy Holding Limited. Set out below are details of such top five Group Companies.

1. Parasakti Cement Industries Limited (“Parasakti”)

Corporate information

Parasakti was incorporated on May 14, 1993 under the Companies Act, 1956 as a public limited company under the name of Chola Cements Limited and received the certificate of commencement of business from the Registrar of Companies on February 7, 1994. The name of the company was subsequently changed to Chola Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 13, 2001. The name of the company was thereafter changed to Parasakti Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on February 10, 2003. It has its registered office at Plot No. 8-3-214/21, Srinivasa Nagar Colony (West) Hyderabad 500 038, Telangana, India.

Nature of activities

Parasakti is engaged *inter alia* in the business of establishing, constructing, acquiring, running, operating on any factory for manufacturing all types of cement and allied products, thereon.

Financial performance

The financial information derived from the audited financial results of Parasakti for the Financial Years ended 2020, 2019 and 2018 is set forth below:

(In ₹ million, except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	264	264	264
Reserves and surplus (excluding revaluation)	1,078.15	1,120.86	1120.32

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Sales	3,161.13	4,325.89	3914.89
Profit/(Loss) after tax	(41.71)	0.34	108.18
Earnings per share (Basic)	(1.58)	0.01	4.10
Earnings per share (Diluted)	(1.58)	0.01	4.10
Net asset value	1,342.15	1,384.86	1,384.32
Net asset value per share	50.83	52.45	52.43

Significant notes of auditors of Parasakti for the last three Financial Years

There are no significant notes of auditors for the last three Financial Years

2. Pioneer Builderrs Limited (“Pioneer Builderrs”)

Corporate information

Pioneer Builderrs was incorporated as a public limited company under the Companies Act, 1956, on December 9, 2004 under the name of Pioneer Builders Limited. The name of the company was subsequently changed to Pioneer Builderrs Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 23, 2010. Pioneer Builderrs received its certificate for commencement of business on January 3, 2005. Its registered office is situated at H.No.8-2-309/M/5, Navodaya Colony Road No.14, Banjara Hills, Hyderabad 500 034, Telangana, India.

Nature of activities

Pioneer Builderrs Limited is engaged *inter alia* in the business of construction and transportation.

Financial performance

The financial information derived from the audited consolidated financial results of Pioneer Builderrs for the Financial Years ended 2020, 2019 and 2018 is set forth below:

(In ₹ million except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	140	140	140
Reserves and surplus (excluding revaluation)	1,639.32	1,439.66	1,362.32
Sales	2,336.82	2,022.26	1,737.30
Profit/(Loss) after tax	67.28	106.68	46.44
Earnings per share (Basic)	4.80	7.62	3.32
Earnings per share (Diluted)	4.80	7.62	3.32
Net asset value	1,779.31	1,579.65	1,502.49
Net asset value per share	127.09	112.83	107.31

Significant notes of auditors of Pioneer Builderrs for the last three Financial Years

There are no significant notes of auditors for the last three Financial Years

3. Pioneer Power Corporation Limited (“Pioneer Power”)

Corporate Information

Pioneer Power was incorporated as a public limited company under the Companies Act, 1956 on July 11, 2002 under the name Penna Hydro Energy Limited. The name of the company was subsequently changed to Pioneer Power Corporation Limited and a fresh certificate of incorporation consequent upon change of name was issued on December 15, 2003. Pioneer Power received its certificate for commencement of business on July 15, 2002. Its registered office is situated at H. No. 8-2-268/A/1/S & S1, Plot No. 705, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana India.

Nature of Activities

Pioneer Power is engaged *inter alia* in the business of generation, transmission and distribution of electric power.

Financial Performance

The financial information derived from the audited financial results of Pioneer Power for the Financial Years ended 2020, 2019 and 2018 is set forth below:

(In ₹ million except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	309.22	309.22	309.22
Reserves and surplus (excluding revaluation)	2,456.52	2,475.93	2,406.32
Sales	491.52	444.98	191.55
Profit/(Loss) after tax	39.61	(11.17)	6.83
Earnings per share (Basic)	1.28	(0.36)	0.22
Earnings per share (Diluted)	1.28	(0.36)	0.22
Net asset value	2,765.74	2,785.15	2,715.54
Net asset value per share	89.44	90.07	87.82

Significant notes of auditors of Pioneer Power for the last three Financial Years

There are no significant notes of auditors for the last three Financial Years.

4. Pioneer Genco Limited (“PGL”)

Corporate Information

PGL was incorporated as a public limited company under the Companies Act, 1956, on December 19, 2001 and received its certificate for commencement of business on December 27, 2001. Its registered office is situated at H.No.8-2-268/A/1/S & S1, Plot No. 705, Lakshmi Nivas, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India.

Nature of Activities

PGL is engaged *inter alia* in the business of generation and transmission of power.

Financial Performance

The financial information derived from the audited consolidated financial results of PGL for the Financial Years ended 2020, 2019 and 2018 is set forth below:

(In ₹ million except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	402.03	402.03	402.03
Reserves and surplus (excluding revaluation)	2,819.82	2,800.55	3,177.78
Sales	418.68	393.80	325.44
Profit/(Loss) after tax	110.38	30.48	(29.96)
Earnings per share (Basic)	2.75	0.76	(0.75)
Earnings per share (Diluted)	2.75	0.76	(0.75)
Net asset value	3,221.86	3,202.59	3,579.81
Net asset value per share	80.14	79.66	89.04

Significant notes of auditors of PGL for the last three Financial Years

There are no significant notes of auditors for the last three Financial Years.

5. P R Energy Holding Limited (“P R Energy Holding”)

Corporate Information

P R Energy Holding was incorporated as a public limited company under the Companies Act, 1956 on January 16, 2006 under the name of Pioneer Infrastructure Holding Limited. The name of the company was subsequently changed to P R Energy Holding Limited and a fresh certificate of incorporation consequent upon change of name was issued on January 25, 2011. P R Energy Holding received its certificate for commencement of business on January 24, 2006. Its registered office is situated at H.No.8-2-268/A/1/S & S1, Plot No. 705, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana India.

Nature of Activities

P R Energy Holding is engaged *inter alia* in the business of investing and holding shares, stocks, debenture stock, bonds, obligations and securities issued by infrastructure companies.

Financial Performance

The financial information derived from the audited consolidated financial results of P R Energy Holding for the Financial Years ended 2020, 2019 and 2018 is set forth below:

(In ₹ million except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity capital	1,058.64	1,058.64	1,058.64
Reserves and surplus (excluding revaluation)	571.76	552.60	533.65
Sales	18.67	7.50	15.81
Profit/(Loss) after tax	19.16	18.95	(3.89)
Earnings per share (Basic)	0.18	0.18	(0.04)
Earnings per share (Diluted)	0.18	0.18	(0.04)
Net asset value	1,674.00	1,611.24	1,592.29
Net asset value per share	15.81	15.22	15.04

Significant notes of auditors of P R Energy Holding for the last three Financial Years

There are no significant notes of auditors for the last three Financial Years.

Details of our other Group Companies

1. Anrak Aluminium Limited (“Anrak”)

Corporate Information

Anrak was incorporated as a public limited company under the Companies Act, 1956, on March 23, 2007 under the name Anrak Aluminium Limited and received its certificate for commencement of business on April 3, 2007. The name of the company was subsequently changed to Anrak Aluminium Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 29, 2010. The name of the company was subsequently changed to Anrak Aluminium Limited and a fresh certificate of incorporation consequent upon change of name was issued on June 10, 2013. Its registered office is situated at APIIC Industrial Park, Rachapalli, Makavarapalem, Vishakapatnam 531 113, Andhra Pradesh, India .

Nature of Activities

Anrak is engaged in *inter alia* the business of manufacture of aluminium.

Significant notes of auditors of Anrak for the last three Financial Years

In the audit report of the Fiscal 2020, the auditors have emphasised on the following and drew attention to certain notes to the financial statements:

- Which described the commencement of commercial production, non-availability of primary raw material bauxite from Andhra Pradesh Mineral Development Corporation based on which the management believed that impairment of assets was not required;
- Which described the provision for interest on term loans which was not accounted for the period ending March 31, 2020. They were unable to quantify the amount in the absence of confirmations from lenders;
- With respect to balance confirmations, which had been sent to parties with the request to confirm. The confirmations and reconciliations were under process;
- With respect to activities of the Company and that the management had considered going concern;
- Which emphasizes that the company has not provided the provision for dividend on compulsory redeemable preference shares;
- Which describes that, in management's view the raw-materials available at site are non-perishable and are in usable condition and can be put to use;
- Which highlight that company had entered into one time settlement with banks in Financial Year 2017-18, based on which company had to pay lenders an amount of ₹12,750 millions in three installments. However, the company paid

only ₹4,000 million till March 31, 2018 and failed to meet its remaining obligations. As a result, an application was made in National Company Law Tribunal to initiate insolvency and bankruptcy process against the company which was withdrawn by the lenders on a later date and company was given an extended time frame to make payment of the balance amount upto November 30, 2019. However, the company could not make this payment due to force majeure conditions and has requested the lenders for extending the time to make the balance payment which is under consideration of lenders.

2. PCIL Power and Holdings Limited (“PCIL Power”)

Corporate Information

PCIL Power was incorporated on February 20, 2003 under the Companies Act, 1956 as a public limited company under the name of Pioneer Corporation Limited and received the certificate of commencement of business from the Registrar of Companies on February 20, 2003. The name of the company was subsequently changed to Pioneer Thermal Power Corporation and a fresh certificate of incorporation consequent upon change of name was issued on December 20, 2009. The name of the company was thereafter changed to PCIL Power & Holdings Limited and a fresh certificate of incorporation consequent upon change of name was issued on April 1, 2015. It has its registered office at H. No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India

Nature of Activities

PCIL Power is authorised to *inter alia* construct, establish, operate, manage power stations, boiler houses, gas turbines, diesel generators, switch yards, transformer yards, sub stations, transmission lines, accumulators, workshops, dams, reservoirs, etc., required for hydro projects and all such works necessary for generating accumulating, distributing and self/ supply of electricity.

3. Pioneer Holiday Resorts Limited (“Pioneer Holiday”)

Corporate Information

Pioneer Holiday was incorporated on May 26, 1989 under the Companies Act, 1956 as a private limited company under the name of Pioneer Builders Private Limited. The name of the company was changed to Pioneer Holiday Resorts Private Limited and a fresh certificate of incorporation consequent upon change of name was issued on December 2, 2004. The name of the company was thereafter changed to Pioneer Holiday Resorts Limited and a fresh certificate of incorporation consequent upon change of name was issued on June 17, 2005. Subsequently, the name of the company was changed to Pioneer Holiday Resorts Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of the company was thereafter changed to Pioneer Holiday Resorts Limited and a fresh certificate of incorporation consequent upon change of name was issued on October 13, 2016. It has its registered office at 8-2-268, Road No. 02, Banjara Hills, Hyderabad, Hyderabad, Telangana, India, 500034.

Nature of Activities

Pioneer Holiday is engaged in *inter alia* in the business to acquire, construct, develop, improve, manage administer, own and carry on the business of holiday resorts, beach resorts, hill resorts and other resorts, tourist sites, picnic spots, boarding and lodging houses, hotels, motels, clubs, guest houses, entertainment parks, outdoor shooting spots for films, boating and swimming pools, restaurants, bars, theatres and exhibit houses, health clubs and other related activities.

4. Penna Shipping Limited (“Penna Shipping”)

Corporate Information

Penna Shipping was incorporated as a public limited company under the Companies Act, 2013 on March 27, 2017. Its registered office is situated at H.No.8-2-268/A/1/S & S1, Plot No. 705, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana India.

Nature of Activities

Penna Shipping is engaged *inter alia* in the business of operation of ships and vessels of all types and all ship related activities including owning of ships and vessels, chartering and hiring of ships and vessels, ship manning, ship management & technical services, under water inspection, repairs, surveillance and maintenance services using water robots or other mechanism.

Loss making Group Companies

Except as disclosed below, none of our Group Companies have incurred losses in Fiscal 2020. The details of profits/ losses made by such Group Companies in the last three financial years are set out below:

(In ₹ million)

S. No.	Name of the Group Companies	Profit/(Loss) after tax		
		Fiscal 2020	Fiscal 2019	Fiscal 2018
1.	Parasakti	(41.71)	0.34	108.18
2.	Penna Shipping	(47.96)	(5.70)	(0.09)
3.	Anrak	(707.64)	(596.76)	(758.96)
4.	PCIL Power	(14.35)	(34.60)	(62.72)

Defunct Group Companies

Our Group Companies are not defunct and no applications have been made to the relevant registrar of companies for striking off the name of any of our Group Companies during the five years preceding the date of filing this Draft Red Herring Prospectus with SEBI.

Group Companies which are a sick industrial company or are under winding up/ insolvency proceedings

Our Group Companies does not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and is not under any winding up or insolvency proceedings.

Nature and extent of interest of our Group Companies

a. In the promotion of our Company

Our Group Companies do not have any interest in the promotion of our Company.

b. In the properties acquired by our Company or proposed to be acquired by our Company in the preceding three years before filing this Draft Red Herring Prospectus

Our Group Companies are not interested in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

c. In transactions for acquisition of land, construction of building and supply of machinery

Our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits between the Group Companies, Subsidiaries and our Company

Except for Parasakti which is engaged in business of manufacturing and trading in cement and our Subsidiaries being in the same line of business as our Company, there are no common pursuits between any of our Group Companies, Subsidiaries and our Company. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For details, see “Risk Factors” on page 24.

Related Business Transactions with the Group Companies and significance on the financial performance of our Company

Other than the transactions disclosed in the section “Financial Statements” on page 220, there are no other related business transactions with the Group Companies.

Business interest of our Subsidiaries and Group Companies in our Company

Except as disclosed in “Financial Statements” on page 220, our Subsidiaries and Group Companies have no business interest in our Company.

Litigation

Our Group Companies are not party to any pending litigation which will have a material impact on our Company.

Other confirmations

The equity shares of our Group Companies are not listed on any stock exchange.

Except as disclosed below, our Group Companies have not made any public or rights issue of securities in the preceding three years.

- On May 27, 2019, Penna Shipping had made a rights issue of 17,395,000 of its equity shares, at an issue price of ₹10 per equity share. The equity shares were subscribed and allotted to P R Energy Holding and Pioneer Builders;
- On September 16, 2019, Pioneer Holiday had made a rights issue of 29,315,775 of its equity shares, at an issue price of ₹10 per equity share. The equity shares were subscribed and allotted to P. Prathap Reddy, Managing Partner, Pioneer Builders;
- On March 9, 2020, Pioneer Holiday had made a rights issue of 30,097,529 of its equity shares, at an issue price of ₹10 per equity share. The equity shares were subscribed and allotted to P. Prathap Reddy, Managing Partner, Pioneer Builders;
- On March 29, 2021, Pioneer Holiday had made a rights issue of 59,691,608 of its equity shares, at an issue price of ₹10 per equity share. The equity shares were subscribed and allotted to P. Prathap Reddy, Managing Partner, Pioneer Builders, P R Energy Holding and P. Prathap Reddy.

DIVIDEND POLICY

The declaration and payment of dividends is recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the applicable law, including the Companies Act.

The dividend policy of our Company was adopted and approved by our Board in their meeting held on April 15, 2021 (“**Dividend Policy**”). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal and external factors, which, *inter alia*, include (i) distributable surplus available with our Company as per the Companies Act, 2013 and other rules and regulations, (ii) our Company’s availability of free cash flows, (iii) prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws; (iv) restrictions provided in the loan agreements (if any), etc. As per the Dividend Policy, our Board may (i) declare interim dividends during the year, and (ii) declare dividend out of accumulated profits, which shall not exceed 1/10th of the sum of our Company’s paid-up share capital and free reserves as appearing in the latest audited financial statements, in the event of inadequate or absence of profits in any year.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see “*Financial Indebtedness*” on page 307.

Equity Shares

The details of dividend on Equity Shares declared and paid by our Company in the last three Fiscal Years, until the date of this Draft Red Herring Prospectus are given below:

(in ₹ million, except share data)

Particulars ⁽¹⁾	From March 31, 2021 till the date of this Draft Red Herring Prospectus	For the period ended		
		March 31, 2021	March 31, 2020	March 31, 2019
No. of Equity Shares of face value of ₹ 10	133,800,000	133,800,000	1,338,00,000	13,38,00,000
Face value of Equity Shares (₹ per share)	10	10	10	10
Interim dividend (₹ in million)	-	-	-	-
Final dividend (₹ in million)	-	-	133.80	133.80
Total gross dividend (₹ in million)	-	-	133.80	133.80
Dividend distribution tax (₹ in million)	-	-	29.15	27.51
Dividend per share (₹)	-	-	1	1
Dividend rate (%)	-	-	10	10

(1) As certified by our Statutory Auditors, C. Ramachandram & Co., Chartered Accountants, pursuant to their certificate dated May 13, 2021

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. For details in relation to the risk involved, please see “*Risk Factors- Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*” on page 48.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditors' Examination Report on the Restated Consolidated Ind AS Summary Statements of Assets and Liabilities as at March 31, 2021, March 31, 2020, and March 31, 2019 and Restated Consolidated Ind AS Summary Statement of Profits and Losses (including Other Comprehensive Income), Restated Consolidated Ind AS Summary Statement of Cash Flows and Restated Consolidated Ind AS Summary Statement of Changes in Equity, the Consolidated Summary Statement of Significant Accounting Policies, and other explanatory information for year ended March 31, 2021 and March 31, 2020 and March 31 2019, of Penna Cement Industries Limited (collectively, the "Restated Consolidated Financial Statements").

To,
The Board of Directors,
Penna Cement Industries Limited,
Lakshmi Nivas, Plot No.705,
Road No .3, Banjara Hills,
Hyderabad – 5000 034,
India

Dear Sirs / Madams:

1. We C. Ramachandram & Co Chartered Accountants , have examined the attached Restated Consolidated Financial Statements of Penna Cement Industries Limited (the “Company”) and its subsidiaries and associate (the Company and its subsidiaries and associates together referred to as “the Group”) as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 annexed to this report and approved by the board of directors of the Company at their meeting held on 15th April 2021 for the purpose of inclusion in the (i) Draft Red Herring Prospectus (“DRHP”) proposed to be filed with the Securities and Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange of India Limited (collectively, the “Stock Exchanges”); (ii) red herring prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies, Telangana at Hyderabad (“Registrar of Companies”); and (iii) prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies (collectively referred to as "Offer Documents") in connection with its proposed Initial Public Offer of equity shares (“IPO”) through a fresh issuance of equity shares of face value of Rs. 10 each of the Company and offer for sale by the selling shareholder of the Company (collectively, the “Offering”). prepared in accordance with the requirements of:
 - a) sub- section (1) of Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
 - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) the Guidance note on Reports in Company Prospectuses (Revised 2019) (as amended) issue by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”)

Management's Responsibility for the Restated Consolidated Financial Statements

- The preparation of the Restated Consolidated Financial Statements, which are to be included in the Offer Documents in connection with the offering, is the responsibility of the Management of the Company. The respective Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Statements. The respective Board of Directors of the companies are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

- We have examined such Restated Consolidated Financial Statements taking into consideration:
 - the terms of reference and terms of our engagement agreed with you vide our engagement letter dated 26/03/2021, requesting us to carry out the assignment, in connection with the Offering
 - the Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by the ICAI.
 - concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Consolidated Financial Statements: and
 - The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations and the Guidance Note in connection with the Offering.

Restated Consolidated Financial Statements as per audited Financial Statements

- These Restated Consolidated Financial Statements have been compiled by the management of the company from:

Audited Consolidated Ind AS Financial Statements of the Group as at and for year ended March 31, 2021, March 31, 2020 & March 31, 2019 prepared in accordance with Indian Accounting Standard (referred to as "Ind AS") as specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 15th April, 2021, 19th August, 2020 and 25th May, 2019 respectively.

- For the purpose of our examination, we have relied on auditors' reports issued by us, dated 15th April, 2021, 19th August, 2020 and 25th May, 2019 on the consolidated financial statements of the Group for and as at and for each the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, as referred in paragraph 4 above.
- We did not audit the financial statements of certain subsidiaries, whose share of total assets, total revenues, net cash inflows / (outflows) included in the Restated Consolidated Financial Statements, for the relevant periods/year is tabulated below:

(₹ in Million)

Period/Year Ended	Number of subsidiaries	Total assets	Total revenues	Net Cash Inflows / (Outflows)
31 st March 2021	2	2,369.82	1,404.25	187.83
31 st March 2020	2	2,245.24	973.59	(12.87)
31 st March 2019	1	1,295.90	8.30	(7.70)

We did not audit the financial statements of certain associates whose share of profit/loss included in the Restated Consolidated Financial Statements, for the relevant periods/years is tabulated below:

Period/Year Ended	Number of associates	Share of Profit / (Loss) (₹ in Million)
31 st March 2021	0	0
31 st March 2020	1	(20.84)
31 st March 2019	1	0.27

These financial statements, prepared in accordance with accounting principles generally accepted in India, have been audited by other auditors, under generally accepted auditing standards applicable in India and whose audit reports have been furnished to us. Our opinion in so far as it relates to the amounts included in these Restated Consolidated Financial Statements are based solely on the audit reports of the other auditors.

7. Based on our examination and according to the information and explanations given to us, and based on information stated above, we report that the Restated Consolidated Financial Statements:
 - a) have been prepared after incorporating adjustments for the change in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications ;
 - b) does not contain any qualifications requiring adjustments. However, our reports dated April 15th , 2021 for the year ended March 31st, 2021 and August 19th, 2020 for the year ended March 31, 2020 respectively, includes an emphasis of matter on impact of COVID 19 on operations of the Group
 - c) have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
8. The Restated Consolidated Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on audited consolidated Ind AS financial statements mentioned in paragraph 4 above.
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with SEBI, Stock Exchanges and ROC in connection with the Offering. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For C.Ramachandram and Co.,
Chartered Accountants,
Firm Registration No. 002864S

C.Ramachandram
Partner
M.No:025834
UDIN: 21025834AAAALF5051
Place: Hyderabad
Date: 15th April 2021

Penna Cement Industries Limited
Restated Consolidated Balance Sheet as at 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

Particulars	Note	As at	As at	As at
		31 March 2021	31 March 2020	31 March 2019
NON CURRENT ASSETS				
a) Property, Plant and Equipment	2	24,915.18	18,783.90	19,579.84
b) Capital work-in-progress	3	2,477.15	7,830.25	6,668.91
c) Other Intangible Assets	4	7.28	7.76	7.56
d) Right to use Assets	4	222.78	161.38	29.53
e) Goodwill on Consolidation		571.38	571.38	1.75
f) Financial assets				
i) Investments	5	26.29	727.12	747.96
ii) Loans	6	231.34	997.53	1,003.56
iii) Other financial assets	7	268.47	259.45	144.15
h) Other non-current assets	8	1,704.51	1,117.82	1,767.38
Total Non Current Assets		30,424.39	30,456.59	29,950.63
CURRENT ASSETS				
a) Inventories	9	3,198.13	4,215.90	3,711.13
b) Financial assets				
i) Trade receivables	10	1,814.66	1,798.12	1,372.50
ii) Cash and cash equivalents	11	1,152.42	56.25	648.83
iii) Other bank balances	11	218.17	212.10	186.94
v) Other financial assets	7	224.06	223.25	153.57
c) Other current assets	8	712.45	560.07	1,194.80
Total Current Assets		7,319.90	7,065.69	7,267.77
Total Assets		37,744.29	37,522.27	37,218.40
SHAREHOLDER'S FUNDS				
a) Equity share capital	12	1,338.00	1,338.00	1,338.00
b) Other equity	13	10,739.74	9,855.95	9,231.38
Total Equity		12,077.74	11,193.95	10,569.38
Non-Controlling Interest		256.83	256.35	256.60
NON CURRENT LIABILITIES				
a) Financial Liabilities				
i) Borrowings	14	9,161.46	10,402.41	11,362.12
ii) Other financial liabilities	19	5,071.27	6,025.26	5,359.16
b) Provisions	17	96.08	76.08	48.45
c) Deferred tax liabilities (Net)	20	2,669.24	2,338.36	2,286.88
Total Non-Current Liabilities		16,998.05	18,842.11	19,056.62
CURRENT LIABILITIES				
a) Financial Liabilities				
i) Borrowings	15	2,334.90	2,472.37	2,269.20
ii) Trade payables				
-Payable to Micro, Medium and Small	18	55.88	18.00	23.30
-Others	18	1,434.26	1,550.20	2,049.71
iii) Other financial liabilities	19	2,454.49	2,342.66	2,180.91
b) Other current liabilities	16	1,635.30	716.64	610.24
c) Provisions	17	53.02	36.62	31.89
d) Current tax liabilities (Net)		443.81	93.39	170.54
Total current liabilities		8,411.67	7,229.87	7,335.79
Total Equity and liabilities		37,744.29	37,522.27	37,218.40
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the restated Consolidated financial statements.

As per our report of even date attached

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 002864S

for and on behalf of the Board of Directors

C. Ramachandram

Partner

Membership No.: 025834

P. Prathap Reddy

Managing Director

DIN: 00093176

D L Kantham

Director

DIN: 00822385

Place: Hyderabad

Date: 15th April 2021

Petluru Venugopal Reddy

Chief Financial Officer

Raj Kumar Singh

Company Secretary

M.No:14265

Penna Cement Industries Limited

Restated Consolidated Statement of Profit and Loss for the year ended 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
REVENUE				
Revenue from Operations	21	24,763.99	21,676.14	21,561.81
Other Income	22	1,229.51	86.39	29.41
Total income		25,993.50	21,762.53	21,591.22
EXPENSES				
Cost of materials consumed	23	3,527.58	3,395.04	3,922.00
Purchase of Stock in Trade		568.61	375.23	-
Changes in Inventories of Finished Goods, Stock in trade & Work in Progress	24	226.81	(241.66)	(342.50)
Employee benefit expenses	25	1,189.06	1,107.25	1,112.05
Finance costs	28	2,290.85	1,866.22	1,398.85
Depreciation and amortisation expense	27	1,437.61	1,219.06	1,165.89
Freight & Forwarding Expenses	26	5,995.44	6,055.08	5,809.95
Other expenses	29	8,466.69	7,639.14	8,057.06
Less: Captive Consumption of Cement		(8.66)	(37.54)	(86.24)
Total Expenses		23,694.00	21,377.81	21,037.06
Restated Profit before Tax expenses and before Profit/ (Loss) of Associates		2,299.49	384.72	554.16
Restated Share of Profit / (Loss) from Associates		-	(20.34)	0.17
Restated Profit Before Tax Expenses		2,299.49	364.38	554.33
Tax Expense :				
Current tax		444.06	93.38	173.61
Prior Period Tax Adjustment		19.19	(10.55)	-
MAT Credit		(200.60)	(89.43)	(169.38)
Deferred tax (Credit) / charge		516.11	140.74	(301.24)
Total Tax Expenses		778.76	134.15	(297.00)
Restated Profit for the period		1,520.73	230.24	851.33
Restated Profit / (Loss) attributable to non controlling interest		0.48	(0.25)	0.33
Restated Profit / (Loss) attributable to Owners of the Parent		1,520.25	230.49	851.00
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plan		(7.84)	(10.93)	(3.71)
Fair value changes on equity instruments through OCI (FVTOCI)		4.68	-	0.14
Share of Profits from Associates		(539.49)	(0.50)	0.09
Income-tax effect		-	-	(0.05)
Other Comprehensive Income / (loss) for the year attributable to non controlling interest		-	-	-
Other Comprehensive Income / (loss) for the year attributable to Owners of the Parent		(542.65)	(11.42)	(3.53)
Total Comprehensive Income / (loss) for the year attributable to non controlling interest		0.48	(0.25)	0.33
Total Comprehensive Income / (loss) for the year attributable to Owners of the Parent		977.60	219.07	847.47
Earnings per equity share (nominal value of INR 10) in INR Basic and Diluted		11.36	1.72	6.36
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the Restated Consolidated financial statements.

As per our report of even date attached

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 002864S

for and on behalf of the Board of Directors

C. Ramachandram
Partner
Membership No.: 025834

P. Prathap Reddy
Managing Director
DIN: 00093176

D L Kantham
Director
DIN: 00822385

Place: Hyderabad
Date: 15th April 2021

Petluru Venugopal Reddy
Chief Financial Officer

Raj Kumar Singh
Company Secretary
M.No:14265

Penna Cement Industries Limited

Restated Consolidated Statement of Cash Flows for the period ended 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Operating activities			
Profit before tax	2,299.49	364.38	554.33
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation	1,437.27	1,219.07	1,165.92
Interest Expenses	2,004.71	1,631.70	1,069.28
Share of (Profit) / loss from the associates	-	20.34	(0.17)
Unwinding of Interest	286.14	234.52	329.57
Provision for Doubtful debts	(22.27)	(43.94)	92.99
Provision for Retirement Benefits	21.10	33.38	21.32
Fair valuation of investments	0.01	0.00	-
Foregin exchange (gain)/ Loss	(36.57)	62.55	(23.45)
Profit on sale of asset	(0.11)	(19.90)	(0.14)
Profit / Loss on Sale of Investments	(1,184.37)	-	-
Interest Income	(44.64)	(66.55)	(29.53)
Operating profit before working capital changes	4,760.77	3,435.55	3,180.11
<i>Working capital adjustments:</i>			
Increase / (Decrease) in Trade payable & Other Liabilities	(263.06)	(291.23)	1,655.78
(Increase) / Decrease in Trade Receivables	225.89	(356.23)	(289.89)
(Increase) / Decrease in Inventories	1,010.69	(461.45)	(1,921.64)
(Increase) / Decrease in Other current assets	(9.09)	507.43	75.05
Cash generation from operations	5,725.20	2,834.07	2,699.42
Income tax paid	(97.24)	(58.65)	(147.45)
Net cash flows from operating activities	5,627.96	2,775.42	2,551.96
Investing activities			
Purchase of Fixed Assets	(2,274.22)	(785.88)	(7,061.38)
Sale of Fixed Assets	0.37	23.52	0.86
Purchase of Investments	(1,768.66)	(250.50)	-
Sale of Investments	3,119.03	-	-
Increase / (Decrease) Non Current Liabilities & Provisions	(1,042.56)	543.81	2,831.48
(Increase) / Decrease in Non current Loans	617.54	14.53	760.33
Interest Income	44.64	66.55	29.53
Net cash flows used in investing activities	(1,303.86)	(387.98)	(3,439.18)
Financing activities			
Proceeds from Long term Borrowings	702.84	73.91	2,923.00
Repayment of long term Borrowings	(1,925.96)	(1,294.06)	(422.50)
Dividend paid	-	(162.95)	(161.31)
Interest paid	(2,004.71)	(1,631.70)	(1,069.28)
Net cash flows from/ (used in) financing activities	(3,227.84)	(3,014.80)	1,269.91
Net increase / (decrease) in cash and cash equivalents	1,096.26	(627.36)	382.70
Cash and cash equivalents at the beginning of the year (refer note 13)	56.16	683.61	266.13
Cash and cash equivalents at the end of the year (refer note 13)	1,152.42	56.25	648.83

Penna Cement Industries Limited**Restated Consolidated Statement of Cash Flows for the period ended 31.03.2021**

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

Reconciliation of liabilities from financing activities

Particulars	Long Term Borrowings (including current portion)	Short Term Borrowings	Total
As on 31st March 2018	10,517.60	2,269.20	12,786.80
Proceeds during the year	2,923.00	-	2,923.00
Repayment	(422.50)	-	(422.50)
Fair value changes	238.78	-	238.78
As on 31st March 2019	13,256.88	2,269.20	15,526.08
Proceeds during the year	73.91	203.20	277.11
Repayment	(1,294.06)	-	(1,294.06)
Fair value changes	194.11	-	194.11
As on 31st March 2020	12,230.85	2,472.40	14,703.25
Proceeds during the year	702.84	(137.50)	565.34
Repayment	(1,925.96)	-	(1,925.96)
Fair value changes	176.82	-	176.82
As on 31st March 2021	11,184.55	2,334.90	13,519.45

Summary of significant accounting policies : Note - 1

The accompanying notes are an integral part of the Restated Consolidated financial statements.

As per our report of even date attached

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 002864S

C. Ramachandram

Partner

Membership No.: 025834

for and on behalf of the Board of Directors

Place: Hyderabad

Date: 15th April 2021

P. Prathap Reddy

Managing Director

DIN: 00093176

D L Kantham

Director

DIN: 00822385

Petluru Venugopal Reddy

Chief Financial Officer

Raj Kumar Singh

Company Secretary

M.No:14265

Penna Cement Industries Limited

Restated Consolidated Statement of changes in equity as at 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

I. EQUITY SHARE CAPITAL

Particulars	No. of Shares	Rs.in Mn's
Outstanding at 31st March 2019	13,38,00,000	1,338.00
Shares issued during the year	-	-
Outstanding at 31st March 2020	13,38,00,000	1,338.00
Shares issued during the year	-	-
Outstanding at 31st March 2021	13,38,00,000	1,338.00

II. OTHER EQUITY

Particulars	Reserves & Surplus					Items of Other Comprehensive Income	Total attributable to owner of the company	Non-controlling interest	Total
	Debtore Redemption reserve	General Reserve	Retained Earnings	Amalgamation Reserve	Foreign Exchange Fluctuation reserve	Equity instruments through OCI			
At March 31, 2018	245.00	350.00	9,220.91	-	-	(59.01)	9,756.90	256.27	10,013.18
Restated Profit / (Loss) for the year			851.00				851.00	0.33	851.33
IND AS 116 Adjustment done in Opening Reserves			(7.49)				(7.49)		(7.49)
Transfer of Debtore redemption reserve to retained earnings	(105.00)		105.00				-		-
Dividend paid (including Dividend Distribution Tax)			(161.31)				(161.31)		(161.31)
Issue of Bonus Shares			(1,204.20)				(1,204.20)		(1,204.20)
Other comprehensive income							-		-
Fair value changes on equity instruments through OCI (FVTOCI)			0.14				0.14		0.14
Re-measurement of gain/(loss) on defined benefit plans			(3.71)				(3.71)		(3.71)
Share of Profits from Associates			0.09				0.09		0.09
Income-tax effect			(0.05)				(0.05)		(0.05)
At March 31, 2019	140.00	350.00	8,800.39	-	-	(59.01)	9,231.38	256.60	9,487.98
Restated Profit / (Loss) for the year			230.49				230.49	(0.25)	230.24
Reserves from Subsidiaries				69.91	495.85		565.76		565.76
Adjustment of Goodwill from the current year profits			2.34				2.34		2.34
IND AS 116 Adjustment done in Opening Reserves							-		-
Transfer of Debtore redemption reserve to retained earnings	(140.00)		140.00				-		-
Dividend paid (including Dividend Distribution Tax)			(162.95)				(162.95)		(162.95)
Other comprehensive income							-		-
Fair value changes on equity instruments through OCI (FVTOCI)						0.14	0.14		0.14
Re-measurement of gain/(loss) on defined benefit plans			(10.93)				(10.93)		(10.93)
Share of Profits from Associates			(0.29)				(0.29)		(0.29)
At March 31, 2020	-	350.00	8,999.05	69.91	495.85	(58.87)	9,855.95	256.35	10,112.29
Restated Profit / (Loss) for the year			1,520.25				1,520.25	0.48	1,520.73
Adjustment on account of consolidation				(1.57)	(3.44)		(5.01)		(5.01)
IPO Expenses adjusted			(88.79)				(88.79)		(88.79)
Other comprehensive income							-		-
Re-measurement of gain/(loss) on defined benefit plans			(7.84)				(7.84)		(7.84)
Fair value (gain) / Loss on Equity Instruments through OCI (FVTOCI)						4.68	4.68		4.68
Share of Profits / (Loss) from Associates			(539.49)				(539.49)		(539.49)
At March 31, 2021	-	350.00	9,883.18	68.34	492.41	(54.19)	10,739.74	256.83	10,996.57

Summary of significant accounting policies : Note - 1

The accompanying notes are an integral part of the Restated Consolidated financial statements.

As per our report of even date attached

For C. Ramachandram & Co.

Chartered Accountants

ICAI Firm Registration Number: 0028645

for and on behalf of the Board of Directors

C. Ramachandram

Partner

Membership No.: 025834

P. Prathap Reddy

Managing Director

DIN: 00093176

D I. Kantham

Director

DIN: 00822385

Place: Hyderabad

Date: 15th April 2021

Peturu Venugopal Reddy

Chief Financial Officer

Raj Kumar Singh

Company Secretary

M.No:14265

1. Group overview & Significant Policy

A. Group overview

Penna Cement Industries Limited ('the PCIL' or 'the Company') is a public limited company domiciled and incorporated in India having its registered office at Hyderabad, Telangana, India under the provisions of companies Act, 1956 and. The company together with its subsidiaries and associate (together referred to as "the Group") is engaged in the business of manufacturing and selling of cement, cement related products and Power.

B. Basis of preparation of financial statements

B.1. Statement of Compliance

These Restated Consolidated Ind AS Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof. These Restated Ind AS Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III to the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("the SEBI regulations"), as amended from time to time and Guidance note on Reports in Company Prospectuses (Revised 2019) issued by Auditing and Assurance Standards Board of the Institute of Chartered Accountants of India.

The Restated Consolidated Ind AS Summary Statements have been compiled from:

- a) Audited consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2019 prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 under the provisions of the Act and subsequent amendments thereof which has been approved by the Board of Directors at their meeting held on 25th May 2019;
- b) Audited consolidated Ind AS financial statements as at and for the year ended March 31, 2020 prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof which has been approved by the Board of Directors at their meeting held on 19th August 2020;
- c) Audited consolidated Ind AS financial statements as at and for the year ended March 31, 2021 prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof which has been approved by the Board of Directors at their meeting held on 15th April 2021;

Restated Consolidated Ind AS Financial Information are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Restated Consolidated Ind AS Financial Information for like transactions and events in similar circumstances, appropriate adjustments where material, are made to that Group member's financial statements in preparing the Restated Consolidated Ind AS Financial Information to ensure conformity with the Group's accounting policies.

The Restated Consolidated Ind As financial statements were authorized for issue by the Company's Board of Directors on 15th April 2021.

B.2 Basis of preparation and presentation

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- Certain financial assets and liabilities are measured at fair value;
- Employee defined benefit assets/ (liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;

Long term borrowings are measured at amortized cost using the effective interest rate method except the sales tax deferment loan measured at measured at fair value through profit or loss.

Assets held for disposal are measured at the lower of carrying cost or the fair value less cost of sales.

B.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Group. Functional currency of an entity is the currency of the primary economic environment in which the Group operates.

All amounts are in Indian Rupees Million except share data, unless otherwise stated.

B.4 Operating Cycle

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

B.5 Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Group's accounting policies, which are described in Note 1, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2021 the management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and associate companies

Investment in subsidiaries and associate are carried at cost in the separate financial statements.

During the year, the Group assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Group is confident that the investments do not require any impairment.

Mines restoration obligation

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

B.6 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1. Note -1 continued - Significant accounting Policies

1.1 Revenue recognition

The Group derives revenue from the sale of cement and Power. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over the product to a customer.

The Five step model which is the focal point for revenue recognition as per Ind As 115 is as follows:

i) Identify contract with the customer:

The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) which has commercial substance and are committed to perform their respective obligations. The rights to goods or services and payment terms can be distinctly identified and collection of consideration is considered probable.

ii) Identify the performance obligations in the contract:

The goods or services promised in a contract shall be assessed to identify the performance obligation for each promise to transfer either (a) Goods or services, or (b) a series of distinct goods or services that are similar and have the same pattern of transfer.

iii) Determine the transaction price:

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange after transferring goods or services to a customer. The entity should consider the following when determining the transaction price (a) Variable consideration and constraints (b) Significant financing component,(c)Non-cash considerations,(d) Consideration payable to a customer.

iv) Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the transaction price is required to be allocated to each performance obligation in proportion to its standalone selling prices i.e., the price at which entity would sell the promised goods (or) services apparently to the customer.

v) Recognise revenue when (or as) the entity satisfies a performance obligation:

It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

Sale of Power

Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. The Group determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustment that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/Tariff Orders is made after the completion of such review of “take or pay”

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.2 Leases

The Ministry of Corporate Affairs has notified Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from April 1, 2019. The Group has adopted the Standard with effect from the date of initial application i.e. April 1, 2019, using the modified retrospective method under the transitional provisions of the Standard. As a result, the Group has recognised right of use asset and corresponding lease liability. Further, expense towards such lease is now recorded as depreciation on right of use assets and finance costs on lease liability, instead of rent.

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.

The Group's lease asset classes primarily consist of leases for lands situated port locations. The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets are depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use (ROU) assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments for the lease period. The lease payments are discounted using the interest rate determined by the incremental borrowing rate.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

1.3 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Hedge / Derivative Financial Instruments

The Group enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross-currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

1.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

1.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current income tax assets and current income tax 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 substantially enacted at the reporting date.

The Government of India, on 20/09/2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAB in the Income Tax Act, 1961, which provides an option to the Group for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Group is continuing to provide for income tax at old rates, based on the available outstanding MAT credit entitlement and various exemptions and deductions available to the Group under the Income Tax Act, 1961. Further, the Group has continued to apply the present applicable income tax rates on the deferred tax assets/ liabilities that are expected to be realized or settled in the future period.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

1.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year 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 earnings per share.

1.7 Property, plant and equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 - Property, Plant and Equipment.

1.8 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

1.9 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

In case of certain classes of PPE, the Group uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings - Factory	30
Buildings - Non-Factory	61
Plant and Machinery	19
Railway Siding	21
Furniture & Fixtures	16
Office Equipment - Others	21
Office Equipment - Computers	6
Vehicles	11
Vessel	25

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

1.10 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization:-

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in profit or loss when the asset is derecognised.

Computer software is amortised on straight line basis over a period of Six years.

Mining rights are amortized over the lease period.

1.11 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

1.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a 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 Group are segregated.

1.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Group receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

1.15 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit & Loss and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

1.16 Investments in Subsidiaries and associates

The Group's investment in its Subsidiaries is carried at cost.

Interest in associates is accounted for using equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

1.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

1.18 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received. Determining the provision for onerous contracts involves significant estimates related to quantity of materials required, the prices of such material, estimated labour cost, overheads to be incurred, likely timing of completion of the project, contingency provision etc. As on 31st March 2021, the group does not have any onerous contracts.

1.19 Contingent liabilities &Contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.20 Mines restoration provision

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

1.21 Financial instruments

a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial

liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

C. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the

amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Group recognize the expected credit loss of receivables , at 100% of the carrying amount which are overdue by more than 180 days and in respect of which either legal action is not feasible or when there is no realistic prospect of recovery , where a legal action has been initiated .

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written

off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

1.23 COVID-19

As India and the world come together to fight the impact of the crisis caused by COVID-19, the Group is making every effort to tide over the turbulence.

The spread of COVID-19 has severely impacted business in many countries including India and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Group's operations in certain geographies. The Group has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the financial results. The management believes that it has assessed and taken all the possible impacts known from these events, wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Group operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results. The Group will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial results.

The Group continues to retain the precautionary arrangements with regard to enabling social distancing, providing a sanitized work environment and providing protective equipment as necessary, in all the plants , terminals and offices. The Group continues adopt the provisions of the standard operating procedure (SOP) announced by the Ministry of Home Affairs, Government of India.

Penna Cement Industries Limited

Restated Consolidated Notes for the period ended 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

2 Property, plant and equipment ***

Particulars	Freehold Land	Buildings	Plant and Machinery	Vessel	Railway Siding	Office Equipment	Furniture and Fixtures	Vehicles	Total
Cost									
At March 31, 2020	1,804.15	6,216.65	18,028.53	1,478.09	1,055.87	132.02	16.86	275.27	29,007.44
Additions	10.59	1,844.26	5,499.02	-	206.30	4.40	0.06	2.57	7,567.21
Deletions	-	-	-	-	-	-	-	2.00	2.00
At March 31, 2021	1,814.74	8,060.91	23,527.56	1,478.09	1,262.17	136.42	16.92	275.84	36,572.65
Accumulated depreciation									
At March 31, 2020	-	1,319.32	8,197.02	95.41	408.50	71.24	13.18	118.88	10,223.54
Charge for the year	-	81.77	1,213.18	59.30	51.40	6.77	0.49	23.01	1,435.92
Less: Adjustments / Deletions	-	0.06	-	0.22	0.02	-	-	1.70	2.00
At March 31, 2021	-	1,401.03	9,410.20	154.49	459.88	78.02	13.67	140.18	11,657.46
Carrying amount									
At March 31, 2020	1,804.15	4,897.33	9,831.52	1,382.68	647.37	60.78	3.68	156.39	18,783.90
At March 31, 2021	1,814.74	6,659.88	14,117.36	1,323.60	802.29	58.41	3.25	135.66	24,915.18

3 Capital work-in-progress

Particulars	31 March 2021	31 March 2020
Civil Works-in-progress	551.77	203.49
Plant & Machinery under Erection	1,851.40	7,423.26
Preoperative Expenses	73.98	203.50
Total	2,477.15	7,830.25

@ Details of Preoperative Expenses	31 March 2021	31 March 2020
Salary & Wages	17.30	65.40
Consultancy	0.20	0.70
Rents	1.80	7.10
Others	54.70	130.30
Total	74.00	203.50

***Includes borrowing cost of Rs. 163.5 Mn's capitalized during the year 2020-21 (31st March 20 Rs. 526.0 Mn's)

All Property, plant and equipment are subject to a first charge to the Company's Secured Long-Term Borrowings and second charge to the company's short term borrowings.

4 Other Intangible assets / Right of use Assets

Particulars	Other Intangible Assets	Right of use Assets
Cost		
At March 31, 2020	58.07	172.58
Additions	-	67.29
Deletions	-	-
At March 31, 2021	58.07	239.87
Accumulated Amortisation		
At March 31, 2020	50.31	11.21
Amortisation expense	0.48	1.29
Deletion / Adjustments	-	4.60
At March 31, 2021	50.79	17.09
Carrying amount		
At March 31, 2020	7.76	161.38
At March 31, 2021	7.28	222.78

Penna Cement Industries Limited

Restated Consolidated Notes for the period ended 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

2 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Machinery	Vessel	Railway Siding	Office Equipment	Furniture and Fixtures	Vehicles	Total
Cost									
At March 31, 2019	1,805.59	6,198.12	17,736.43	1,478.09	1,016.51	116.77	17.01	268.11	28,636.62
Additions	6.82	18.54	293.53	0.00	39.37	15.26	0.15	7.85	381.53
Deletions	8.26	-	-	-	-	-	-	0.70	8.96
At March 31, 2020	1,804.15	6,216.66	18,029.96	1,478.09	1,055.87	132.03	17.16	275.27	29,009.20
Accumulated depreciation									
At March 31, 2019	-	1,136.45	7,310.45	36.28	360.21	65.32	12.82	96.23	9,017.76
Charge for the year	-	182.89	888.00	59.12	48.29	5.93	0.66	22.65	1,207.53
Less: Adjustments / Deletions	-	-	-	-	-	-	-	-	-
At March 31, 2020	-	1,319.33	8,198.44	95.41	408.50	71.25	13.48	118.88	10,225.29
Carrying amount									
At March 31, 2019	1,805.59	5,061.67	10,425.98	1,441.81	656.30	51.45	4.19	171.88	19,618.86
At March 31, 2020	1,804.15	4,897.33	9,831.52	1,382.68	647.37	60.78	3.68	156.39	18,783.90

3 Capital work-in-progress

Particulars	31 March 2020	31 March 2019
Civil Works-in-progress	203.49	548.73
Plant & Machinery under Erection	7,423.26	6,010.08
Preoperative Expenses	203.50	110.10
Total	7,830.25	6,668.91

@ Details of Preoperative Expenses	31 March 2020	31 March 2019
Salary & Wages	65.40	29.20
Consultancy	0.70	0.40
Rents	7.10	0.70
Others	130.30	79.80
Total	203.50	110.10

***Includes borrowing cost of Rs. 526.0 Mn's capitalized during the year 2019-20 (31st March 2019 Rs. 511.9 Mn's)

All Property, plant and equipment are subject to a first charge to the Company's Secured Long-Term Borrowings and second charge to the company's short term borrowings.

4 Other Intangible assets / Right of use Assets

Particulars	Other Intangible Assets	Right of use Assets
Cost		
At March 31, 2019	57.86	35.88
Additions	0.21	143.05
Deletions	-	-
At March 31, 2020	58.07	178.94
Accumulated Amortisation		
At March 31, 2019	49.85	6.36
Amortisation expense	0.46	11.21
At March 31, 2020	50.31	17.56
Carrying amount		
At March 31, 2019	8.01	29.53
At March 31, 2020	7.76	161.38

Penna Cement Industries Limited

Restated Consolidated Notes for the period ended 31.03.2021

(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

2&3 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Machinery	Vessel	Railway Siding	Office Equipment	Furniture and Fixtures	Vehicles	Total
Cost									
At March 31, 2018	1,760.97	5,584.05	16,647.15	-	1,016.51	101.95	14.06	193.95	25,318.64
Additions	44.61	540.64	997.91	1,478.09	-	9.75	0.40	75.34	3,146.75
Deletions	-	-	-	-	-	-	-	2.58	2.58
At March 31, 2019	1,805.59	6,124.69	17,645.07	1,478.09	1,016.51	111.70	14.46	266.71	28,462.80
Accumulated depreciation									
At March 31, 2018	-	903.24	6,364.67	-	311.92	55.85	9.83	77.31	7,722.82
Charge for the year	-	170.33	881.72	36.28	48.28	5.46	0.56	19.12	1,161.75
Less: Adjustments / Deletions	-	-	-	-	-	-	-	1.61	1.61
At March 31, 2019	-	1,073.57	7,246.38	36.28	360.21	61.31	10.39	94.82	8,882.96
Carrying amount									
At March 31, 2018	1,760.97	4,680.82	10,282.49	-	704.58	46.10	4.23	116.64	17,595.82
At March 31, 2019	1,805.59	5,051.12	10,398.68	1,441.81	656.30	50.39	4.07	171.88	19,579.84

4 Other Intangible assets / Right of use Assets

Particulars	Other Intangible Assets	Right of use Assets
Cost		
At March 31, 2018	49.76	35.88
Additions	-	-
Deletions	-	-
At March 31, 2019	49.76	35.88
Accumulated Amortisation		
At March 31, 2018	39.33	5.08
Amortisation expense	2.87	1.27
At March 31, 2019	42.20	6.36
Carrying amount		
At March 31, 2018	10.42	30.80
At March 31, 2019	7.56	29.53

Penna Cement Industries Limited
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 (All amounts in Indian Rupees Millions, except share data and where otherwise stated)

5 INVESTMENTS

Particulars	31 March 2021	31 March 2020	31 March 2019
NON-CURRENT INVESTMENTS			
Investments			
Unquoted equity shares			
<i>Investments in associates using equity method of accounting</i>			
Nil, (March 31, 2020: 16,600,000 , March 31, 2019: 16,600,000) equity shares of ₹10 each in Parasakthi Cement Limited	-	705.49	726.33
Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)			
Unquoted equity shares			
536,000 (March 31, 2020: 536,000 , March 31, 2019: 536,000) equity shares of Rs.10 each in Andhra Pradesh Gas Power Corporation Limited	26.29	21.61	21.61
<i>Investments in partnership firm</i>			
Investment with Sunder Chemicals and Minerals	-	0.01	0.01
Total	26.29	727.12	747.96
Investments using equity method of accounting - Unquoted equity shares in associates	-	705.49	726.33
Investments carried at (FVTOCI) - Unquoted equity shares in Others	26.29	21.63	21.63

During the year end 31st Mar 21 , the Company has sold 1,32,00,000 equity shares of Rs10 each in Parasakti Cement Industries Limited , for a consideration of Rs 2500 Mn's to Turbotech Constructions Private Limited

During the year end 31st Mar 21 , Company has been allotted 17,68,66,284 equity shares of face value of Rs 10 each by Anrak Aluminum Limited (AAL) .

These shares were allotted against (i) an amount paid by the Company (Rs. 998.5 Mn's) pursuant to an agreement with an erstwhile preference shareholder (L&T Infrastructure Finance Company Ltd - L&T) of AAL which was subsequently transferred to PCIL Power & holdings Limited during the de-merger in an earlier year and (ii) the amount paid by the Company in an earlier period (Rs. 770.1 Mn's) post de-merger pursuant to the said agreement with an erstwhile preference shareholder (L&T) of AAL .

Company, subsequently, sold these shares to PR Energy Holdings Ltd, for a consideration of Rs 619.0 Mn's

6 LOANS (Unsecured, Considered Good)

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-Current- Amortised cost			
Security deposits	231.34	199.79	175.81
Advances for investment	-	797.74	827.75
Total	231.34	997.53	1,003.56

Note: These financial assets are carried at amortised cost

7 OTHER FINANCIAL ASSETS

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-Current			
Fixed deposits with original maturity of more than 12 months	268.07	259.02	144.15
Security deposits	0.40	0.43	-
Total	268.47	259.45	144.15
Current			
Security deposits	199.48	201.51	138.93
Interest accrued but not due for receipt	24.58	21.74	14.64
Total	224.06	223.25	153.57

8 OTHER ASSETS

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-Current Assets (Unsecured, considered good)			
Capital advances	1,364.43	718.52	1,360.20
Advances other than capital advances	16.63	67.25	66.50
-Prepaid Expenses	323.45	332.05	340.68
Total	1,704.51	1,117.82	1,767.38
Current assets (Unsecured, considered good)			
Advances other than capital advances			
-Supplier advances*	543.63	242.50	349.53
-Prepaid expenses**	80.00	158.43	162.77
Balances with Government Authorities	86.48	144.81	588.64
Others	2.35	14.34	93.85
Total	712.45	560.07	1,194.80

*Includes related parties of Rs. 60.4 Mn's (31st March 20 Rs. 77.0 Mn's , 31st March 19 Rs. 118.7 Mn's)

** Includes expenses of Rs. 3.2 Mn's (31st March 20 Rs. 89.6 Mn's , 31st March 19 Rs. 85.3 Mn's) incurred towards the proposed IPO (Initial Public Offering) and the same to be adjusted against the equity upon the completion of IPO.

The company is in the process of filing of Draft Red Herring Prospectus (DRHP) with the stock exchanges / SEBI

Penna Cement Industries Limited

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(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

9 INVENTORIES

Particulars	31 March 2021	31 March 2020	31 March 2019
Raw Materials	156.58	322.36	871.63
Fuel	674.36	1,578.05	785.27
Work-in-progress	526.38	681.57	453.09
Finished Goods	60.55	132.17	90.71
Stores and Spares	1,716.57	1,442.93	1,455.46
Packing Material	63.70	58.82	54.98
Total	3,198.13	4,215.90	3,711.13

All the inventories are subject to a first charge to the Company's Secured Short Term Borrowings and second charge to the company's Secured Non-Current borrowings with Yes Bank Ltd, L&T Finance Ltd, and Hero FinCorp Ltd.

10 TRADE RECEIVABLES

Particulars	31 March 2021	31 March 2020	31 March 2019
Secured, considered good	29.85	72.40	28.50
Unsecured, considered good*	1,858.59	1,821.76	1,446.06
	1,888.44	1,894.16	1,474.56
Less: Provision for doubtful receivables	(73.77)	(96.05)	(102.06)
Total	1,814.66	1,798.12	1,372.50

*includes related parties of Rs 18.3 Mn's (31st March 2020 Rs. 8.5 Mn's , 31st March 2019 Rs. 48.8 Mn's)

11 CASH AND CASH EQUIVALENTS

Particulars	31 March 2021	31 March 2020	31 March 2019
Balances with Banks:			
- On current accounts	850.74	53.53	645.35
- In Fixed deposits having maturity less than 3 months	300.00	-	-
Cash on hand	1.68	2.72	3.48
Total	1,152.42	56.25	648.83
Bank Balance Other than Cash & Cash Equivalents			
Deposits held as Margin Money for Bank Guarantees	218.17	212.10	186.94
Total	218.17	212.10	186.94

Penna Cement Industries Limited

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(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

12 SHARE CAPITAL

Particulars	31 March 2021	31 March 2020	31 March 2019
Authorised Share Capital			
200,000,000 (March 31, 2020: 200,000,000, March 31, 2019: 200,000,000) equity shares of Rs.10 each	2,000.00	2,000.00	2,000.00
Issued, subscribed and fully paid-up			
133,800,000 (March 31, 2020: 133,800,000, March 31, 2019: 133,800,000) equity shares of Rs.10/- each fully paid-up	1,338.00	1,338.00	1,338.00
	1,338.00	1,338.00	1,338.00

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is set out below:

Particulars	31 March 2021		31 March 2020		31 March 2019	
	No. of Shares	Rs.in Mn's	No. of Shares	Rs.in Mn's	No. of Shares	Rs.in Mn's
Outstanding at the beginning of the year	13,38,00,000	1,338.00	13,38,00,000	1,338.00	1,33,80,000	133.80
Bonus shares Issued during the year*	-	-	-	-	12,04,20,000	1,204.20
Outstanding at the end of the year	13,38,00,000	1,338.00	13,38,00,000	1,338.00	13,38,00,000	1,338.00

* Bonus shares issued during the year ended 31st March 2018 and 31st March 2017 are Nil

b) Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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 amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The details of shareholders holding more than 5% equity shares is set below:

Name of the Share Holder	31 March 2021		31 March 2020		31 March 2019	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
1. Shri. P. Prathap Reddy	1,36,35,000	10.19	1,36,35,000	10.19	1,36,35,000	10.19
2. M/s P. R. Cement Holdings Ltd	4,47,01,100	33.41	4,47,01,100	33.41	4,47,01,100	33.41
3. Shri. P. Prathap Reddy, Partner, Pioneer Builders	7,00,94,800	52.39	7,00,94,800	52.39	7,00,94,800	52.39

Penna Cement Industries Limited

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(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

13 OTHER EQUITY

Particulars	31 March 2021	31 March 2020	31 March 2019
Debenture redemption reserve			
Opening balance	-	140.00	245.00
Add: Transfers during the year	-	(140.00)	(105.00)
Closing balance - a	-	-	140.00
General reserve			
Opening balance	350.00	350.00	350.00
Add: Transfers during the year	-	-	-
Closing balance - b	350.00	350.00	350.00
Fair value reserve			
Opening balance	(58.87)	(59.01)	(59.01)
Add: Profit during the year	4.68	0.14	-
Closing balance - c	(54.19)	(58.87)	(59.01)
Foreign Exchange fluctuation reserve - d	492.41	495.85	-
Amalgamation Reserve - e	68.34	69.91	-
Retained earnings			
Opening balance	8,999.05	8,800.39	9,220.91
Addition on account of Singha	-	(567.28)	-
Adjustment of Goodwill	-	567.28	-
Profit/(loss) for the year	1,520.25	230.49	851.00
Adjustment of Goodwill from the current year profits	-	2.34	-
IND AS 116 Adjustment on opening reserves	-	-	(7.49)
Less: IPO Expenses adjusted	(88.79)	-	-
Transfer from DDR	-	140.00	105.00
Dividend paid	-	(162.95)	(161.31)
Issue of Bonus shares	-	-	(1,204.20)
Re-measurement gains/ (losses) on defined benefit plan	(7.84)	(10.93)	(3.71)
Fair value changes on equity instruments through OCI (FVTOCI)	-	-	0.14
Share of Profits from Associates	(539.49)	(0.29)	0.09
Income-tax effect	-	-	(0.05)
Closing balance - f	9,883.18	8,999.05	8,800.39
Total - Reserves & Surplus (a+b+c+d+e+f)	10,739.74	9,855.95	9,231.38

Penna Cement Industries Limited

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(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

14 BORROWINGS

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-current Borrowings			
Secured loans - at amortised cost			
NCDs / Term loans from Banks and Financial Institutions			
- From Banks	6,102.45	6,603.72	7,040.13
- From Financial institutions	2,583.50	3,073.49	3,322.38
Unsecured loans - at Fair value through profit and loss			
Sales tax deferrment	475.51	725.20	999.60
Total	9,161.46	10,402.41	11,362.12

All Secured Long-Term Borrowings except Non Convertible Debentures(NCD), SREI Equipment Finance Limited(SREI) and ICICI Bank (ICICI) are secured by way of first charge, having pari-passu rights, on the Company's immovable assets, both present and future and further secured by way of second charge on the movable assets of the Company, both present and future, in favour of Company's lenders/trustees. The NCD's have been fully repaid and closed in the month of June'2019.

All Secured Long-Term Borrowings except NCD, SREI and ICICI are further secured by Spring lien pledge of 30% equity shares of the company held by the promoters and the personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.

NCD's are secured by way of pari-passu first charge on the Company's immovable assets.

Loans from SREI and ICICI are secured by specific charge on the respective assets funded by them.

15 BORROWINGS

Particulars	31 March 2021	31 March 2020	31 March 2019
Secured, at amortised cost			
Loans payable on demand from banks	2,334.90	2,472.37	2,269.20
	2,334.90	2,472.37	2,269.20

The above current borrowings availed from State Bank of India, IDBI Bank Ltd and Yes Bank Ltd are repayable on demand and are secured by hypothecation of inventories and book debts, present and future and second charge on the fixed assets of the Company. They are further secured by a Corporate guarantee from M/s PCIL power and holdings Limited.

16 OTHER LIABILITIES

Particulars	31 March 2021	31 March 2020	31 March 2019
Current			
Advances from related parties	366.28	-	0.60
Advances from customers	51.27	44.22	58.88
Statutory liabilities	1,217.76	672.41	550.76
Total	1,635.30	716.64	610.24

17 PROVISIONS

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-Current			
Liability towards Mines Closure	5.06	4.56	4.11
Provision for employee benefits			
'- Gratuity	33.04	24.83	2.21
'- Compensated absences	57.98	46.69	42.13
Total	96.08	76.08	48.45
Current			
Provision for employee benefits			
'- Gratuity	31.13	21.43	17.94
'- Compensated absences	21.89	15.18	13.95
Total	53.02	36.62	31.89

18 TRADE PAYABLES

Particulars	31 March 2021	31 March 2020	31 March 2019
Micro, medium and small enterprises	55.88	18.00	23.30
Other creditors*	1,434.26	1,550.20	2,049.71
Total	1,490.14	1,568.20	2,073.01

* a) The above trade payables includes an amount of Rs. 1049.0 Mn's (31st March 2020, Rs. 948.5 Mn's and 31st March 2019, Rs. 1557.1 Mn's) in respect of which Letter of credits denominated in foreign currency (unhedged) has been issued.

b) includes related parties of Rs. Nil (31st March 2020, Rs. 75.1 Mn's and 31st March 2019, Rs. Nil)

19 OTHER FINANCIAL LIABILITIES

Particulars	31 March 2021	31 March 2020	31 March 2019
Non-Current			
Deposits from dealers	1,621.94	2,491.52	1,473.11
Capital creditors	3,287.60	3,331.61	3,847.26
Lease Liability of Port lands	161.73	93.87	38.80
Interest accrued but not due on borrowings	-	108.26	-
Total	5,071.27	6,025.26	5,359.16
Current			
Current maturities of long-term debt	2,023.09	1,828.44	1,894.76
Interest accrued but not due on borrowings	80.55	19.66	30.82
Employee payables *	83.06	76.53	24.21
Provision for expenses	267.79	418.02	231.12
Total	2,454.49	2,342.66	2,180.91

* includes related parties of Rs. 33.8 Mn's (31st March 2020 Rs. 2.3 Mn's, 31st March 2019 Rs. 15.6 Mn's)

20 DEFERRED TAX

Particulars	31 March 2021	31 March 2020	31 March 2019
DEFERRED TAX ASSET			
Unwinding interest on long term liabilities	-	55.50	58.10
Provision allowed under income tax on payment basis	47.30	5.00	1.39
Losses under IT Act	152.14	71.10	108.30
IPO Expenses	32.10	31.10	29.80
Total	231.54	162.70	197.59
DEFERRED TAX LIABILITIES			
Unwinding interest on long term liabilities	25.20	-	-
Tangible and Other Intangible Assets	3,320.05	2,760.30	2,654.31
Total	3,345.25	2,760.30	2,654.31
MAT Credit Entitlement	444.47	259.24	169.84
Net Deferred Tax (Asset) / Liability	2,669.24	2,338.36	2,286.88

Penna Cement Industries Limited

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21 REVENUE FROM OPERATIONS

Particulars	31 March 2021	31 March 2020	31 March 2019
Revenue from sale of goods	24,669.08	21,659.73	21,554.14
Other Operating Income	94.90	16.42	7.67
Total	24,763.99	21,676.14	21,561.81

22 OTHER INCOME

Particulars	31 March 2021	31 March 2020	31 March 2019
Interest Income	45.03	66.50	29.53
Profit / (Loss) on Sale of Investments / Plant & Equipment	1,184.48	19.90	(0.12)
Total	1,229.51	86.39	29.41

23 COST OF MATERIALS CONSUMED

Particulars	31 March 2021	31 March 2020	31 March 2019
Bauxite	22.29	17.59	54.15
A.latrite	583.26	463.53	435.48
Iron Ore	52.08	54.32	62.99
Red Mud	-	0.00	23.88
Gypsum	340.37	356.55	376.40
Limestone	1,230.56	1,094.42	1,147.95
Slag	103.84	84.64	79.33
Fly Ash	416.75	436.51	501.52
Dolomite	3.22	9.91	16.95
Coal for Power Generation	773.51	876.24	1,218.47
Pond Ash	1.71	1.32	4.88
Total	3,527.58	3,395.04	3,922.00

24 Changes in inventories of finished goods and stock in progress

Particulars	31 March 2021	31 March 2020	31 March 2019
A) Closing Stock:			
a) Finished Goods	60.55	132.17	90.71
b) Stock - in - Process	526.38	681.57	453.09
	586.93	813.74	543.80
A) Opening Stock:			
a) Finished Goods	132.17	119.00	55.61
b) Stock - in - Process	681.57	453.09	145.69
	813.74	572.08	201.30
Total	226.81	(241.66)	(342.50)

In view of consolidation of Singha Cement Pvt Ltd, the opening balance for year ended 31.03.2020 will be at variance from the closing balance of 31.03.2019.

25 EMPLOYEE BENEFIT EXPENSES

Particulars	31 March 2021	31 March 2020	31 March 2019
Salaries, wages and bonus	1,058.59	951.04	953.59
Contribution to provident and other funds	70.77	67.23	64.97
Staff welfare expenses	59.70	88.98	93.49
Total	1,189.06	1,107.25	1,112.05

26 FREIGHT CHARGES

Particulars	31 March 2021	31 March 2020	31 March 2019
Freight & Forwarding charges	5,995.44	6,055.04	5,809.91
Total	5,995.48	6,055.08	5,809.95

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(All amounts in Indian Rupees Millions, except share data and where otherwise stated)

27 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	31 March 2021	31 March 2020	31 March 2019
Depreciation of tangible assets	1,437.36	1,218.80	1,164.36
Amortization of other intangible assets	0.25	0.25	1.52
Total	1,437.61	1,219.06	1,165.89

28 FINANCE COSTS

Particulars	31 March 2021	31 March 2020	31 March 2019
Interest on term loans	1,390.74	1,086.39	772.92
Interest on Debentures	-	3.48	19.84
Interest on working capital	325.10	300.18	244.14
Bank Charges	295.20	183.87	97.24
Net (gain) /loss on foreign currency transactions	(6.33)	57.78	10.99
Other Borrowing Cost	161.10	97.36	94.95
Amortised Interest on sales tax def	125.04	137.16	158.77
Total	2,290.85	1,866.22	1,398.85

29 OTHER EXPENSES

Particulars	31 March 2021	31 March 2020	31 March 2019
Power and Fuel consumed	5,971.47	5,242.42	5,371.04
Stores & Spares consumed	346.41	392.03	491.52
Packing Material consumed	758.91	649.73	749.91
Repairs and maintenance	415.86	417.35	402.90
Rents	127.13	130.08	119.17
Insurance	71.10	63.00	51.66
Director's Sitting Fees	0.73	0.55	0.70
Audit Committee Meeting Fees	0.23	0.48	0.30
Payments to Statutory Auditors	2.50	2.44	1.55
Printing & Stationery	1.91	2.71	3.82
Communication Cost	10.10	11.04	10.49
Travelling & Stay Expenses			
- Directors	3.40	7.54	10.87
- Others	18.82	43.05	55.29
Conveyance Expenses	58.05	55.61	48.76
Professional & Legal Expenses	93.59	96.05	132.83
Donations & CSR	55.36	38.75	49.22
Rates & Taxes (other than taxes on income)	70.52	75.25	59.79
Security Service Charges	82.82	96.57	85.46
Office Maintenance	96.33	82.26	83.57
Provision for Doubtful debts	(22.27)	(43.96)	92.97
Other Expenses	57.48	50.58	37.76
Advertisement & Publicity	78.00	79.03	108.18
Commission on Sales	168.27	146.56	89.30
Total	8,466.69	7,639.14	8,057.06

NOTE - 30**CONTINGENT LIABILITIES (IndAS-37)****A. Contingent liabilities/claims not provided for:****Rs. In Million**

Particulars	2020-21	2019-20	2018-19
a) Contingent Liabilities/claims not provided for			
i) In respect of Bank Guarantees	474.70	476.40	380.11
ii) In respect of Inland Letter of Credits	20.34	20.34	232.32
iii) In respect of Foreign Letter of Credits	531.04	237.10	...
iv) In respect of Unexecuted Capital Contracts	556.59	736.71	2,806.74
b) Claims against the Group not acknowledged as Debt:*			
i) Sales Tax disputes in various legal forum	10.83	10.83	10.83
ii) Excise Duty/Service Tax/ Customs disputes in various legal forum	591.73	592.45	676.31
iii) Income Tax(disputes in disputes in various legal forum	87.10	87.10	88.84
iv) Disputes in respect of purchase of power / Coal(disputes in various courts Rs 376.42 Million (previous year Rs 376.42 Million)	676.70	544.47	416.69
v) Others (entry tax & Land disputes) in various legal forum	13.11	13.07	12.61
<i>* Net of amounts paid under protest.</i>			
Cash outflows for the above are determinable only on receipt of judgments pending at various forums / authorities. Against this, an amount of Rs 76.62 Million (2019-20: Rs 140.88 Million and 2018-19:Rs. 100.51 Million) deposited under protest lying in Note 10 of Rs 9.67 Million (2019-20: Rs 73.91 Million and 2018-19: 72.41 Million) and Rs 66.94 Million (2019-20: Rs 66.94 Million and 2019-20: Nil) under Note No 9.			
Refer Note No 33(A) for the comfort letter given by the Company.			

- c) There are no other major pending litigations, which have material impact on the financial statements of the Group.

NOTE - 31**Principles of consolidation:**

These Consolidated Financial Statements (CFS) are prepared on the following basis in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS - 110), "Investments in Associates and Joint Ventures" (Ind AS - 28) and "Disclosure of interest in other entities" (Ind AS - 112), specified under Section 133 of the Companies Act, 2013.

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of

subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interest (NCI):

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

(iii) Loss of control:

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

(iv) Equity accounted investees:

The Company's interests in equity accounted investees comprise interest in associates. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

(v) Transactions eliminated on consolidation:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Consolidated Financial Statements are comprised of the financial statements of the members of the Group as under:

Name of the Company	% of Shareholding and voting power		
	As at 31st March, 2021	As at 31st March, 2020**	As at 31st March, 2019
a) Subsidiaries:			
Pioneer Cement Industries Limited	100.00	100.00	100.00
Marwar Cement Limited	78.91	78.91	78.91
Singha Cement (Pvt) Limited	100.00	100.00**	...
b) Associates:			
Parasakti Cement Industries Ltd	....	50.00	50.00

**In view of the consolidation of M/s Singha Cement (Pvt) Ltd, the opening balances for the financial year ended 31st March 2020 will be at variance from the closing balances of 31st March 2019.

Goodwill on consolidation:

Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

NOTE - 33

A) Related Party disclosures under IND AS - 24.

The List of Related Parties as identified by the management is as under:

a) Subsidiaries of the Group	
1 Pioneer Cement Industries Limited	2 Marwar Cement Limited
	3 Singha Cement Private Ltd
b) Associates of the Group	
1 Parasakti Cement Industries Limited	
c) Parties having Significant Influence	
1. Pioneer Builders Limited	2. Pioneer Genco Limited
3. Pioneer Holiday Resorts Limited	4. Pioneer Power Corporation Limited
5. Pioneer Power Limited	6. Anrak Aluminum Limited
7. Pioneer Builders (Firm)	8. Pioneer Education Trust
9. Penna Shipping Limited	10. Shankuntala Trust
11. PR Energy Holding Limited	12. PCIL Power & Holdings Ltd
13. Krishna Hydro Energy Limited	14. Lakshmi Jalavidyut (Krishna) Limited
d) Key Management Personnel (KMP) of the Group	
1. Shri P. Prathap Reddy - Chairman and Managing Director	2. Shri Bezawada Vikram - Executive Director
3. Shri D. Lakshmi Kantham - Director (Technical)	4. Shri Petluru Venugopal Reddy - CFO (Until 8 th May 2018 and from 11 th February 2019 to till date)
5. Shri Raj Kumar Singh - Company Secretary	6. Shri. Sanjeev Aggarwal - CFO (From 9 May 2018 to 10 th February 2019)
e) Relative of KMP, having transactions with the Group	
1. Smt. P.V. Lakshmi	2. Smt. P. Deepthi Reddy
3. Shri P. Ramesh Reddy	

Following transactions were carried out with related parties in the ordinary course of business during the year ended 31st March 2021:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investment	699.78					699.78
Advance given (net)			27.61			27.61
Advance received(net)		200.00	1723.70			1923.70

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Corporate social responsibility expenses			31.32			31.32
Purchase of Investments	749.40					749.40
Remuneration				82.55		82.55
Renting of Immovable Property			4.46	2.68	30.95	38.09
Sale of Cement	646.04		12.67		0.05	658.76
Sale of Investments			619.03			619.03
Technical Management Service for Vessel			14.05			14.05
Transportation / Civil works			1176.22			1176.22

M/s Parasakti Cement Industries Ltd (PCL) ceased to be an associate of the company with effect from 24th February 2021, as the investment in PCL has been divested (refer note no:3A)

Following transactions were carried out with related parties in the ordinary course of business during the year ended 31st March 2020:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance received		200.00	80.14			280.14
Investment	750.78	-				750.78
Remuneration				52.15		52.15
Sale of Cement	527.31		4.79			532.10
Transportation / Civil works			976.14			976.14
Renting of Immovable Property			4.25	2.55	29.40	36.19
Technical Management Service for Vessel			13.38			13.38
Advance for Investments	368.51					368.51
Advance given			67.00			67.00
Corporate Social Responsibility Expenses			19.83			19.83

Following transactions were carried out with related parties in the ordinary course of business during the year ended 31st March 2019:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investments	281.62					281.62
Advance given			8.83			8.83
Corporate Social Responsibility Expenses			25.36			25.36
Remuneration				72.11		72.11
Renting of Immovable			3.89	1.65	24.74	30.28

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Property						
Sale of Cement			7.72	0.04	-	7.76
Technical Management Service for Vessel			4.50			4.50
Transportation / Civil works			1,027.86			1,027.86

Following are the balances (Credit balances are shown in bracket) with related parties as at 31st March, 2021:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investment	1.00					1.00
Advance received		(200.00)	(166.28)			(366.28)
Investments	2748.79					2748.79
Remuneration				(33.81)		(33.81)
Rent Deposit					10.00	10.00
Sale of Cement	196.06		18.31			214.37
Transportation / Civil works			50.39			50.39
Total	2945.85	(200.00)	(97.58)	(33.81)	10.00	2624.46

Following are the balances (Credit balances are shown in bracket) with related parties as at 31st March, 2020:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance received		-	(80.14)			(80.14)
Investment	1,999.39	166.00				2,165.39
Remuneration				(2.27)		(2.27)
Sale of Cement	227.40		8.52			235.92
Transportation / Civil works			(67.87)			(67.87)
Renting of Immovable Property			(1.40)	1.76	(7.55)	(7.19)
Advance for Investments	150.63					150.63
Rent Deposit					10.00	10.00
Advance given			67.00			67.00

Following are the balances (Credit balances are shown in bracket) with related parties as at 31st March, 2019:

Amount in ₹ Million

Particulars	Subsidiary	Associate	Parties having significant influence	KMP	Relative of KMP	Total
Advance for Investments	282.12					282.12
Advance given			108.72			108.72
Investment	1,248.61	166.00				1,414.61
Remuneration				(15.59)		(15.59)
Rent deposit					10.00	10.00
Sale of Cement			48.29	-	0.46	48.75

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors of the Group being taken in accordance with shareholder's approval, wherever necessary.

Terms and Conditions of transactions with Related Parties:

The sale to and services from related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Company has given a letter of comfort to Yes Bank Ltd in respect of loans of Rs. 4,000 Millions sanctioned to certain companies set out in para - "A" above. The amount outstanding in respect of such loan as on 31.03.2021 Rs. 3,688.9 Millions (31.03.2020 and 31.03.2019 Rs 4,000.0 Millions). Further, company has given a support letter to the subsidiary, Singha Cement Private Ltd pursuant to the requirement of local regulations at Sri Lanka.

B) Segment Reporting: (IndAS-108)

The Board of Directors (The Chief Operating Decision Maker ("CODM")) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

The Group has two reportable operating segments namely Cement & Thermal Power. Segment wise Revenue, Results and other information as follows:

Amount in ₹ Millions

Particulars	Cement			Thermal Power			Total		
	2020-21	2019-20	2018-19	2020-21	2019-20	2018-19	2020-21	2019-20	2018-19
Revenue									
External Sale	24,760.49	21,586.64	21,236.31	3.50	89.50	325.50	24,763.99	21,676.14	21,561.81
Inter Segment Revenue				1,279.50	1,032.60	1,211.70	1,279.50	1,032.60	1,211.70

Particulars	Cement			Thermal Power			Total		
	2020-21	2019-20	2018-19	2020-21	2019-20	2018-19	2020-21	2019-20	2018-19
Total Revenue							26,043.49	22,708.74	22,773.51
Less: Inter-Segment Eliminations							1,279.50	1,032.60	1,211.70
Net Total Revenue							24,763.99	21,676.14	21,561.81
Results									
Segment Results (Profit before Interest, Exceptional items & Tax)	3,322.05	2,142.52	1,902.99	38.78	1.69	20.78	3,360.83	2,144.21	1,923.77
Add: Un-allocated Income							1,229.51	86.39	29.41
Less: Interest & Financial Expenses (Net)							2,290.85	1,866.22	1,398.85
Profit before exceptional items & Tax							2,299.49	364.38	554.33
Less: Exceptional Items							-	-	-
Profit before Tax							2,299.49	364.38	554.33
Tax Expenses							778.76	134.15	-297.00
Profit after Tax							1,520.73	230.24	851.33
Other Information									
Segment Assets	36,826.55	36,262.66	34,970.96	917.74	1,259.61	2,247.44	37,744.29	37,522.27	37,218.40
Un-allocated Assets							-	-	-
Total Assets	36,826.55	36,262.66	34,970.96	917.74	1,259.61	2,247.44	37,744.29	37,522.27	37,218.40
Segment Liabilities	24,868.32	25,806.74	26,163.45	798.23	521.59	485.56	25,666.55	26,328.33	26,649.01
Un-allocated Liabilities & Provisions							-	-	-
Total Liabilities	24,868.32	25,806.74	26,163.45	798.23	521.59	485.56	25,666.55	26,328.33	26,649.01
Depreciation & Amortization	1,339.11	1,120.55	1,067.38	98.51	98.51	98.51	1,437.61	1,219.06	1,165.89
Capital Expenditure	2,477.15	7,830.25	6,668.91				2,477.15	7,830.25	6,668.91
Significant Non-Cash Expenses other than Depreciation & Amortization									

Information about geographical areas:

The major operations of the Group are carried out in India. The operations are managed by product area and no geographical information is disclosed as the necessary information is not available.

C) **Employee Benefits:**

The employee benefit schemes are as under:

i) Defined contribution plan:

Provident Fund

The Group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Group monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the year aggregated Rs. 66.42 Million (Previous year 2019-20 Rs.62.63 Million and 2018-2019 Rs 59.29 Millions).

Employee State Insurance

The Group makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expense recognized during the year aggregated Rs. 1.65 Millions (Previous year 2019-20 Rs 1.97 Millions and 2018-2019 Rs 2.82 Millions).

ii) Defined Benefit plan:

Company:

The company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of Rs. 20,00,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

		Gratuity (Funded Plan)		
		2020-21	2019-20	2018-19
I	Change in Obligation			
	1 Present Value of defined benefit obligation at the beginning of the year	157.57	134.02	116.53
	2 Current service cost	16.93	17.43	15.09
	3 Past service cost	...	...	...
	4 Interest cost	9.33	10.19	8.79
	5 Actuarial (gain) / loss on obligation	...	...	...
	6 Benefits paid	(10.32)	(5.84)	(13.41)
	7 Remeasurements - Due to Financial Assumptions	19.94	10.26	1.92
	8 Remeasurements - Due to Experience Assumptions	(11.27)	(8.49)	5.11

		Gratuity (Funded Plan)		
		2020-21	2019-20	2018-19
	9 Present Value of defined benefit obligation at the end of the year	182.18	157.57	134.02
II	Change in the Fair Value of Plan Assets			
	1 Fair Value of Plan assets at the beginning of the year	119.23	113.05	103.34
	2 Expected return on plan assets	7.05	9.00	8.00
	3 Contributions by employer	2.01	11.59	12.62
	4 Remeasurements – Return on Assets	0.62	(8.58)	3.32
	5 Benefit Payments from Plan Assets	(10.32)	(5.84)	(13.41)
	6 Fair Value of Plan assets at the end of the year	126.55	119.22	113.87
III	Expenses recognized in the Profit and Loss Account			
	1 Current service cost	16.93	17.43	15.09
	2 Past service cost	...	...	...
	3 Interest cost	9.33	10.19	8.79
	4 Expected return on plan assets	(7.05)	(9.00)	(8.00)
	5 Net actuarial loss / (gain) recognized in the current year	...	...	...
	6 Expenses recognized in the Profit and Loss Account	19.22	18.61	15.87
IV	Re-measurements recognized in Other Comprehensive Income (OCI)			
	1 Changes in Financial Assumptions	19.94	10.26	1.92
	2 Changes in Demographic Assumptions	...	....	...
	3 Experience Adjustments	(11.27)	(8.49)	5.11
	4 Actual return on Plan assets less interest on plan assets	(0.62)	8.58	(3.32)
	5 Amount recognized in Other Comprehensive Income (OCI)	8.04	10.35	3.71
V	Expenses recognized in the Balance Sheet as at the end of the year			
	1 Present value of defined benefit obligation	182.18	157.57	134.02
	2 Fair Value of plan assets at the end of the year	126.55	119.22	113.87
	3 Funded status	55.63	38.34	20.15
	4 Net assets / (liability) as at the end of the year	55.63	38.34	20.15
VII	Sensitivity analysis for significant assumptions: *			
	Increase/(Decrease) on present value of defined benefit obligation at the end of the year			
	Salary escalation-up by 1%	195.24	169.26	143.83
	Salary escalation-down by 1%	170.45	147.08	125.19
	Discount Rates-up by 1%	170.93	147.94	125.90
	Discount Rates-down by 1%	194.94	168.49	143.18
	Withdrawal Rates-up by 1%	182.88	159.08	136.02
	Withdrawal Rates-down by 1%	181.40	155.87	131.79

		Gratuity (Funded Plan)		
		2020-21	2019-20	2018-19
VIII	The major categories of plan assets as a percentage of total plan			
	1 Qualifying Insurance Policy	100%	100%	100%
IX	Actuarial Assumptions			
	1 Discount rate	6.95%	6.70%	7.77%
	2 Mortality rate	IALM (2012-14 Ultimate)	IALM (2012-14 Ultimate)	IALM (2006-08 Ultimate)
	3 Withdrawal rate	3%	3%	3%
	4 Return on plan assets	5.57%	8.20%	8.20%
	5 Salary Escalation	6%	4%	4%

Singha Cement Private Limited

Particulars	As at 31-03-2021	As at 31-03-2020
<u>RETIREMENT BENEFIT OBLIGATIONS</u>		
<u>The amount recognized in the Statement of Financial Position</u>		
Present Value of Defined Benefit Obligations	0.78	0.80
<u>Movement in the Present Value of Defined Benefit Obligations (PV DBO)</u>		
Balance at the Beginning of the Year	0.73	0.61
Current Service Cost	0.06	0.06
Interest Cost	0.07	0.07
Payments Made	(0.06)	-
Actuarial (Gain)/Loss on PV DBO	(0.02)	0.06
Balance at the End of the Year	0.78	0.80
<u>Amount Recognized in the Income Statement</u>		
Current Service Cost	0.66	0.59
Interest Cost	0.79	0.62
	1.44	1.21
<u>Amount Recognized in Other Comprehensive Income</u>		
Actuarial (Gains) / Losses recognized during the year	(0.02)	0.06
	-0.23	0.53
The retirement benefit liability of the company is based on the actuarial valuation carried out by Actuarial & Management Consultants (Pvt) Limited, a qualified actuary. As recommended by the Sri Lanka Accounting Standard (LKAS 19 - Employee Benefits), the Projected Unit Credit (PUC) method has been used in this valuation.		

Particulars	As at 31-03-2021	As at 31-03-2020
<u>Actuarial Assumptions</u>	2021	2020
Discount Rate	6.72%	9.87%
Expected Rate of Salary Increase	10.00%	10.00%
Staff Turnover Rate - Upto Age 50 years	20%	6.52%
Retirement Age - as specified by the Company	55 Years	55 Years
Assumptions regarding future mortality are based on the GA 1983 - Mortality Table.		
<u>Distribution of Present Value of Defined Benefit Obligations in future years (Rs.)</u>		
<i>Maturity Profile of Defined Benefit Obligations</i>	<u>2020/21</u>	<u>2019/20</u>
Less than one year	3.13	1.63
Between 2-5 years	4.21	3.69
Between 6-10 years	0.87	0.97
Above 10 years	0.32	1.03
	8.54	7.32
<u>Sensitivity Analysis of Present Value of Defined Benefit Obligations</u>		
<p>The sensitivity analysis depicted below have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant.</p> <p>The sensitivity analysis may not be a representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.</p> <p>In order to illustrate the significance of the salary escalation rate and discount rate assumed in this valuation as at 31st March, 2021 assuming the following salary escalation rate and discount rate.</p>		
	<i>Present value of defined benefit obligations</i>	
01% Increase in Discount Rate	8.31	7.01
01% Decrease in Discount Rate	8.79	7.67
01% Increase in Salary Increment Rate	8.77	7.65
01% Decrease in Salary Increment Rate	8.32	7.01

iii) **Earnings per Share (EPS) -**

Particulars		2020-21	2019-20	2018-19
a)	Profit attributable to the Equity Share Holders (₹ in Millions)- A	1,520.25	230.49	851.00
b)	No. of Equity Shares	13,38,00,000	13,38,00,000	13,38,00,000
c)	Nominal Value of the Share (₹.)	10	10	10
d)	Weighted average number of Equity Shares - B	13,38,00,000	13,38,00,000	13,38,00,000
e)	Earnings per Share (₹.) - A/B*	11.36	1.72	6.36

iv) Reconciliation of Effective Tax rate:

Particulars	FY 2020-21		FY 2019-20		FY 2018-19	
	Amount in Millions	%	Amount in Millions	%	Amount in Millions	%
Profit before Tax	2,299.49		384.72		554.16	
Applicable tax rate		34.94%		34.94%		34.94%
Tax at base rate	803.54		134.44		193.64	
MAT Credit	(200.60)	(8.72%)	(89.43)	(23.24%)	(169.38)	(30.56%)
Effect of tax exempt income	25.09	1.09%	(78.79)	(20.48%)	(125.22)	(22.60%)
Effect of non-deductible expenses	131.56	5.72%	(14.21)	(3.69%)	5.21	0.94%
Effect of allowances for tax purposes	-	0.00%	-	0.00%	(27.02)	(4.88%)
Effect of previous year adjustments	19.17	0.83%	182.14	47.34%	(174.24)	(31.44%)
Income Tax expense reported in the statement of profit and loss account	778.76	33.87%	134.15	34.87%	(297.00)	(53.60%)
Effect of Reversal of Opening Deferred Tax Liability for change in income tax rates	-	0.00%	-	0.00%	-	0.00%
Income Tax expense reported in the statement of profit and loss account / net effective tax rate	778.76	33.87%	134.15	34.87%	(297.00)	(53.60%)

v) As stipulated in IndAS-36, the Group has assessed its potential of economic benefits of its business units and is of the view of that the assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of its business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

vi) Operating Lease

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term as per the details given below.

<i>Amount in ₹ Millions</i>			
Year	2020-21	2019-20	2018-19
Rent	127.13	130.08	119.17

vii) Financial risk management objectives and policies

The Group principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group operations. The Group principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2021, March 31, 2020 and March 31, 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021, March 31, 2020 and March 31, 2019.

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 changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in interest rate	Effect on profit before tax (in Millions)
March31,2021		
INR	+1%	(199.20)
INR	-1%	199.20
March31,2020		
INR	+1%	(162.28)
INR	-1%	162.28
March31,2019		
INR	+1%	(121.64)
INR	-1%	121.64

Currency risk

The Group is exposed to exchange rate risk as certain portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials, the price of which we are required to pay in foreign currency, which is mostly the U.S. dollars. Products that we export are paid in foreign currency, which together acts as a natural hedge to an extent. Any appreciation/depreciation in the value of the Rupee against U.S. dollar or other foreign currencies would Increase/ decrease the Rupee value of debtors/ creditors.

Amount in Millions

Particulars	31st March 2021		31st March 2020		31st March 2019	
	USD	INR	USD	INR	USD	INR
<u>USD</u>						
Trade receivables	2.67	196.06	3.87	291.74		
Long term borrowings	-	-	7.51	453.41	7.51	453.41
Trade payables and other payables	14.33	1,049.08	12.61	948.56	26.85	1,886.16
<u>EURO</u>	EURO	INR	EURO	INR	EURO	INR
Trade payables and other payables					0.95	73.92

1% increase / decrease in foreign exchange rate will have following impact on Profit before tax

Particulars	31st March 2021	31st March 2020	31st March 2019
1% increase in USD rate / Decrease in profit	(8.53)	(11.10)	(24.13)
1% Decrease in USD rate / increase in profit	8.53	11.10	24.13

ii) 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. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Amount in Millions

Allowance for credit loss	2020-21	2019-20	2018-19
Opening balance	96.05	140.01	9.09
Credit loss provided/ (reversed)	(22.27)	(43.96)	92.97
Closing balance	73.77	96.05	102.06
** Opening balance of 31st March 2020 includes the impact of consolidation of M/s Singha Cement Pvt Ltd with the company			

The Group is using a practical expedient method by computing the expected credit loss allowance for trade receivables by providing at 100% of the carrying amount which are

overdue by more than 180 days and in respect of which either legal action is not feasible or when there is no realistic prospect of recovery, where a legal action has been initiated.

No single customer accounted for more than 3% of the revenue as of March 31, 2021, March 31, 2020 and March 31, 2019 there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

iii) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended March 31, 2021

Amount in Millions

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (including Current maturities of long term debt)	2,023.10	8,127.60	1,383.47	11,534.17
Other Noncurrent Financial Liabilities	-	5,973.96	-	5,973.96
Trade payables	1,490.14	-	-	1,490.14
Other Payables	267.79	-	-	267.79
Interest Accrued but not due	80.55	-	-	80.55
Salary and Bonus payable	83.06	-	-	83.06

Year ended March 31, 2020

Amount in Millions

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (including Current maturities of long term debt)	1,828.40	8,626.86	2,302.00	12,757.26
Other Noncurrent Financial Liabilities	-	7,051.85	-	7,051.85
Trade payables	1,568.20	-	-	1,568.20
Other Payables	418.02	-	-	418.02
Interest Accrued but not due	19.66	-	-	19.66
Salary and Bonus payable	76.53	-	-	76.53

Year ended March 31, 2019

Amount in Millions

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (including Current maturities of long term debt)	1,894.80	9,204.70	2,877.98	13,977.48
Other Noncurrent Financial Liabilities	-	6,421.83	-	6,421.83
Trade payables	2,073.01	-	-	2,073.01
Other Payables	231.12	-	-	231.12
Interest Accrued but not due	30.82	-	-	30.82
Salary and Bonus payable	24.21	-	-	24.21

iv) Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

- i) **Financial assets and liabilities:** The carrying value of financial instruments by categories as at March 31, 2021, March 31, 2020 and March 31, 2019 is as follows:

Amount in Millions

Particulars	2020-21	2019-20	2018-19
Financial assets			
Investments using equity method of accounting	-	705.49	726.33
Measured at amortised cost			
Loans	231.34	997.53	1,003.56
Other non-current financial Assets	268.47	259.45	144.15
Trade Receivables	1,814.66	1,798.12	1,372.50
Cash and Cash Equivalents	1,152.42	56.25	648.83
Bank Balance other than Cash and Cash Equivalents	218.17	212.10	186.94
Other Current financial Assets	224.06	223.25	153.57
Measured at Fair value through OCI			
Investments	26.29	21.63	21.63
Total Financial assets	3,935.41	4,273.81	4,257.50

Amount in Millions

Particulars	2020-21	2019-20	2018-19
Financial liabilities			
Measured at amortised cost			
Long term borrowings	8,685.95	9,677.21	10,362.52
Short term borrowings	2,334.90	2,472.37	2,269.20
Trade Payables	1,490.14	1,568.20	2,073.01
Other financial liabilities (including current maturities of long term borrowings)	2,454.49	2,342.66	2,180.91
Measured at Fair value through profit and loss			
Long term borrowings	475.51	725.20	999.60
Other non-current financial Liabilities	5,071.27	6,025.26	5,359.16
Total Financial liabilities	20,512.27	22,810.90	23,244.40

- ii) For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

iii) The capital structure as of March 31, 2021 ,March 31, 2020 and March 31, 2019 as follows

Amount in Millions

Particulars	2020-21	2019-20	2018-19
Total equity attributable to the equity shareholders of the Company	12,077.74	11,193.95	10,569.38
As a percentage of total capital	47.18	43.22	40.50
Long term borrowings including current maturities	11,184.55	12,230.85	13,256.88
Short term borrowings	2,334.90	2,472.37	2,269.20
Total borrowings	13,519.46	14,703.22	15,526.08
As a percentage of total capital	52.82	56.78	59.50
Total capital (equity and borrowings)	25,597.20	25,897.17	26,095.47

iii) Corporate Social Responsibility:

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is Rs. 55.36 Millions (March 31, 2020 Rs.38.75 Millions and March 31, 2019 Rs 49.22 Millions).

Amount in Millions

Details of CSR Project / Activity	2020-21	2019-20	2018-19
Initiatives to promote Education	31.32	21.68	25.87
Welfare and Rural Development	4.04	6.57	21.08
Health Care Initiatives	20.00	10.00	2.27
Environmental Protection	...	0.50	...
Total	55.36	38.75	49.22

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended March 31, 2021 is Rs.21.7 Millions (March 31, 2020 Rs.35.3 Millions and March 31, 2019 Rs 57.5 Millions) i.e. 2% of average net profits for last three financials years, calculated as per section 198 of the Companies Act, 2013. Contributions made to a related party or to an entity controlled by a related party , in respect of CSR expenditure amounted to Rs 31.32 Millions for the year ended March 31, 2021 (March 31,2020 Rs 19.83 Millions and March 31,2019 Rs 25.36 Millions)

The Group has certain mining leases granted by the Government for limestone mining in the states Andhra Pradesh, Telangana and Rajasthan.

iv) New standards and interpretations not yet adopted

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards from time to time. There is no such notification which would have been applicable from 1st April 2021.

v) Re-grouping

The previous figures have been re-grouped where ever necessary to align with current year classification

As per our Report of even date

for and on behalf of the Board of Directors

**For C. Ramachandram & Co.
Chartered Accountants
F.R. No. 002864S**

**C. Ramachandram
Partner
Membership No: 025834**

**Place: Hyderabad
Date: 15th April 2021**

**P. Prathap Reddy
Chairman and Managing
Director
DIN: 00093176**

**Petluru Venugopal Reddy
CFO**

**D L Kantham
Executive Director
DIN: 00822385**

**Raj Kumar Singh
Company Secretary
M.No:14265**

Penna Cement Industries Ltd

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to the Schedule III to the Companies Act, 2013

Name of the entity	Mar-21				Mar-20				Mar-19			
	Net assets i.e.		Share in profit / (loss)		Net assets i.e.		Share in profit / (loss)		Net assets i.e.		Share in profit / (loss)	
	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit / (loss)	Rs. In Millions	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit / (loss)	Rs. In Millions	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit / (loss)	Rs. In Millions
Parent:												
Penna Cement Industries Ltd	93.69%	11,556.84	155.38%	1,519.01	88.49%	10,173.40	128.24%	228.90	92.62%	10,116.73	100.27%	939.18
Subsidiaries:												
Foreign:												
SINGHA CEMENT (PVT) LIMITED	1.77%	218.68	0.26%	2.53	1.92%	221.16	-15.74%	(28.09)	0.00%	-	0.00%	-
Domestic:												
Pioneer Cement Industries Limited (Consolidated with Marwar Cement Ltd)	20.12%	2,481.39	-0.50%	(4.92)	15.10%	1,736.42	-0.96%	(1.72)	11.33%	1,237.59	-0.26%	(2.48)
Non-Controlling Interest	2.08%	256.83	0.05%	0.48	2.23%	256.35	0.14%	0.25	2.35%	256.60	-0.03%	(0.33)
Eliminations and consolidation adjustments	-17.67%	(2,179.17)	-55.19%	(539.49)	-7.74%	(890.27)	-11.67%	(20.84)	-6.30%	(688.28)	0.03%	0.27
Total	100.00%	12,334.57	100.00%	977.60	100.00%	11,497.06	100.00%	178.50	100.00%	10,922.64	100.00%	936.64

Penna Cement Industries Ltd

Restated Statement of Accounting Ratios

(All amounts in Indian Rupees Millions, except share data)

Particulars	For the year ended		
	31 March 2021	31 March 2020	31 March 2019
Net worth as at the year end (A)	11,571.18	10,687.05	10,628.39
Profit attributable to the equity shareholders (B)	1,520.25	230.49	851.00
Weighted average number of basic equity shares outstanding during the period			
For basic earnings per share (C)	13,38,00,000	13,38,00,000	13,38,00,000
For diluted earnings per share (D)	13,38,00,000	13,38,00,000	13,38,00,000
Earning per share ₹ 10 each (refer note 3 below)			
Basic (₹) (E = B/C)	11.36	1.72	6.36
Diluted (₹) (F = B/D)	11.36	1.72	6.36
Return on net worth (%) (G = B/A)	13.14%	2.16%	8.01%
Number of equity shares outstanding at the end of the year (H)	13,38,00,000	13,38,00,000	13,38,00,000
Net assets value per share of ₹ 10 each (I = A/H)	86.48	79.87	79.43
EBITDA	4,798.45	3,383.61	3,089.48
Face value (₹)	10.00	10.00	10.00

Notes: □

1. The above ratios are calculated as under:

- a) Basic earnings per share = Profit attributable to equity shareholders / weighted average number of shares outstanding during the year.
- b) Diluted earnings per share = Profit attributable to equity shareholders / weighted average number of diluted potential shares outstanding during the year.
- c) Return on net worth (%) = Profit attributable to equity shareholders / net worth as at the end of year.
- d) Net asset value (Rs) = Net worth as at the end of year / number of equity shares as at the end of year.
- e) EBITDA (Earnings before interest, tax, depreciation and amortisation) = Restated Profit before Tax expenses and before Profit / (Loss) of Associates plus Finance costs and Depreciation & Amortization expense less Other Income for the year

2. The figures disclosed above are based on the Restated Consolidated Financial Information of Penna Cement Industries Limited

3. Earning per shares (EPS) calculation is in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per share" prescribed by the Companies (Indian Accounting Standards) Rules, 2015.

4. Net worth means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year.

Penna Cement Industries Ltd
Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees Millions, unless otherwise stated)

Summarised below are the restatement adjustments made to the equity of the Audited Consolidated Financial Statements of the Group for the period/ years ended 31 March 2021, 31 March 2020, 31 March 2019 and their consequential impact on the equity of the Group:

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A	Total Equity as per Audited Consolidated Financial Statements	12,077.70	11,240.72	10,666.04
B	Adjustments:			
	Material restatement Adjustments:			
	(i) Audit qualifications	-	-	-
	Total	-	-	-
	(ii) Adjustments on account of adoption of Ind AS 116			(9.27)
	(iii) Adjustments due to prior period items / other adjustments	-	(46.77)	(87.38)
	Total	-	(46.77)	(96.65)
	(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	-	-	-
	Deferred tax impact on restatement adjustments	-	-	-
	Total	-	-	-
C	Total impact of adjustments (i + ii + iii)	-	(46.77)	(96.65)
D	Total equity as per Restated Consolidated Financial Information (A+C)	12,077.70	11,193.95	10,569.38

Summarised below are the restatement adjustments made to the net profit of the Audited Consolidated Financial Statements of the Group for the period/ years ended 31 March 2021, 31 March 2020, 31 March 2019 and their consequential impact on the net profit of the Group:

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A	Net Profit after Tax as per Audited Consolidated Financial Statements	1,473.96	189.63	940.49
B	Adjustments:			
	Material restatement Adjustments:			
	(i) Audit qualifications	-	-	-
	Total	-	-	-
	(ii) Adjustments on account of adoption of Ind AS 116			(1.78)
	(iii) Adjustments due to prior period items / other adjustments	46.77	40.61	(87.38)
	Total	46.77	40.61	(89.16)
	(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable	-	-	-
	Deferred tax impact on restatement adjustments	-	-	-
	Total	-	-	-
C	Total impact of adjustments (i + ii + iii)	46.77	40.61	(89.16)
D	Net Profit after Tax as per Restated Consolidated Financial Information (A+C)	1,520.73	230.24	851.33

Notes:

- Adjustments for audit qualification: None
- Material regrouping: None

Appropriate adjustments have been made in the Restated Consolidated Financial Information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the Division II - Ind AS Schedule III of the Companies Act, 2013 ('the Act') and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended). Accordingly, the Group has presented the Restated Consolidated Financial Information as at 31 March 2021, 31 March 2020 and 31 March 2019 following the requirements of Schedule III of the Act.

3. Material restatement adjustments:

(a) Recognition of Right-of-use assets and lease liability:

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. 01 April 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor.

The Group has entered into various operating lease contracts in the capacity of a lessee and lessor and in lines with the accounting principles laid down in Ind AS 116, is required to make the following adjustments:-

- The Group is required to recognise a right-of-use asset and a corresponding lease liability in respect of all the operating leases on the transition date.
- The Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the incremental borrowing rate shall be substituted.
- The lease payments included in the measurement of the lease liability comprise the payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.
- The asset recognised in lines with the provisions of Ind AS 116 is required to be depreciated as per Ind AS 16, Property plant and equipment.

The Group has applied 'modified retrospective approach' as mentioned in Ind AS 116 to all lease contracts existing on 1 April 2018 and elected to measure the right-of-use assets at an amount equal to the lease liability as at the date of initial application, on the date of initial application i.e., at 1 April 2018.

The company has elected not to apply the requirements of AS 116 to short term leases. Refer notes on accounts

(b) Deferred tax assets (net):

Deferred tax computation on the above adjustments are not material and hence not adjusted in the Restated Consolidated Financial Information.

(b) Non Adjusting Items:

Certain statements / comments included in the Companies (Auditor's report) order 2016 (CARO) in the standalone financial statements does not require adjustments in the restated consolidated financial statements presented.

Penna Cement Industries Limited
Restated Consolidated notes for the period ended 31.03.2021

Principal Terms and Conditions of Long Term Borrowings

Name of the Lender	Principal outstanding in Mn's as on 31st March 2021	Principal outstanding in Mn's as on 31st March 2020	Principal outstanding in Mn's as on 31st March 2019	Rate of Interest (%) (p.a)	Repayment terms as on 31st March 2021	No. of Instalments outstanding as at 31st March 2021	Security
IDBI Trusteeship Services Limited (NCD)	-	-	140.00	12.25%	5 years (including 2 years initial moratorium) 3 yearly instalments commenced from 13th June'17 until 13th June'19	-	1st Pari -passu charge on entire Fixed assets of Co.
Yes Bank Ltd - RTL5	1,478.70	1,651.49	1,797.63	1 year MCLR + 2.95% p.a	10.5 Years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during Covid-19 pandemic); repayments commenced from 30th June 2019, 32 equal quarterly payments until 30th Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
Yes Bank Ltd - RTL5 - FITL	93.73	-	-	1 year MCLR + 2.95% p.a	29 quarterly payments commenced from 30th September '2020 until 30th September '2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
Yes Bank Ltd - RTL6	5,325.23	5,947.50	6,473.79	1 year MCLR + 2.65% p.a	10.5 Years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during Covid-19 pandemic); repayments commenced from 30th June 2019, 32 equal quarterly payments until 30th Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
Yes Bank Ltd - RTL6 - FITL	315.43	-	-	1 year MCLR + 2.65% p.a	29 quarterly payments commenced from 30th September '2020 until 30th September '2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
Yes Bank Ltd - GC2	7.50	30.00	52.50	1 year MCLR + 2.25% p.a	42 months (including 6 months moratorium and 2 quarters moratorium declared by the RBI during Covid-19 pandemic). 10 equal quarterly repayments commenced from date of 1st disbursement until 30th June 2021	1	Subservient charge on entire movable fixed and current assets
Yes Bank Ltd - FITL on GC2	0.46	-	-	1 year MCLR + 2.25% p.a	4 quarterly payments commenced from 30th September '2020 until 30th June 2021	1	Subservient charge on entire movable fixed and current assets
Hero Finance Ltd	853.15	906.25	1,000.00	1 year MCLR + 3.0%	10.4 Years (including 2 year moratorium + 5 months moratorium as per RBI Covid guidelines); repayments start from 30th June'19- Total 32 equal quarterly payments. Covid Moratorium Amount - Rs.40.65 Million (Gross Rs. 44.18 Million netted with TDS of 3.53 Million) Payable Rs. 31.25 Million in November 2027 and balance 9.40 Million in February 2028.	28	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
L&T Finance Ltd	2,249.46	2,446.88	2,700.00	L&T PLR-4.35%	10.5 Years (including 2 years initial moratorium and 2 quarters moratorium declared by the RBI during Covid-19 pandemic); repayments commenced from 30th June 2019, 32 equal quarterly payments until 30th Sep'2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
L&T Finance Ltd - FITL	127.80	-	-	L&T PLR-4.35%	29 quarterly payments commenced from 30th September '2020 until 30th September 2027	26	First Pari -passu charge on entire Fixed assets of Company. 2nd Pari Passu charge on entire Current assets of the Company Secured by spring lien pledge of 30% equity shares of the company held by Promoter Group. Personal Guarantee of Mr P Pratahp Reddy, Chairman and Managing Director
ICICI Bank	-	-	7.94	Fixed 8.20%	24 months, EMI payment commenced from 22nd Oct'2017 and until 22nd September 2019	-	First charge by way of hypothecation on specific assets funded by lender.
SREI Equipment Finance Ltd	51.37	85.01	115.42	IRR 9.75 %	48 months (including 3 months of Moratorium), EMI payment commenced 15th Nov'2018 and until 15th July'2022	16	First charge by way of hypothecation on specific assets funded by lender.
Sales Tax Deferment Loan	1,031.34	1,690.15	1,690.15	Nil	15 years from the end of year in which the loan was availed, payable yearly	3	Nil
	11,534.17	12,757.28	13,977.43				

Penna Cement Industries Limited

Details of related party transactions for the Fiscal 2021

Amount in millions

Name of the Related Party	Relationship	Nature of Transaction	Transaction during the year	Closing Balance
Sri P. Prathap Reddy	KMP	Remuneration	47.23	(32.47)
Sri Bezawada Vikram	KMP	Remuneration	12.00	(0.55)
Sri D. Lakshmi Kantham	KMP	Remuneration	13.37	(0.33)
Sri Petluru Venugopal Reddy	KMP	Remuneration	6.53	(0.17)
Sri Raj Kumar Singh	KMP	Remuneration	3.42	(0.30)
Pioneer Builderrs Ltd	Parties having significant influence	Transportation / Civil works	1,176.22	50.39
Smt. P. Deepthi Reddy	Relative of KMP	Renting of Immovable Property	4.09	-
Smt. P.V. Lakshmi	Relative of KMP	Renting of Immovable Property	26.76	-
Pioneer Builders (firm)	Parties having significant influence	Renting of Immovable Property	4.46	-
Sri P. Prathap Reddy	KMP	Renting of Immovable Property	2.68	-
Penna Shipping Ltd (TMC)	Parties having significant influence	Technical Management Service for Vessel	14.05	-
Pioneer Cement Industries Ltd	Subsidiary	Purchase of Investments	749.40	2,498.02
Singha Cement (Pvt) Ltd	Subsidiary	Purchase of Investments	-	250.78
PR Energy Holdings Ltd	Parties having significant influence	Sale of Investments	619.03	-
Pioneer Builderrs Ltd	Parties having significant influence	Sale of Cement	11.15	17.81
Pioneer Holiday Resorts Ltd	Parties having significant influence	Sale of Cement	1.28	0.50
Pioneer Genco Ltd	Parties having significant influence	Sale of Cement	0.24	-
P Ramesh Reddy	Relative of KMP	Sale of Cement	0.05	-
Singha Cement (Pvt) Ltd	Subsidiary	Sale of Cement	646.04	196.06
Smt. P.V. Lakshmi	Relative of KMP	Rent Deposit	-	10.00
Pioneer Cement Industries Ltd	Subsidiary	Advance for Investments	699.78	1.00
PR Energy Holdings Ltd	Parties having significant influence	Advance given	127.61	100.03
Pioneer Genco Ltd	Parties having significant influence	Advance received	552.00	-
PCIL Power and Holdings Ltd	Parties having significant influence	Advance received	1,084.75	(141.61)
Paraskati Cement Industries Ltd	Associate	Advance received	200.00	(200.00)
Penna Shipping Ltd (TMC)	Parties having significant influence	Advance received	86.96	(24.66)
Pioneer Education Trust	Parties having significant influence	Corporate Social Responsibility Expenses	23.22	NA
Shakuntala Trust	Parties having significant influence	Corporate Social Responsibility Expenses	8.10	NA
Total			6,120.41	2,724.49

Note: M/s Parasakti Cement Industries Ltd (PCL) ceased to be an associate of the company with effect from 24th February 2021, as the investment in PCL has been divested (refer note no:5)

Penna Cement Industries Limited

Details of related party transactions for the Fiscal 2020

Amount in millions

Name of the Related Party	Relationship	Nature of Transaction	Transaction during the year	Closing Balance
Sri P. Prathap Reddy	KMP	Remuneration	16.36	-
Sri Bezawada Vikram	KMP	Remuneration	12.50	(0.55)
Sri D. Lakshmi Kantham	KMP	Remuneration	13.50	(0.58)
Sri Petluru Venugopal Reddy	KMP	Remuneration	6.75	(0.82)
Sri Raj Kumar Singh	KMP	Remuneration	3.04	(0.33)
Pioneer Builderrs Ltd	Parties having significant influence	Transportation / Civil works	976.14	(67.87)
Smt. P. Deepthi Reddy	Relative of KMP	Renting of Immovable Property	3.92	(0.99)
Smt. P.V. Lakshmi	Relative of KMP	Renting of Immovable Property	25.48	(6.56)
Pioneer Builders (firm)	Parties having significant influence	Renting of Immovable Property	4.25	(1.40)
Sri P. Prathap Reddy	KMP	Renting of Immovable Property	2.55	1.76
Penna Shipping Ltd (TMC)	Parties having significant influence	Technical Management Service for Vessel	13.38	-
Pioneer Cement Industries Ltd	Subsidiary	Investment	500.00	1,748.61
Singha Cement (Pvt) Ltd	Subsidiary	Investment	250.78	250.78
Parasakthi Cement Ind. Ltd	Associate	Investment	-	166.00
Pioneer Builderrs Ltd	Parties having significant influence	Sale of Cement	2.66	6.65
Pioneer Holiday Resorts Ltd	Parties having significant influence	Sale of Cement	1.87	1.87
Pioneer Power Corporation Ltd	Parties having significant influence	Sale of Cement	0.02	-
Pioneer Genco Ltd	Parties having significant influence	Sale of Cement	0.24	-
Singha Cement (Pvt) Ltd	Subsidiary	Sale of Cement	527.31	227.40
Pioneer Cement Industries Ltd	Subsidiary	Advance for Investments	368.51	150.63
Smt. P.V. Lakshmi	Relative of KMP	Rent Deposit	-	10.00
Penna Shipping Ltd (TMC)	Parties having significant influence	Advance given	67.00	67.00
Pioneer Genco Ltd	Parties having significant influence	Advance received	70.14	(70.14)
Paraskati Cement Industries Ltd	Associate	Advance received	200.00	-
Pioneer Builders (firm)	Parties having significant influence	Advance received	10.00	(10.00)
Pioneer Education Trust	Parties having significant influence	Corporate Social Responsibility Expenses	17.43	NA
Shakuntala Trust	Parties having significant influence	Corporate Social Responsibility Expenses	2.40	NA
Total			3,096.23	2,471.45

Penna Cement Industries Limited

Details of related party transactions for the Fiscal 2019

Amount in millions

Name of the Related Party	Relationship	Nature of Transaction	Transaction during the year	Closing Balance
Sri P. Prathap Reddy	KMP	Remuneration	31.88	(15.59)
Sri Bezawada Vikram	KMP	Remuneration	12.00	-
Sri D. Lakshmi Kantham	KMP	Remuneration	14.06	-
Sri Petluru Venugopal Reddy	KMP	Remuneration	0.50	-
Sri Sanjeev Kumar Aggrwal	KMP	Remuneration	10.63	-
Sri Raj Kumar Singh	KMP	Remuneration	3.04	-
Pioneer Builderrs Ltd	Parties having significant influence	Transportation / Civil works	1,027.86	-
Smt. P. Deepthi Reddy	Relative of KMP	Renting of Immovable Property	1.38	-
Smt. P.V. Lakshmi	Relative of KMP	Renting of Immovable Property	23.36	-
Pioneer Builders (firm)	Parties having significant influence	Renting of Immovable Property	3.89	-
Sri P. Prathap Reddy	KMP	Renting of Immovable Property	1.65	-
Penna Shipping Ltd (TMC)	Parties having significant influence	Technical Management Service for Vessel	4.50	-
Pioneer Cement Industries Ltd	Subsidiary	Investment	-	1,248.61
Parasakti Cement Ind. Ltd	Associate	Investment	-	166.00
Pioneer Builderrs Ltd	Parties having significant influence	Sale of Cement	4.69	3.99
Pioneer Holiday Resorts Ltd	Parties having significant influence	Sale of Cement	2.59	-
Anrak Aluminium Ltd	Parties having significant influence	Sale of Cement	0.23	-
Krishna Hydro Energy Ltd	Parties having significant influence	Sale of Cement	0.09	18.85
Lakshmi Jalavidyut Ltd	Parties having significant influence	Sale of Cement	-	25.45
Pioneer Power Corporation Ltd	Parties having significant influence	Sale of Cement	0.07	-
Pioneer Genco Ltd	Parties having significant influence	Sale of Cement	0.05	-
P Prathap Reddy	KMP	Sale of Cement	0.04	-
Sri P. Ramesh Reddy	Relative of KMP	Sale of Cement	-	0.46
Pioneer Cement Industries Ltd	Subsidiary	Advance for Investments	281.62	282.12
Pioneer Builderrs Ltd	Parties having significant influence	Advance given	7.03	108.72
Smt. P.V. Lakshmi	Relative of KMP	Rent deposit	-	10.00
Pioneer Genco Ltd	Parties having significant influence	Advance given	1.80	-
Pioneer Education Trust	Parties having significant influence	Corporate Social Responsibility Expenses	17.16	NA
Shakuntala Trust	Parties having significant influence	Corporate Social Responsibility Expenses	8.20	NA
Total			1,458.32	1,848.61

OTHER FINANCIAL INFORMATION

A. The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(all amounts in ₹ millions, except share data)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Basic Earnings/ (loss) per Equity Share (in ₹)	11.36	1.72	6.36
Diluted Earnings/ (loss) per Equity Share (in ₹) (Refer note 1)	11.36	1.72	6.36
Return on Net Worth (%)	13.14%	2.16%	8.01%
Net Asset Value Per Equity Share (in ₹)	86.48	79.87	79.43
EBITDA (refer note 3)	4,798.45	3,383.61	3,089.48

The following table sets forth the reconciliation of our Net profit/ (loss) to EBITDA:

(all amounts in ₹ millions, except share data)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
I. Restated Profit before Tax expenses and before Profit / (Loss) of Associates	2,299.49	384.72	554.16
II. Depreciation and amortization	1,437.61	1,219.06	1,165.89
III. Finance costs	2,290.85	1,866.22	1,398.85
IV. Other Income	1,229.51	86.39	29.41
V. EBITDA (I+II+III-IV)	4,798.45	3,383.61	3,089.48

Notes: The ratios have been computed as under:

- Basic and diluted EPS calculation is in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per share" prescribed by the Companies (Indian Accounting Standards) Rules, 2015.*

Return on net worth (%) = Profit attributable to equity shareholders / net worth as at the end of year.

- Net assets value per equity share (in ₹): Net assets at the end of the year/period divided by Total number of weighted average equity share outstanding at the end of the year/period*

Net asset means total assets minus total liabilities excluding revaluation reserves.

Net worth means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year.

- EBITDA (Earnings before interest, tax, depreciation and amortisation) = Restated Profit before Tax expenses and before Profit / (Loss) of Associates plus Finance costs and Depreciation & Amortization expense less Other Income for the year
Accounting and other ratios shall be based on the financial statements derived from the Restated Financial Statements.*

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the “**Audited Financial Statements**”) are available on our website at <https://www.pennacement.com/standalone-financial-statements/penna-cement-industries-ltd/>. Further, the audited standalone financial statements of our Material Subsidiaries, Pioneer Cement and MCL are available at <https://www.pennacement.com/standalone-financial-statements/pioneer-cement-industries-ltd/> and <https://www.pennacement.com/standalone-financial-statements/marwar-cement/>, respectively.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.

None of our Company or any of its advisors, nor Managers or the Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 ‘Related Party Disclosures’ for the Fiscals 2021, 2020 and 2019, and as reported in the Restated Financial Statements, see “Financial Statements – Note 33 - Related Party disclosures under IND AS – 24”, “Financial Statements - Details of related party transactions for Fiscal 2019”, “Details of related party transactions for Fiscal 2020”, “Details of related party transactions for Fiscal 2021” on pages 259, 279, 280 and 281.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements in the section "Financial Statements" on page 220.

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 22 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations" on pages 24 and 283, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 220.

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Penna Cement Industries Limited on a consolidated basis and references to "the Company" or "our Company" refers to Penna Cement Industries Limited on a standalone basis.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Assessment of Cement Industry" dated April 2021 (the "CRISIL Report") prepared and issued by CRISIL Research, a division of CRISIL Limited, commissioned by us. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 19.

Overview

We are one of the largest privately held cement companies in India and a leading integrated cement player in terms of cement production capacity, as of March 31, 2021, with a strong brand recall in the southern and western states of India. (Source: CRISIL Report) Incorporated in 1991, with over 25 years of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets as well as Sri Lanka, and we intend to further expand into north, central and other east India markets through a phased expansion plan.

We have four integrated manufacturing facilities and two grinding units spread across the states of Andhra Pradesh, Telangana and Maharashtra, with an aggregate cement production capacity of 10.00 million tonne per annum ("MMTPA") as of March 31, 2021, and we are in the process of increasing our capacity to 16.50 MMTPA, which is expected to be operational by Fiscal 2024. We are also in the process of increasing our aggregate clinker production capacity from 7.80 MMTPA as of March 31, 2021 to 10.80 MMTPA, which is expected to be operational by Fiscal 2024. As of March 31, 2021, our cement and clinker production capacity represented 5.5% and 6.3%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Pondicherry (Source: CRISIL Report). Our integrated manufacturing facilities and grinding units are strategically located, with road, rail and sea access to a number of markets in the southern, eastern and western regions of India as well as Sri Lanka.

We have strategically focused on developing port-based logistics infrastructure to ensure efficient, reliable and cost-effective distribution. We have commissioned one of the largest port based cement facilities in India at Krishnapatnam (Source: CRISIL Report), with an automated ship-loading facility as well as packing terminals at the Cochin, Gopalpur and Karaikal ports. We also acquired Singha Cement (Private) Limited, a Sri Lankan cement company, in May 2019 that operates a packing terminal in Colombo, Sri Lanka, and are further in the process of setting up an additional port-based packing terminal at Kolkata. In order to further bolster our port-based distribution strategy, we acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes. We believe that the strategic location of our various facilities, packing terminals and our port based logistics infrastructure provides us with several competitive advantages, including (i) providing strategic access to south, west and east India; (ii) enabling us to cost-effectively target markets in east, south and west India, including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Ahmednagar; and (iii) export of cement to Sri Lanka and export of clinker to Bangladesh. Our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement and clinker products to new markets as well as in the procurement of imported coal through the ports. Further, we distributed 10.69%, 7.18% and 8.26% of our cement products through rail, 84.36%, 80.62% and 78.81% of our cement products through road, and 4.95%, 12.22% and 12.93% of our cement products through sea in Fiscals 2019, 2020 and 2021, respectively.

Our cement products include ordinary portland cement ("OPC") (including 'Penna Premium OPC 53 Grade Cement', 'Penna Premium OPC 43 Grade Cement' and 'Penna Premium OPC 42.5 N Grade Cement'), Portland pozzolana cement ("PPC") (including 'Penna Power PPC' and 'Penna Concrete Guard') and portland slag cement ("PSC") (including 'Penna Suraksha

- PSC'). We market and sell our products under the *Penna* brand, and have a proven operational excellence of 25 years (*Source: CRISIL Report*).

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated manufacturing facilities. Limestone is mined from our captive limestone mines, for which we have entered into long-term mining leases. As of March 31, 2021, our Company's captive limestone mines had aggregate residual reserves of 490.04 million MT of limestone. We optimize our coal procurement by sourcing coal and pet coke from the international markets and coal through coal linkages with The Singareni Colliery Company Limited ("SCCL") located in the state of Telangana. Our integrated manufacturing facilities are also located in close proximity to captive limestone mines. Our facilities located at Boyareddypalli, Ganeshpahad and Tandur and grinding units at Patas and Krishnapatnam have dedicated railway sidings, which enable transportation of laterite, coal, clinker, gypsum, slag and cement, as required. We have developed streamlined manufacturing processes and logistics management through designated split-grinding operations for our various facilities.

Our integrated manufacturing facilities are supplemented by auxiliary infrastructure, including a 77.00 MW captive power plant, as of March 31, 2021, at our Ganeshpahad facility primarily used for captive consumption, and waste heat recovery ("WHR") units at our Ganeshpahad and Boyareddypalli facilities with a current aggregate capacity of 32.00 MW, as of March 31, 2021. We are in the process of setting up WHR units at our Talaricheruvu and Tandur facilities with a capacity of 7.05 MW and 10.00 MW, respectively, which are expected to be operational by first quarter of Fiscal 2024 and fourth quarter of Fiscal 2023, respectively. In Fiscals 2019, 2020 and 2021, we met 71.63%, 63.46% and 53.03%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001: 2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have received the Sri Lanka Standard Institution ("SLSI") certification for OPC 42.5N supplies to Sri Lanka for our Krishnapatnam unit. We were also awarded the *National Energy Conservation Award 2016* by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in the cement sector.

We have developed a strong distribution network across India comprising 3,310 dealers and distributors, as of March 31, 2021. We have been able to develop long-standing relationships with institutional customers, including large infrastructure and real estate companies, such as Alliance Group, Aparna Enterprises Limited, Bekem Infra Projects Private Limited, Casa Grand Builder Private Limited, EKK Infrastructure Limited, HIL Limited, M/s Krishi Infotech, MRKR Constructions and Industries Private Limited, Nath Infrastructures, Qcrete Readymix (India) Private Limited, Ramky Infrastructure Limited, RDS Projects Limited, Rockeira Engineering LLP, Sreedhanya Nath JV, Sun X Concrete India Private Limited and M. Venkata Rao Infra Projects Private Limited.

Our Company has been consistently profitable since commencement of operations, on a standalone basis. Although the ongoing COVID-19 pandemic has significantly affected the global economy, as we are engaged in production of essential goods in the form of cement, we were not significantly impacted by the COVID-19 pandemic, and accordingly, our revenues from operations increased by 14.25% from ₹ 21,676.14 million in Fiscal 2020 to ₹ 24,763.99 million in Fiscal 2021.

The following table provides certain key financial information of our business:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(₹ million)		
Revenue from operations	21,561.81	21,676.14	24,763.99
EBITDA ⁽¹⁾	3,089.48	3,383.61	4,798.45
Profit for the period	851.33	230.24	1,520.73

(1) EBITDA is calculated as profit before tax expenses and before profit/(loss) of associates plus finance costs and depreciation and amortization expense less other income for the year.

The following table provides certain key performance indicators of our business:

S. No.	Key Performance Indicators	Fiscal		
		2019	2020	2021
1.	Cement Production (in million MT)	5.39	5.25	5.43
2.	Clinker Production (in million MT)	4.60	4.44	4.56
3.	Cement Sales (in million MT)	5.29	5.20	5.48
4.	Capacity Utilization (cement) ⁽¹⁾	53.90%	52.47%	54.25%
5.	Capacity Utilization (clinker) ⁽¹⁾	86.77%	83.81%	63.59%
6.	Clinker to cement ratio ⁽²⁾	1.22	1.21	1.18
7.	OPC sales (as % of total cement sales volume)	60.95%	62.91%	66.21%
8.	PPC sales (as % of total cement sales volume)	38.61%	36.77%	31.67%
9.	PSC sales (as % of total cement sales volume)	0.44%	0.32%	2.12%

S. No.	Key Performance Indicators	Fiscal		
		2019	2020	2021
10.	Power consumption (in million units) ⁽³⁾	444.23	430.50	447.00
11.	Coal and pet coke consumption (in million MT)	0.73	0.63	0.64
12.	EBITDA per tonne (in ₹) ⁽⁴⁾	584.53	650.80	875.55
13.	EBITDA margin (%) ⁽⁵⁾	14.33%	15.61%	19.38%
14.	Power and fuel cost per tonne (in ₹) ⁽⁶⁾	1,016.20	1,008.32	1,089.58

(1) Capacity utilization (on an annualized basis) has been calculated on the basis of actual production in the relevant period divided by the aggregate installed production capacity of our manufacturing facilities as available for the relevant period. For further information, see “- Capacity and Capacity Utilization on page 283.

(2) Clinker to cement ratio represents cement production divided by clinker consumption.

(3) One unit represents one KWH.

(4) EBITDA per tonne represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by total cement sales volume.

(5) EBITDA margin represents EBITDA (EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year) divided by revenue from operations.

(6) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.

Presentation of Financial Information

Our restated consolidated statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies and other explanatory information thereon (collectively, the “**Restated Financial Statements**”), have been derived from our audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “*Reports in Company Prospectuses (Revised 2019)*” issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI.

Significant Factors Affecting Our Results of Operations and Financial Condition

Demand for cement products

The cement demand in India is expected to grow at a CAGR of 6% to 7% from Fiscal 2021 to Fiscal 2026 in comparison to a CAGR of 4% during Fiscal 2015 and Fiscal 2020, primarily on account of a number of infrastructure investments and a healthy revival in housing demand. Key Government of India’s initiatives, such as, ‘Aatma Nirbhar Bharat’, Product Linked Incentive Scheme, ‘Make in India’, Smart Cities Mission, Bharatmala, ‘Housing for All’, ‘Sagar Mala’, and metro rail projects are expected to drive the growth of the domestic cement industry in India. (Source: *CRISIL Report*) Our ability to benefit from these proposed initiatives will be significant to our results of operations and financial condition.

We rely on the demand for cement and are directly affected by the cyclical nature of the construction industry, especially in the areas of residential construction, commercial property construction and infrastructure project development. Our cement sales volume and prices are influenced by growth in segments such as housing, infrastructure, commercial and industrial segments. The demand and supply of cement and construction of new capacity are also affected by factors such as availability of limestone and other raw materials, general economic environment, state and central Government spending on various sectors including construction, infrastructure and housing, perception of prospective demand and the cost of capital. In addition, fiscal, tax and other policies of national and state governments have the effect of stimulating or discouraging construction activity. Accordingly, our results of operations are cyclical, with periods of growth typically followed by downturns.

Availability and cost of raw materials, coal, power and fuel

Our business and operating margins are significantly dependent on the availability and price of raw materials, such as limestone, gypsum, fly ash and slag, coal, pet coke and water, used in our manufacturing process. Raw materials also represent a significant portion of our expenses. In Fiscals 2019, 2020 and 2021, the cost of materials consumed (including changes in inventories, stock-in trade and work in progress) accounted for 16.60%, 16.28% and 17.46%, respectively, of our revenue from operations. Adverse price fluctuations in raw materials could therefore have a negative impact on our results of operations.

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw material, coal and power at acceptable prices. We currently rely on certain domestic suppliers to provide certain raw materials, including gypsum, fly ash and slag, as well as electricity and support services. While we have obtained long term leases for limestone mines, our leases are subject to various terms and conditions which provides for the relevant authorities with the right to impose fines or restrictions, revoke mining leases or change the amount of royalties payable for mining the mines. Further, in case any of the leases are revoked or not renewed upon expiration, or significant restrictions on the usage of the leases are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our manufacturing facilities adjacent to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and

results of operations.

Typically, power and fuel expenses constitute the largest portion of our operating expenses. In Fiscals 2019, 2020 and 2021, the power and fuel (including coal consumed for power generation) cost accounted for 31.32%, 28.62% and 28.47%, respectively, of our total expenses. Increases in the global prices for coal, have in the past resulted in increases in our cost of power and fuel expenses. We import United States, South African and Australian origin coal and United States origin pet coke and also procure coal through coal linkages with The Singareni Colliery Company Limited (“SCCL”). We have in the past few years purchased majority of our coal requirements in the spot market, and have not protected ourselves against the risk of coal price fluctuations by entering into long-term supply contracts. In addition, as majority of our annual coal requirement is sourced from coal mines located outside of India, we are exposed to the risk of increases in freight rates and foreign exchange. If we are unable to obtain adequate supplies of coal and raw materials (such as gypsum, slag and fly ash) or power and fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

The supply of raw coal and raw material could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophes or raw material supply disruptions, including by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017. While the restriction was subsequently relaxed for use of pet coke in the cement industry. Subsequently, the Supreme Court vide its order dated July 26, 2018 has imposed limited import of pet coke and has clarified that import of pet coke should be permitted only in those industries where pet coke is used as a feedstock or in the manufacturing process, and not as a fuel. Such industries being cement, lime kiln, calcium carbide and gasification. In addition, in the past, several states such as Uttar Pradesh, Bihar and Rajasthan have imposed a ban on sand mining resulting in decrease in the demand and price for cement.

Competition

The Indian cement industry is highly fragmented with a presence of few large players and several medium and small players. Regional cement players include Nuvoco Visatas, India Cement, JK Cement, JK Lakshmi Cement, Ramco Cement, Star Cement and Sanghi Cement. Pan-India (multi-regional players) include UltraTech Cement, Ambuja Cement, ACC Limited, Shree Cement and Dalmia Cement. (Source: CRISIL Report) For further information on our competition, see “Our Business – Competition” on page 179.

We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. Some of our competitors may have greater financial and marketing resources, larger manufacturing capacities, more cost efficient production processes or stronger relationships with distributors, agents or retail chains in key markets for our products. Some of our competitors may also benefit from government-sponsored programs that subsidize their manufacturing costs or provide them with marketing or other advantages. In order to remain competitive, we are required to focus on reducing manufacturing, transportation and distribution costs and improve our operating efficiencies.

Competition from existing and new cement manufacturers could drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products, pricing strategy of competitors, changes in consumer preferences and general economic, political and social conditions in the markets in which we do business. Increasing competition could also result in price and supply volatility.

The market share of top five players in the Indian cement industry has grown to approximately 47% over the years led by consolidation and higher organic growth by large players. (Source: CRISIL Report) Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

Capacity utilization and capacity expansion

Our operating margins and profitability depends on capacity utilization as higher capacity utilization results in increased manufacturing volumes, and enables us to achieve greater economies of scale. Manufacturing levels are affected by the number of lost days due to scheduled and unscheduled facility shutdowns. As part of our expansion plans, we have made and will continue to, significant capacity additions on an incremental basis, through expansion of our facilities as well as commissioning new facilities, improving material handling and other operational efficiencies. For further information on our expansion plans, see “Our Business – Expansion Plans” on page 171. Our expansion plans however remain subject to various uncertainties, including increased costs of equipment, any unforeseen delays in implementing such expansion plans, any defects in design and improper installation. These factors could lead to a delay in the implementation of our capacity expansion plans and planned commercial production schedules for such expended capacities. In Fiscals 2019, 2020 and 2021, we incurred capital expenditure on fixed assets, including capital advances, of ₹ 7,061.38 million, ₹ 785.88 million and ₹ 2,274.22 million, respectively. While we have incurred significant capital expenditures in connection with the implementation of our capacity expansion projects, future capacity expansion plans will require substantial additional capital expenditures.

Our actual production levels and utilization rates may differ significantly from the estimated manufacturing capacities of our facilities. Our capacity utilization rates are also affected by our product mix, as we may produce a particular type of product that may not result in optimal use of our manufacturing capacities. Our capacity utilization for cement was 53.90%, 52.47% and 54.25% in Fiscals 2019, 2020 and 2021, respectively, and our capacity utilization for clinker was 86.77%, 83.81% and 63.59%, respectively, in the same periods. For further information on our aggregate capacity and capacity utilization, see “*Our Business – Facilities*” and “*Our Business – Capacity Utilization*” on pages 168 and 170, respectively.

Following the expansion of our manufacturing facilities, we believe we will be able to handle larger volumes and increase our revenue generation capacity. To remain profitable we must maintain optimum levels of capacity utilization at our facilities. Attaining and maintaining such levels of utilization requires considerable planning and expenditure. Our optimum capacity utilization is focussed on manufacturing blended cement while meeting customer requirements for our OPC products. The gross cement revenue of our blended cement sales (PPC and PSC together) accounted for 41.31%, 40.69% and 38.83%, of our total gross cement sales revenue in Fiscals 2019, 2020 and 2021, respectively, while OPC sales accounted for 58.69%, 59.31% and 61.17%, respectively, our total gross cement revenue, in the same periods. If we are unable to achieve and maintain optimum levels of capacity utilization at our facilities in the future, our financial condition and results of operations may be adversely affected.

Further, increase in our capacity utilization is also dependent on our ability to reach our customers through other means, including sea. In March 2018, we commissioned one of the largest port based cement facilities in India at Krishnapatnam (*Source: CRISIL Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. In order to further bolster our port-based distribution strategy, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes. For further information on our port based logistics infrastructure and distribution, see “*Our Business – Our Strategies - Focus on port based logistics infrastructure and distribution, consolidate presence in south India and expand presence in east and west India, and continue to grow exports*” on page 161. The ability to develop and leverage port based logistics infrastructure and distribution remains a key component to access markets, which cannot be serviced through road thereby affecting our capacity utilization.

Working Capital Requirements

We require significant working capital for our business operations, particularly to maintain and operate our manufacturing facilities. We also require significant amounts of capital to market and distribute our products and enhance existing products. As of March 31, 2021, our outstanding working capital debt amounted to ₹ 2,334.90 million, majority of which are subject to floating interest rates. Any fluctuations in interest rates may directly impact the interest costs of such working capital facilities and, in particular, any increase in interest rates could adversely affect our results of operations. Further, a significant portion of our expected cash flow may be used in repayment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. In addition, our existing level of indebtedness and non-fund based facilities may also restrict our ability to obtain additional financing for capital expenditures, expansions or general corporate purposes and may cause us to be particularly vulnerable during any general economic downturn.

Seasonality and weather conditions

Our business operations are dependent on the weather conditions, resulting in the demand for cement to be seasonal in nature. Weather conditions, particularly the monsoon season, characterized with heavy rains, landslides, floods, may affect the level of activity in the construction industry resulting in reduced demand for cement, concrete and building materials. As a result, we typically experience a reduction in our sales volume between June to August, which is usually the monsoon season in south India. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

Impact of COVID-19 pandemic

The COVID-19 pandemic has resulted in a significant economic downturn in India and globally, and has also led to significant disruptions and volatility in capital and financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity and growth.

In compliance with the lockdown orders/ operating restrictions imposed on account of COVID-19 the Governments of the states where our facilities are located, we temporarily closed our manufacturing facilities, grinding units and packing terminals. We gradually re-opened our manufacturing facilities, grinding units and packing terminals in compliance with state level directives over the months of April and May 2020. By May 7, 2020, all our manufacturing facilities, grinding units and packing terminals were operational, subject to certain adjustments in working patterns, social distancing measures and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. During the period that our facilities were closed, our manufacturing operations were impeded, and we also faced disruptions in selling our manufactured products due to movement restrictions, which adversely affected our sales volumes and revenues. Further, even during the period our facilities were not operating due to the lockdown restrictions, we continued to incur fixed and semi-

variable costs, including paying salaries to our employees and contract labour as well as incurring costs towards equipment hire and rentals, which adversely affected our profitability and margins.

The extent to which the COVID-19 impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether. For further information, see “*Financial Statements – Note 1.23 COVID-19*” on page 246.

Significant Accounting Policies

Basis of Consolidation

The Restated Financial Statements include the consolidated financial statements of our Company including the following companies:

Name	Country of Incorporation	Proportion of Ownership of Interest		
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Subsidiaries				
Pioneer Cement Industries Limited	India	100.00%	100.00%	100.00%
Marwar Cement Limited	India	78.91%	78.91%	78.91%
Singha Cement (Private) Limited	Sri Lanka	100.00%	100.00%*	-
Associates				
Parasakti Cement Industries Limited	India	-	50.00%	50.00%

* In view of the consolidation of M/s Singha Cement (Private) Limited, the opening balances for the financial year ended March 31, 2020 will be at variance from the closing balances of March 31, 2019.

For further information, see “*Financial Statements – Note 31: Principles of Consolidation*” on page 257.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group’s accounting policies, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As of March 31, 2021, the management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Investment in equity instruments of subsidiary and associate companies

Investment in subsidiaries and associates are carried at cost in the separate financial statements.

During the year, the Group assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Group is confident that the investments do not require any impairment.

Mines restoration obligation

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

Summary of Accounting Policies

Revenue recognition

The Group derives revenue from the sale of cement and Power. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over the product to a customer.

The five-step model which is the focal point for revenue recognition as per Ind As 115 is as follows:

i) Identify contract with the customer:

The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) which has commercial substance and are committed to perform their respective obligations. The rights to goods or services and payment terms can be distinctly identified and collection of consideration is considered probable.

ii) Identify the performance obligations in the contract:

The goods or services promised in a contract shall be assessed to identify the performance obligation for each promise to transfer either (a) Goods or services, or (b) a series of distinct goods or services that are similar and have the same pattern of transfer.

iii) Determine the transaction price:

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange after transferring goods or services to a customer. The entity should consider the following when determining the transaction price: (a) Variable consideration and constraints; (b) Significant financing component; (c) Non-cash considerations, (d) Consideration payable to a customer.

iv) Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the transaction price is required to be allocated to each performance obligation in proportion to its standalone selling prices i.e., the price at which entity would sell the promised goods (or) services apparently to the customer.

v) Recognise revenue when (or as) the entity satisfies a performance obligation:

It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

Sale of Power

Revenue from generation, transmission and distribution of power is recognised on an accrual basis and includes unbilled revenues accrued up to the end of the accounting year. The Group determines surplus/ deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/ Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any

adjustment that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/ Tariff Orders is made after the completion of such review of “take or pay”.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leases

The Ministry of Corporate Affairs has notified Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from April 1, 2019. The Group has adopted the Standard with effect from the date of initial application i.e. April 1, 2019, using the modified retrospective method under the transitional provisions of the Standard. As a result, the Group has recognised right of use asset and corresponding lease liability. Further, expense towards such lease is now recorded as depreciation on right of use assets and finance costs on lease liability, instead of rent.

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.

The Group's lease asset classes primarily consist of leases for lands situated port locations. The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets are depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use (ROU) assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments for the lease period. The lease payments are discounted using the interest rate determined by the incremental borrowing rate.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Hedge / Derivative Financial Instruments

The Group enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross-currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately excluding derivatives designated as cash flow hedge.

Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

Property, plant and equipment (PPE)

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

In case of certain classes of PPE, the Group uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings – Factory	30
Buildings – Non-Factory	61
Plant and Machinery	19
Railway Siding	21
Furniture and Fixtures	16
Office Equipment – Others	21
Office Equipment – Computers	6
Vehicles	11
Vessel	25

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization:

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in profit or loss when the asset is derecognised.

Computer software is amortised on straight line basis over a period of six years.

Mining rights are amortized over the lease period.

Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores and spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. 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 or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of profit and loss and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Mines restoration provision

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation

work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under “Other Expenses” in the Statement of Profit and Loss.

For further information, “*Financial Statements*” on page 220.

Principal Components of Income and Expenditure

Revenue

Our revenue comprises (i) revenue from operations, and (ii) other income.

Revenue from Operations

Revenue from operations comprises (i) revenue from sale of goods, primarily cement, clinker and power, and (ii) other operating income.

Other Income

Other operating income comprises (i) interest income, and (ii) profit/ (loss) on sale of investments/ plant and equipment.

Expenses

Our expenses comprise (i) costs of materials consumed, (ii) purchases of stock in trade, (iii) changes in inventories of finished goods, stock in trade and work-in-progress, (iv) employee benefit expenses, (v) finance costs, (vi) depreciation and amortisation expense, (vii) freight and forwarding expenses, and (viii) other expenses.

Costs of Materials Consumed

Costs of materials consumed comprises cost of raw material consumed primarily comprising limestone, coal for power generation, a-laterite, fly ash, gypsum, slag, iron ore and bauxite.

Purchases of Stock In Trade

Purchases of stock-in-trade refers to purchase of cement.

Changes in Inventories of Finished Goods and Work-In-Progress

Changes in inventories of finished goods, work-in-progress and stock-in trade primarily comprises: (i) clinker; (ii) raw meal; (iii) fine coal; (iv) ground slag; (v) crushed limestone; and (vi) cement.

Employee Benefits Expense

Employee benefits expense comprises (i) salaries, wages and bonus; (ii) contribution to provident and other funds; and (iii) staff welfare expenses.

Finance Costs

Finance costs comprise interest costs on interest on term loans, debentures and working capital, bank charges, net (gain)/ loss on foreign currency transactions, other borrowing costs and amortised interest on sales tax deferment.

Depreciation and Amortization Expenses

Depreciation and amortization comprises (i) depreciation of tangible assets; and (ii) amortization of other intangible assets.

Freight and Forwarding Charges

Freight charges comprises (i) primary freight on clinker and cement; (ii) secondary freight on cement; and (iii) fuel and operating expenses relating to the vessel.

Other Expenses

Other expenses includes, amongst others (i) power and fuel consumed; (ii) packing material consumed; (iii) stores and spares consumed; (iv) advertisement and publicity; (v) rents; (vi) repair and maintenance; (vii) rates and taxes (other than taxes on income); (viii) insurance; (ix) professional and legal expenses; (x) office maintenance; commission on sales; and (xi) security service charges.

Non-GAAP Measures

Earnings before Interest, Taxes, Depreciation and Amortization Expenses (“EBITDA”)/ EBITDA Margin

EBITDA presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. Although EBITDA is not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance.

Reconciliation of EBITDA and EBITDA Margin to Revenue from Operations

The table below reconciles restated profit before exceptional items and tax to EBITDA. EBITDA is calculated as profit before tax expenses and before profit / (loss) of associates plus finance costs and depreciation and amortization expense less other income for the year while EBITDA Margin from continuing operations is the percentage of EBITDA divided by revenue from operations.

Particulars	For the year ended at March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
Profit before tax expenses and before profit/ (loss) of associates	554.16	384.72	2,299.49
Plus: Finance costs	1,398.85	1,866.22	2,290.85
Plus: Depreciation and amortization expense	1,165.89	1,219.06	1,437.61
Less: Other income	29.41	86.39	1,229.51
EBITDA	3,089.48	3,383.61	4,798.45
EBITDA margin (EBITDA as a percentage of our revenue from operations)	14.33%	15.61%	19.38%

Results of Operations

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the periods indicated:

Particulars	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Income						
Revenue from operations	21,561.81	99.86%	21,676.14	99.60%	24,763.99	95.27%
Other income	29.41	0.14%	86.39	0.40%	1,229.51	4.73%
Total Income	21,591.22	100.00%	21,762.53	100.00%	25,993.50	100.00%
Expenses						
Cost of materials consumed	3,922.00	18.16%	3,395.04	15.60%	3,527.58	13.57%
Purchase of stock in trade	-	-	375.23	1.72%	568.61	2.19%
Changes in inventories of finished goods, stock in trade and work in progress	(342.50)	(1.59)%	(241.66)	(1.11)%	226.81	0.87%
Employee benefit expenses	1,112.05	5.15%	1,107.25	5.09%	1,189.06	4.57%
Finance costs	1,398.85	6.48%	1,866.22	8.58%	2,290.85	8.81%
Depreciation and	1,165.89	5.40%	1,219.06	5.60%	1,437.61	5.53%

Particulars	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
amortization expense						
Freight and forwarding expenses	5,809.95	26.91%	6,055.08	27.82%	5,995.44	23.07%
Other expenses	8,057.06	37.32%	7,639.14	35.10%	8,466.69	32.57%
Less: Captive consumption of cement	(86.24)	(0.40)%	(37.54)	(0.17)%	(8.66)	(0.03)%
Total expenses	21,037.06	97.43%	21,377.81	98.23%	23,694.00	91.15%
Profit before tax expenses and before profit/ (loss) of associates	554.16	2.57%	384.72	1.77%	2,299.49	8.85%
Share of profit/ (loss) from associates	0.17	0.00%	(20.34)	(0.09)%	-	-
Profit before tax expenses	554.33	2.57%	364.38	1.67%	2,299.49	8.85%
Tax expense						
Current tax	173.61	0.80%	93.38	0.43%	444.06	1.71%
Prior period tax adjustment	-	-	(10.55)	(0.05)%	19.19	0.07%
MAT credit	(169.38)	(0.78)%	(89.43)	(0.41)%	(200.60)	(0.77)%
Deferred tax (credit)/ charge	(301.24)	(1.40)%	140.74	0.65%	516.11	1.99%
Total tax expense	(297.00)	(1.38)%	134.15	0.62%	778.76	3.00%
Profit for the period	851.33	3.94%	230.24	1.06%	1,520.73	5.85%
Profit/ (Loss) attributable to non-controlling interest	0.33	0.00%	(0.25)	(0.00)%	0.48	0.00%
Profit/ (Loss) attributable to owners of the Parent	851.00	3.94%	230.49	1.06%	1,520.25	5.85%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Re-measurement gains/ (losses) on defined benefit plan	(3.71)	(0.02)%	(10.93)	(0.05)%	(7.84)	(0.03)%
Fair value changes on equity instruments through OCI (FVTOCI)	0.14	0.00%	-	-	4.68	0.02%
Share on profits from associates	0.09	0.00%	(0.50)	0.00%	(539.49)	(2.08)%
Income-tax effect	(0.05)	(0.00)%	-	-	-	-
Other comprehensive income/ (loss) for the year attributable to non-controlling interest	-	-	-	-	-	-
Other comprehensive income/ (loss) for the year attributable to owners of the Parent	(3.53)	(0.02)%	(11.42)	(0.05)%	(542.65)	(2.09)%
Total comprehensive income/ (loss) for the year attributable to non-controlling interest	0.33	0.00%	(0.25)	(0.00)%	0.48	0.00%
Total comprehensive income/ (loss) for the year attributable to owners of the Parent	847.47	3.93%	219.07	1.01%	977.60	3.76%

Fiscal 2021 compared to Fiscal 2020

Key Developments

- In Fiscal 2021, our Company sold 13,200,000 equity shares of ₹ 10 each in Parasakti Cement Industries Limited

("Parasakti"), for a consideration of ₹ 2,500.00 million to Turbotech Constructions Private Limited. For further details, see "Financial Statements – Note 5: Investments" and "History and Certain Corporate Matters – Details regarding acquisition or divestment of business/undertakings, mergers, amalgamation, revaluation of assets, if any, in last 10 years" on pages 250 and 188, respectively.

- We commissioned line II of our Boyareddypalli facility, which increased our clinker production capacity of our Boyareddypalli facility from 1.50 MMPTA to 4.00 MMPTA in July 2020. In addition, we commissioned the WHR unit at line II of our Boyareddypalli facility with a capacity of 15.00 MW in March 2021.
- In March 2021, we commissioned of packing terminal of 0.50 MTPA capacity at Karaikal, TamilNadu.
- In compliance with the lockdown orders/ operating restrictions imposed on account of COVID-19 the Governments of the states where our facilities are located, we temporarily closed our manufacturing facilities, grinding units and packing terminals. By May 7, 2020, all our manufacturing facilities, grinding units and packing terminals were operational. During the period that our facilities were closed, our manufacturing operations were impeded, and we also faced disruptions in selling our manufactured products due to movement restrictions, which adversely affected our sales volumes and revenues. Further, even during the period our facilities were not operating due to the lockdown restrictions, we continued to incur fixed and semi-variable costs, including paying salaries to our employees and contract labour as well as incurring costs towards equipment hire and rentals, which adversely affected our profitability and margins. For further details, see "– Significant Factors Affecting our Results of Operations – Impact of COVID-19" on page 287.

Income

Total income increased by 19.44% from ₹ 21,762.53 million in Fiscal 2020 to ₹ 25,993.50 million in Fiscal 2021 primarily due to an increase in revenue from sale of goods and profit on sale of investments/ plants and equipment.

Revenue from Operations

Revenues from operations increased by 14.25% from ₹ 21,676.14 million in Fiscal 2020 to ₹ 24,763.99 million in Fiscal 2021, primarily due to an increase in revenue from sale of goods by 13.89% from ₹ 21,659.73 million in Fiscal 2020 to ₹ 24,669.08 million in Fiscal 2021 as a result of an increase in cement sales volume. Cement sales volume increased by 5.38% from 5.20 million MT in Fiscal 2020 to 5.48 million MT in Fiscal 2021 as a result of growth in domestic sales as well as sales in Sri Lanka. In addition, other operating income increased from ₹ 16.42 million in Fiscal 2020 to ₹ 94.90 million in Fiscal 2021 primarily due to higher scrap income and other claims.

Other Income

Other income significantly increased from ₹ 86.39 million in Fiscal 2020 to ₹ 1,229.51 million in Fiscal 2021 on account of the increase in profit on sale of investment/ plant and equipment from ₹ 19.90 million in Fiscal 2020 to ₹ 1184.48 million in Fiscal 2021 primarily due to sale of equity shares of Parasakti. This increase was marginally offset by a decrease in interest income by 32.29% from ₹ 66.50 million in Fiscal 2020 to ₹ 45.03 million in Fiscal 2021 primarily due to relatively lower amount of deposits kept with banks as well as lower rate of interests.

Recurring income comprises interest income, whereas non-recurring income comprises profit/ (loss) on sale of investments/ plant and equipment.

Expenses

Total expenses increased by 10.83% from ₹ 21,377.81 million in Fiscal 2020 to ₹ 23,694.00 million in Fiscal 2021, primarily due to increase in finance costs, cost of materials consumed and other expenses.

Cost of Materials Consumed

Cost of materials consumed increased by 3.90% from ₹ 3,395.04 million in Fiscal 2020 to ₹ 3,527.58 million in Fiscal 2021 primarily on account of higher production and sales. The cost of limestone consumed increased by 12.44% from ₹ 1,094.42 million in Fiscal 2020 to ₹ 1,230.56 million in Fiscal 2021. Cost of laterite consumed also increased by 25.83% from ₹ 463.53 million in Fiscal 2020 to ₹ 583.26 million in Fiscal 2021. This increase was marginally offset by a decrease in cost of coal for power generation by 11.72% from ₹ 876.24 million in Fiscal 2020 to ₹ 773.51 million in Fiscal 2021 on account of lower generation of power in our captive power plants due to the operating restrictions/ lockdown imposed on account of the COVID-19 pandemic.

Purchase of Stock in Trade

Purchase of stock in trade increased from ₹ 375.23 million in Fiscal 2020 to ₹ 568.61 million in Fiscal 2021 on account of purchase of cement.

Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress

Changes in inventories of finished goods, stock in trade and work in progress was ₹ 226.81 million in Fiscal 2021 compared to ₹ (241.66) million in Fiscal 2020 on account of decline in stock of items.

Employee Benefit Expenses

Employee benefit expense marginally increased by 7.39% from ₹ 1,107.25 million in Fiscal 2020 to ₹ 1,189.06 million in Fiscal 2021 primarily due to an increase in salaries, wages and bonus by 11.31% from ₹ 951.04 million in Fiscal 2020 to ₹ 1,058.59 million in Fiscal 2021 on account of increase in compensation. This increase was offset by a decrease in staff welfare expenses by 32.90% from ₹ 88.98 million in Fiscal 2020 to ₹ 59.70 million in Fiscal 2021.

Freight charges

Freight and forwarding charges marginally decreased by 0.99% from ₹ 6,055.08 million in Fiscal 2020 to ₹ 5,995.44 million in Fiscal 2021.

Depreciation and Amortization Expense

Depreciation and amortisation expense increased by 17.93% from ₹ 1,219.06 million in Fiscal 2020 to ₹ 1,437.61 million in Fiscal 2021, primarily due to an increase in depreciation of tangible assets by 17.93% from ₹ 1,218.80 million in Fiscal 2020 to ₹ 1,437.36 million in Fiscal 2021 primarily on account of capitalisation of line II of our Boyareddypalli facility, which resulted in an additional depreciation of ₹ 206.15 million in Fiscal 2021.

Finance Costs

Finance costs increased by 22.75% from ₹ 1,866.22 million in Fiscal 2020 to ₹ 2,290.85 million in Fiscal 2021, primarily due to an increase in interest on term loans by 28.02% from ₹ 1,086.39 million in Fiscal 2020 to ₹ 1,390.74 million in Fiscal 2021 primarily on account of capitalisation of line II of our Boyareddypalli facility in Fiscal 2021 for which the interest was capitalised as pre-operative in Fiscal 2020 and funded interest term loan granted in accordance with RBI. Bank charges also increased by 60.55% from ₹ 183.87 million in Fiscal 2020 to ₹ 295.20 million in Fiscal 2021 and other borrowing costs increased by 65.46% from ₹ 97.36 million in Fiscal 2020 to ₹ 161.10 million in Fiscal 2021.

Other Expenses

Other expenses increased by 10.83% from ₹ 7,639.14 million in Fiscal 2020 to ₹ 8,466.69 million in Fiscal 2021, primarily due to an increase in power and fuel expenses by 13.91% from ₹ 5,242.42 million in Fiscal 2020 to ₹ 5,971.47 million in Fiscal 2021 on account of higher production and sales as well as increase in power costs. Packing materials also increased by 16.80% from ₹ 649.73 million in Fiscal 2020 to ₹ 758.91 million in Fiscal 2021 on account of increase in purchase price as well as higher production and sales.

Profit before Tax Expenses

For the reasons discussed above, profit before tax expenses was ₹ 2,299.49 million in Fiscal 2021 compared to ₹ 364.38 million in Fiscal 2020. The loss from associates amounted to ₹ 20.34 in Fiscal 2020, while there was no profit or loss from associates recorded in Fiscal 2021.

Tax Expense

Current tax expenses significantly increased from ₹ 93.38 million in Fiscal 2020 to ₹ 444.06 million in Fiscal 2021 primarily on account of higher profit and tax due to capital gain on sale of investment. Deferred tax charge increased from ₹ 140.74 million in Fiscal 2020 to ₹ 516.11 million in Fiscal 2021, primarily on account of capitalisation of line II of our Boyareddypalli facility. MAT credit increased from ₹ 89.43 million in Fiscal 2020 to ₹ 200.60 million in Fiscal 2021.

Profit for the Year

For the various reasons discussed above, and following adjustments for tax expense, we recorded a restated profit for the year of ₹ 1520.73 million in Fiscal 2021 compared to ₹ 230.24 million in Fiscal 2020.

Total Comprehensive Income for the Year

Total comprehensive income for the year attributable to owners of the parent was ₹ 977.60 million in Fiscal 2021 compared to ₹ 219.07 million in Fiscal 2020.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA was ₹ 4,798.45 million in Fiscal 2021 compared to EBITDA of ₹ 3,383.61 million in Fiscal 2020, while EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty) was 19.38% in Fiscal 2021 compared to 15.61% in Fiscal 2020.

Fiscal 2020 compared to Fiscal 2019

Key Developments

- Pursuant to the share purchase agreement dated February 28, 2019 amongst our Company, Ciments Francais S.a.s., and Singha Cement (Private) Limited, our Company acquired 539,421,660 equity shares constituting 99.94% of the total issued shares of Singha Cement (Private) Limited (“**Singha**”), a company incorporated in Sri Lanka, from Ciments Francais S.a.s., for an aggregate consideration of ₹ 250.78 million. As a result of the consolidation of Singha Cement (Private) Limited, our results of operations and financial condition for Fiscal 2020 are not comparable with Fiscal 2019. For further details, see “*Financial Statements*” and “*History and Certain Corporate Matters – Shareholders’ Agreement - Key terms of other subsisting material agreements*” on pages 220 and 191, respectively.

Income

Total income marginally increased by 0.79% from ₹ 21,591.22 million in Fiscal 2019 to ₹ 21,762.53 million in Fiscal 2020 primarily due to an increase in revenue from sale of goods and profit on sale of investments/ plants and equipment.

Revenue from Operations

Revenues from operations marginally increased by 0.53% from ₹ 21,561.81 million in Fiscal 2019 to ₹ 21,676.14 million in Fiscal 2020, primarily due to an increase in revenue from sale of goods by 0.49% from ₹ 21,554.14 million in Fiscal 2019 to ₹ 21,659.73 million in Fiscal 2020 as a result of a marginal increase in realization per MT, regardless of a marginal decrease in cement sales volume by 1.63% from 5.29 million MT in Fiscal 2019 to 5.20 million MT in Fiscal 2020 as a result of lower demand and impact of the COVID-19 pandemic in March 2020. In addition, other operating income increased from ₹ 7.67 million in Fiscal 2019 to ₹ 16.42 million in Fiscal 2020 primarily due to higher export incentives on exports sales to Sri Lanka.

Other Income

Other income significantly increased from ₹ 29.41 million in Fiscal 2019 to ₹ 86.39 million in Fiscal 2020 on account of the increase in profit on sale of investment/ plant and equipment from ₹ (0.12) million in Fiscal 2019 to ₹ 19.90 million in Fiscal 2020 due to sale of land located in Maharashtra. Interest income also increased from ₹ 29.53 million in Fiscal 2019 to ₹ 66.50 million in Fiscal 2020 primarily due to higher amount of deposit kept with banks.

Recurring income comprises interest income, whereas non-recurring income comprises profit/ (loss) on sale of investments/ plant and equipment.

Expenses

Total expenses marginally increased by 1.62% from ₹ 21,037.06 million in Fiscal 2019 to ₹ 21,377.81 million in Fiscal 2020, primarily due to increase in finance costs, freight and forwarding expenses, and purchases of stock in trade.

Cost of Materials Consumed

Cost of materials consumed decreased by 13.44% from ₹ 3,922.00 million in Fiscal 2019 to ₹ 3,395.04 million in Fiscal 2020 primarily due to a decrease in cost of coal for power generation by 28.09% from ₹ 1,218.47 million in Fiscal 2019 to ₹ 876.24 million in Fiscal 2020 on account of lower generation of power and lower cost of coal. Cost of fly ash also decreased by 12.96% from ₹ 501.52 million in Fiscal 2019 to ₹ 436.51 million in Fiscal 2020 primarily on account of lower volumes of blended cement and lower purchase price. This decrease was offset by an increase in the cost of a-laterite consumed by 6.44% from ₹ 435.48 million in Fiscal 2019 to ₹ 463.53 million in Fiscal 2020 on account of change in the product mix.

Purchase of Stock in Trade

Purchase of stock in trade increased from nil in Fiscal 2019 to ₹ 375.23 million in Fiscal 2020 on account of purchase of cement.

Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress

Changes in inventories of finished goods, stock in trade and work in progress was ₹ (241.66) million in Fiscal 2020 compared to ₹ (342.50) million in Fiscal 2019 on account of increase in stock of items.

Employee Benefit Expenses

Employee benefit expense marginally decreased by 0.43% from ₹ 1,112.05 million in Fiscal 2019 to ₹ 1,107.25 million in Fiscal 2020 primarily due to a decrease in staff welfare expenses by 4.82% from ₹ 93.49 million in Fiscal 2019 to ₹ 88.98 million in Fiscal 2020.

Freight charges

Freight and forwarding charges increased by 4.22% from ₹ 5,809.95 million in Fiscal 2019 to ₹ 6,055.08 million in Fiscal 2020 on account of increased production and sales volumes from our grinding units.

Depreciation and Amortization Expense

Depreciation and amortisation expense increased by 4.56% from ₹ 1,165.89 million in Fiscal 2019 to ₹ 1,219.06 million in Fiscal 2020, primarily due to an increase in depreciation of tangible assets by 4.68% from ₹ 1,164.36 million in Fiscal 2019 to ₹ 1,218.80 million in Fiscal 2020 primarily on account of impact of full-year depreciation in respect of capitalization of vessel and Gopalpur packing terminal, which were capitalized in Fiscal 2019, amounting to ₹ 22.80 and ₹ 26.05 million, respectively.

Finance Costs

Finance costs increased by 33.41% from ₹ 1,398.85 million in Fiscal 2019 to ₹ 1,866.22 million in Fiscal 2020, primarily due to an increase in interest on term loans by 40.56% from ₹ 772.92 million in Fiscal 2019 to ₹ 1,086.39 million in Fiscal 2020 primarily on account of capitalization of assets in Fiscal 2019. Bank charges also increased by 89.10% from ₹ 97.24 million in Fiscal 2019 to ₹ 183.87 million in Fiscal 2020 account of higher bill discounting, and interest on working capital increased by 22.95% from ₹ 244.14 million in Fiscal 2019 to ₹ 300.18 million in Fiscal 2020.

Other Expenses

Other expenses decreased by 5.19% from ₹ 8,057.06 million in Fiscal 2019 to ₹ 7,639.14 million in Fiscal 2020, primarily due to a decrease in stores and spares consumed by 20.24% from ₹ 491.52 million in Fiscal 2019 to ₹ 392.03 million in Fiscal 2020 on account of lower level of maintenance activity required in Fiscal 2020 and power and fuel consumed decreased by 2.39% from ₹ 5,371.04 million in Fiscal 2019 to ₹ 5,242.42 million in Fiscal 2020 primarily on account of lower coal price and lower volume. Packing materials also decreased by 13.36% from ₹ 749.91 million in Fiscal 2019 to ₹ 649.73 million in Fiscal 2020 on account of decrease in production volumes.

Profit before Tax Expenses

For the reasons discussed above, profit before tax was ₹ 364.38 million in Fiscal 2020 compared to ₹ 554.33 million in Fiscal 2019. The loss from associates amounted to ₹ 20.34 million in Fiscal 2020 compared to a profit of ₹ 0.17 million in Fiscal 2019.

Tax Expense

Current tax expenses decreased from ₹ 173.61 million in Fiscal 2019 to ₹ 93.38 million in Fiscal 2020 and deferred tax charge increased from ₹ (301.24) million in Fiscal 2019 to ₹ 140.74 million in Fiscal 2020, primarily on account of capitalization of vessel and Gopalpur packing terminal in Fiscal 2020. MAT credit increased from ₹ (169.38) million in Fiscal 2019 to ₹ (89.43) million in Fiscal 2020.

Profit for the Year

For the various reasons discussed above, and following adjustments for tax expense, we recorded a restated profit for the year of ₹ 230.24 million in Fiscal 2020 compared to ₹ 851.33 million in Fiscal 2019.

Total Comprehensive Income for the Year

Total comprehensive income for the year attributable to owners of the parent was ₹ 219.07 million in Fiscal 2020 compared to ₹ 847.47 million in Fiscal 2019.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA was ₹ 3,383.61 million in Fiscal 2020 compared to EBITDA of ₹ 3,089.48 million in Fiscal 2019, while EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty) was 15.61% in Fiscal 2020 compared to 14.33% in Fiscal 2019.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal		
	2021	2020	2019
	(₹ million)		
Net cash flows from operating activities	5,627.96	2,775.42	2,551.96
Net cash flows used in investing activities	(1,303.86)	(387.98)	(3,439.18)
Net cash flows from/ (used in) financing activities	(3,227.84)	(3,014.80)	1,269.91
Net increase/(decrease) in cash and cash equivalents	1,096.26	(627.36)	382.70
Cash and cash equivalents at the end of the year	1,152.42	56.25	648.83

Operating Activities

Fiscal 2021

In Fiscal 2021, net cash flows from operating activities was ₹ 5,627.96 million and profit before tax was ₹ 2,299.49 million. The main adjustments to reconcile profit before tax to net cash flows in Fiscal 2021 included interest expenses of ₹ 2,004.71 million on account of the amount of loan as part of our financing activity, depreciation of tangible assets of ₹ 1,437.27 million and profit on sale of investments of ₹ 1,184.37 million on account of sale of equity shares in Parasakti. Operating profit before working capital changes amounted to ₹ 4,760.77 million in Fiscal 2021. The main working capital adjustments in Fiscal 2021 included decrease in inventories of ₹ 1,010.69 million primarily on account of lower stock of coal and decrease in trade receivables of ₹ 225.89 million, which was offset by a decrease in trade payables and other liabilities of ₹ 263.06 million. Cash generated from operations amounted to ₹ 5,725.20 million and income tax paid amounted to ₹ 97.24 million in Fiscal 2021.

Fiscal 2020

In Fiscal 2020, net cash generated from operating activities was ₹ 2,775.42 million and the profit before tax was ₹ 364.38 million. The main adjustments to reconcile profit before tax to net cash flows in Fiscal 2020 included interest expenses of ₹ 1,631.70 million on account of the amount of loan as part of our financing activity and depreciation of tangible assets of ₹ 1,219.07 million. Operating profit before working capital changes amounted to ₹ 3,435.55 million in Fiscal 2020. The main working capital adjustments in Fiscal 2020 included decrease in other current assets of ₹ 507.43 million. This was significantly offset by a decrease in trade payables and other liabilities of ₹ 291.23 million, increase in trade receivables of ₹ 356.23 million and an increase in inventories of ₹ 461.45 million. Cash generated from operations amounted to ₹ 2,834.07 million and income tax paid amounted to ₹ 58.65 million in Fiscal 2020.

Fiscal 2019

In Fiscal 2019, net cash generated from operating activities was ₹ 2,551.96 million and profit before tax was ₹ 554.33 million. The main adjustments to reconcile profit before tax to net cash flows in Fiscal 2019 included interest expenses of ₹ 1,069.28 million on account of the amount of loan as part of our financing activity and depreciation of tangible assets of ₹ 1,165.92 million. Operating profit before working capital changes amounted to ₹ 3,180.11 million in Fiscal 2019. The main working capital adjustments in Fiscal 2019 included an increase in the inventory of ₹ 1,921.64 million due to increase of coal and spares stock, an increase in trade payables and other liabilities of ₹ 1,655.78 million on account of increase of current maturities of long term debt and growth in sales volume. Cash generated from operations amounted to ₹ 2,699.42 million and income tax paid amounted to ₹ 147.45 million in Fiscal 2019.

Investing Activities

Fiscal 2021

Net cash flows used in investing activities was ₹ 1,303.86 million in Fiscal 2021, primarily on account of purchase of fixed assets of ₹ 2,274.22 million in relation to our proposed capacity expansion and setting up of packing terminals, purchase of investments of ₹ 1,768.66 million on account of purchase of equity shares of Anrak Aluminium Limited by our Company and decrease in non-current liabilities and provisions of ₹ 1,042.56 million primarily on account of repayment of certain deposits taken previously. This was offset by sale of investments of ₹ 3,119.03 million on account of sale of equity shares Parasakti and Anrak Aluminium Limited.

Fiscal 2020

Net cash used in investing activities was ₹ 387.98 million in Fiscal 2020, primarily on account of purchase of fixed assets of ₹ 785.88 million primarily in relation to our proposed capacity expansion and setting up of packing terminals and investment in subsidiary of ₹ 250.50 million on account of acquisition of Singha. This was offset by an increase in non-current liabilities and provisions of ₹ 543.81 million primarily on account of receipt of certain deposits.

Fiscal 2019

Net cash used in investing activities was ₹ 3,439.18 million in Fiscal 2019, primarily on account of purchase of fixed assets of ₹ 7,061.38 million primarily in relation to our proposed capacity expansion and setting up of packing terminals. This was partially offset by an increase in non-current liabilities and provisions of ₹ 2,831.48 million primarily on account of a capex letter of credit and receipt of certain deposits.

Financing Activities

Fiscal 2021

Net cash used in financing activities was ₹ 3,227.84 million, primarily due interest paid of ₹ 2,004.71 million and repayment of long-term borrowings of ₹ 1,925.96 million. This was marginally offset by net proceeds from long-term borrowings of ₹ 702.84 million.

Fiscal 2020

Net cash used in financing activities was ₹ 3,014.80 million, primarily due to interest paid of ₹ 1,631.70 million and repayment of long-term borrowings of ₹ 1,294.06 million.

Fiscal 2019

Net cash flow from financing activities was ₹ 1,269.91 million, primarily due to net proceeds from long-term borrowings of ₹ 2,923.00 million. This was significantly offset by interest paid of ₹ 1,069.28 million and repayment of long-term borrowings ₹ 422.50 million and dividend payment of ₹ 161.31 million.

Indebtedness

As of March 31, 2021, our total indebtedness was ₹ 13,519.46 million (with long-term borrowings (including current maturity) of ₹ 11,184.55 million and short-term borrowings of ₹ 2,334.90 million) representing a debt to equity ratio of 1.17. For further information regarding our indebtedness, see “Financial Statements” and “Financial Indebtedness” on pages 220 and 307, respectively.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2021, and our repayment obligations in the periods indicated:

Particulars	As of March 31, 2021				
	Payment due by period				
	(₹ million)				
	Total	Not later than 1 year	1-3 years	3 -5 years	More than 5 years
Long Term Borrowings					
Term loans from bank (secured)	7,052.48	1,118.59	3,329.12	1,664.56	940.21
Term loans from others (secured)	3,281.78	529.71	1,492.20	985.27	274.60
Sales tax deferment loan (unsecured)	850.30	374.79	475.51	-	-
Total long term borrowings	11,184.55	2,023.09	5,296.83	2,649.83	1,214.81
Short Term Borrowings					
Secured	2,334.90	2,334.90	-	-	-
Total Short Term Borrowings	2,334.90	2,334.90	-	-	-
Total Borrowings	13,519.46	4,357.99	5,296.83	2,649.83	1,214.81

* The above balances are net off Ind AS adjustments.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Specifically, we require consent for altering our capital structure, further issuance of any shares, effecting any scheme of amalgamation or reconstitution, restructuring or changing the management, dilution of Promoters’ shareholding, making corporate investments and change in constitution of the Board of Directors. For further information, see “Risk Factors - We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition and credit rating.” on page 26.

Contingent Liabilities and Off-Balance Sheet Arrangements

As of March 31, 2021, our contingent liabilities that have not been provided for were as follows:

Particulars	Amount
	(₹ million)
(a) Contingent liabilities/ claims not provided for	

Particulars	Amount
	(₹ million)
(i) In respect of bank guarantees	474.70
(ii) In respect of inland letter of credits	20.34
(iii) In respect of foreign letter of credits	531.04
(iv) In respect of unexecuted capital contracts	556.59
(b) Claims against the Group not acknowledged as debt:*	
(i) Sales tax disputes in various legal forum	10.83
(ii) Excise duty/ service tax/ customs disputes in various legal forum	591.73
(iii) Income tax (disputes in various legal forum)	87.10
(iv) Disputes in respect of purchase of power / coal (disputes in various court ₹ 376.42 million (previous year ₹ 376.42 million))	676.70
(v) Others (entry tax and land disputes) in various legal forum	13.11
<i>*Net of amounts paid under protest</i>	

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. For further information on our contingent liabilities, see “Financial Statements - Note 30 – Contingent Liabilities” on page 257.

Except as disclosed in our Restated Financial Statements or otherwise in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2021, aggregated by type of contractual obligation:

Particulars	As of March 31, 2021				
	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Unexecuted Capital Contracts	556.59	362.53	194.06	-	-
Total Contractual Obligations	556.59	362.53	194.06	-	-

Capital Assets

The following table sets forth our additions to fixed assets for the periods indicated:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(₹ million)		
Property, plant and equipment, including capital work in progress	3,146.75	381.53	7,567.21
Intangible Assets	-	143.27	67.29
Total	3,146.75	524.80	7,634.50

Related Party Transactions

We have in the past entered into transactions with our Promoters, relatives of our Promoters, Directors, enterprises over which our Directors have a significant influence, key management personnel and associate companies in the ordinary course of business. In particular, we have entered into various transactions with Pioneer Builders Limited in relation to, amongst others, the sale of products, investments, advances, freight charges, services received and other payables. In Fiscals 2019, 2020 and 2021, the aggregate amount of such related party transactions was ₹ 1458.32 million, ₹ 3096.23 million and ₹ 6120.41 million, respectively. The percentage of the aggregate value such related party transactions to our revenue from operations in Fiscals 2019, 2020 and 2021 was 6.76%, 14.28% and 24.71%, respectively.

The details of related party transactions of our Company for the financial years ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures are set forth in the table below:

Name of the related party	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(₹ million)		
Anrak Aluminium Ltd	0.23	-	-
Bezawada Vikram	12.00	12.50	12.00
D. Lakshmi Kantham	14.06	13.50	13.37
Krishna Hydro Energy Ltd	0.09	-	-

Name of the related party	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(₹ million)		
P. Deepthi Reddy	1.38	3.92	4.09
P. Prathap Reddy	33.57	18.91	49.91
P. Ramesh Reddy	-	-	0.05
P.V. Lakshmi	23.36	25.48	26.76
Parasakti Cement Industries Ltd	-	200.00	200.00
PCIL Power and Holdings Ltd	-	-	1,084.75
Penna Shipping Ltd (TMC)	4.50	80.38	101.01
Petluru Venugopal Reddy	0.50	6.75	6.53
Pioneer Builders Ltd	1,039.58	978.80	1,187.37
Pioneer Builders (firm)	3.89	14.25	4.46
Pioneer Cement Industries Ltd	281.62	868.51	1,449.18
Pioneer Education Trust	17.16	17.43	23.22
Pioneer Genco Ltd	1.85	70.38	552.24
Pioneer Holiday Resorts Ltd	2.59	1.87	1.28
Pioneer Power Corporation Ltd	0.07	0.02	-
PR Energy Holdings Ltd	-	-	746.64
Raj Kumar Singh	3.04	3.04	3.42
Sanjeev Kumar Aggrwal	10.63	-	-
Shakuntala Trust	8.20	2.40	8.10
Singha Cement (Pvt) Ltd	-	778.09	646.04

For details of the related party transactions, see “*Financial Statements – Note 33 - Related Party disclosures under IND AS – 24*” on page 259.

Changes in Accounting Policies

Other than as described in “*Financial Statements*”, there have been no changes in our accounting policies during Fiscals 2019, 2020 and 2021.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business. Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to commodity risk, liquidity risk, credit risk and inflation risk and in the normal course of our business.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from our operating activities (primarily trade receivables) and from our investing activities, including deposits with banks and financial institutions and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by our receivables team. No single customer accounted for more than 3.00% of our revenue in Fiscals 2019, 2020 and 2021, and there was no significant concentration of credit risk. Credit risk on cash and cash equivalent is limited as we generally transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating. In Fiscals 2019, 2020 and 2021, our trade receivables (net of provision) were ₹ 1,372.50 million, ₹ 1,798.12 million and ₹ 1,814.66 million, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a certain extent by borrowings and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service term loans and to finance development of new projects, all of which in turn may adversely affect our results of operations. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. We do not enter into any interest rate swaps.

Commodity Risk

We are exposed to the price risk associated with purchasing our raw materials and coal. We typically do not enter into formal or long term arrangements with our suppliers. Therefore, fluctuations in the price and availability of raw materials may affect

our business and results of operations. We do not currently engage in any hedging activities against commodity price risk. Coal, which is a commodity, the price of which is determined by global supply and demand (for imports) and set by the Government of India (for domestic purchases). We import United States, South Africa and Australia origin coal and United States origin pet coke and also procure coal through coal linkages with SCCL. In Fiscals 2019, 2020 and 2021, we imported 69.65%, 83.04% and 96.15%, respectively, of our total consumption of coal while all of our pet coke requirements were imported. International coal prices are volatile, and such volatility could have a material effect on our fuel and power expenses and financial condition. Similarly, crude oil prices are volatile and India relies significantly on imports to meet its requirements of crude oil, and any significant increase in the price of or shortages in the supply of crude oil could have an adverse effect on our business, logistics cost and results of operations.

Foreign Exchange Risk

We are exposed to exchange rate risk as a portion of our expenditure, such as importing coal and pet coke, are denominated in foreign currencies. Coal and pet coke that we import are paid for in foreign currency. Any depreciation in the value of the Rupee against U.S. dollar or other foreign currencies would increase the cost of our imported raw materials. The exchange rate between the Rupee and each of the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition. Further, we are exposed to risks that arise due to any movements in exchange rates in the period between when a purchase order is placed by a customer on us to the time settlement is done of the Indian Rupee equivalent of the relevant foreign currency amount.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We aim maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Total Turnover of each Major Industry Segment in which the Company Operated

As per Ind AS – 108: Segment Reporting, we have two reportable operating segments namely cement and thermal power. For further information, see “*Financial Statements – Note 33 – B: Segment Reporting*” on page 262.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “*Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 285 and 24, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

New Products or Business Segments

Except as disclosed in this Draft Red Herring Prospectus, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

Future Relationship between Cost and Income

Other than as described elsewhere in the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24, 154 and 283, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Seasonality of Business

Our business exhibits seasonality of limited nature during monsoons. For further information, see “*Industry Overview*”, “*Our Business*” and “*Risk Factors - The Indian cement industry is cyclical and is affected by a number of factors beyond our control which could affect our business and results of operations adversely. Further, our results of operations are subject to seasonal changes in demand for cement products which can be affected adversely on account of fluctuations in revenues*” on pages 125, 154 and 38, respectively.

Significant Dependence on a Single or Few Customers or Suppliers

A portion of our revenues from operations is derived from a limited number of key customers. In Fiscals 2019, 2020 and 2021, our top five customers contributed 4.76%, 5.91% and 6.68%, respectively, of our gross cement revenue in such periods, while our single largest customer contributed 1.09%, 1.76% and 1.87%, respectively, of our gross cement revenue in such periods. For further information, “*Risk Factors - We rely on a limited number of customers for a portion of our revenue from operations. Significant decrease in revenue from any of those customers may adversely affect our business, results of operations and financial condition*” on page 44.

Significant Economic Changes that materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in “– *Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 285 and 24, respectively.

Competitive Conditions

We operate in a competitive environment. See sections, “*Our Business*”, “*Industry Overview*”, “*Risk Factors - We operate in a highly competitive environment which could have an adverse effect on our business, results of operations, financial condition and future prospects*” and “– *Significant Factors Affecting our Results of Operations and Financial Condition – Competition*” on pages 154, 125, 28 and 285, respectively.

Significant Developments after March 31, 2021 that may affect our Future Results of Operations

Except as disclosed in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since March 31, 2021, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, derived from Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Information" and "Risk Factors" on pages 283, 220 and 24, respectively.

(₹ in million, except share data)

Particulars	Pre-Offer as at March 31, 2021	As adjusted for the proposed Offer*
Total Borrowings@		
Short Term borrowings	2,334.90	[●]
Long Term borrowings	9,161.46	[●]
Current maturities of Long Term borrowings	2,023.09	
Total Borrowings	13,519.46	[●]
Total Equity		
Equity share capital	1,338.00	[●]
Other Equity#	10,233.18	[●]
Preference share capital	-	[●]
Total Equity	11,571.18	[●]
Total Borrowings/ Total Equity Ratio	1.17	[●]
Long Terms Borrowings/Total Equity Ratio	0.97	[●]

*The corresponding post Offer capitalization data is not determinable at this stage pending the completion of the book building process and hence have not been furnished. To be updated upon finalization of the Offer Price.

@All the borrowings as per the Restated Financial Statements.

Other equity excluding amalgamation reserve, fair valuation reserve and foreign exchange fluctuation reserve other comprehensive income and non-controlling interest of the Company at the end of the year.

FINANCIAL INDEBTEDNESS

Our Company avails credit facilities in the ordinary course of business. Pursuant to our Articles of Association, subject to provisions of the Act, other applicable laws and pursuant to a resolution dated May 18, 2018, passed by our Shareholders, our Board has been authorised to borrow sums in excess of the aggregate of our paid-up share capital and free reserves, up to ₹50,000 million.

Set forth below is a brief summary of aggregate borrowings (including fund based and non-fund based borrowings) of our Company as of March 31, 2021

Category of borrowing	Total sanctioned amount	Outstanding amount as on March 31, 2021 ^{(1)*}
<i>(₹ in million)</i>		
Secured		
Term loan	13,433.74	10,451.46
Working capital facility		
Fund based [©]	2,350.00	2,127.30
Non-fund based	2,150.00	2,176.80 [£]
Vehicle loan	124.60	51.37
Unsecured		
Sales tax deferral	2,448.89	1031.34
Total	20,507.23	15,838.27

⁽¹⁾As certified by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, pursuant to their certificate dated May 13, 2021
^{*}For details of our outstanding borrowing obligations for the last three Fiscals, please see "Financial Statements" on page 220.

[©] In YES Bank Limited, the Company has a total working capital facility of ₹1,800 million with a sub limit of ₹650 million towards fund based facility.

[£] Out of fund based, an amount of ₹64.70 million is used towards non fund based.

Principal terms of the borrowings availed by us:

1. **Interest:** In terms of the loans availed by us, the interest rate is either the base rate of a specified lender and spread per annum, subject to a minimum interest rate or at rates which are mutually decided between the lender and us at the time of disbursement. The spread varies across different loans.
2. **Tenor and repayment:** The tenor and repayment of the facilities availed by us typically ranges from twelve months to ten years in the manner agreed by the lenders.
3. **Security:** In terms of our secured borrowings, we are required to *inter-alia*:
 - (a) create a first *pari passu* charge on all fixed assets of the borrower;
 - (b) create a first *pari passu* charge on all current assets of the borrower, both present and future;
 - (c) mortgage of immovable properties of the borrower;
 - (d) hypothecation of all movables assets of the borrower;
 - (e) provide a demand promissory note and letter of continuity; and
 - (f) execute an undertaking cum indemnity and other miscellaneous security documents in the form approved by the lender.

Separately, our Company and our Promoters are required to provide guarantees including personal and corporate guarantees (as applicable), non-disposal undertakings and pledge of such percentage of their Equity Shareholding in our Company, Promoter Group and Associate, as may be required by the lenders in respect of the loans availed by our Company, Subsidiaries, Group Companies and Promoter Group. For details of subsisting encumbrances on Equity Shares held by our Promoters, see "Capital Structure" on page 70.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Events of Default:** Borrowing arrangements entered into by us contain standard events of default, including:
 - (a) default in payment of principal amount/interest as and when the same becomes due and payable;
 - (b) default in performance or observance of any covenant, condition, representation, warranty or provision;

- (c) occurrence of any event or condition, which in the lender's opinion constitutes or could constitute a material adverse effect on our business condition or our ability to perform the obligations under the borrowing arrangements;
- (d) entering into any arrangement or composition with its creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of our Company or our Subsidiaries;
- (e) any representation, undertakings or warranties made is found to be false at any time or misleading as of the date on which the same was made or deemed to be made;
- (f) ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so;
- (g) if an event of default has occurred under any other agreement entered into by our Company or our Subsidiaries with any other person or entity;
- (h) failure to get the Company's facilities rated by credit rating agency as approved by the lender, within the duration specified by the lender;
- (i) non-creation of the required security as required under the loan agreement entered into between our Company or our Subsidiaries and the lender within the stipulated time; and
- (j) any substantial change in our constitution or management without the previous written consent of the lenders.

This is an indicative list and there may be additional terms and conditions that may amount to an event of default under various borrowing arrangements entered into by us. Our Company and our Subsidiaries are required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company or our Subsidiaries, as the case maybe, for the purpose of availing of loans, are not triggered.

5. ***Consequences of occurrence of events of default:*** In terms of our facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:
- (a) Accelerate repayments/recall of the loan
 - (b) Enforce the security interests under the security documents;
 - (c) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;
 - (d) Conversion of debt to equity;
 - (e) Suspend further access/ draws by our Company to the use, either in whole or in part, of the facility; and
 - (f) Exercise their right to appoint a receiver to recover the receivables for the loan.
6. ***Restrictive Covenants:*** We are required to intimate the banks or obtain their prior written consent, as the case may be, in the event we intend to undertake the following:
- (a) Material change in the business or the management of our Company;
 - (b) Reconstruction or reorganization of our business;
 - (c) Dilution of equity shareholding of our Promoters or any change in the ownership or management control of our Company;
 - (d) Alteration in the Memorandum of Association and Articles of Association of our Company;
 - (e) Any change in our capital structure or shareholding pattern or issue securities, whether on a preferential basis or otherwise;
 - (f) Declaration of annual dividend;
 - (g) Prepayment of any indebtedness incurred by us;
 - (h) Register any transfer made or to be made in the capital of our Company by our promoters and their associates;

- (i) Create, assume or incur any further financial indebtedness ; or
- (j) Undertake guarantee obligations on behalf of any other company or person.

This is an indicative list and there may be additional restrictive covenants that require prior intimation/prior consent of the banks.

6. **Prepayment penalty/ prepayment charges:** The loans availed by us typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject to a prior notice to the lender or payment of the prepayment premium, as applicable, on the basis of the terms and conditions of the agreement. Prepayment premium is payable to some of the lenders at the rate of 1% of the amount of the outstanding loan being prepaid by our Company, plus applicable taxes. Such penalty is not applicable if the outstanding amount is paid out of internal accruals, equity infusion or issuance of non-convertible debentures.

For further details of financial and other covenants required to be complied with in relation to our borrowings, see “*Risk Factors – We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating*” on page 26. For the purpose of the Offer, our Company has obtained necessary consents from our lenders as required under the relevant borrowing arrangements for undertaking activities relating to the Offer.

One of our lender, namely, YES Bank Limited, has the right to appoint a nominee director on the board of our Company. While the lender has not exercised these rights as on the date of this Draft Red Herring Prospectus, we cannot assure you that they will not do so in the future.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes; and (iv) other pending litigation as determined to be material as per the policy dated April 15, 2021 in each case involving our Company, Subsidiaries, Promoters and Directors (“**Relevant Parties**”). Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoters in the last five financial years including any outstanding action.

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to Board resolution dated April 15, 2021, to be disclosed by our Company in the Draft Red Herring Prospectus:

All pending litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including any outstanding action and tax matters (direct or indirect), would be considered ‘material’ if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of PAT of the Company as per the Restated Financial Statements of the Company for the last full financial year, which is ₹15.21 million; or (ii) monetary liability is not quantifiable, however, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company.

Further, our Board has considered pursuant to board resolution dated April 15, 2021, outstanding dues to any creditor of the Company having monetary value which exceeds 1% of the total consolidated trade payables of the Company as per the latest Restated Financial Statements of the Company disclosed in the Offer Documents, shall be considered as material. For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with the Company regarding status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its statutory auditors.

Litigation involving our Company

Litigation against our Company

Criminal Litigation

1. A petition bearing no. C.C. 26 of 2013 has been filed by the Central Bureau of Investigation (“**CBI**”), Hyderabad before the Principal Special Judge for CBI Cases, Hyderabad (“**Principal Special Judge**”) against our Company, our Promoter, P. Prathap Reddy, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, P R Energy Holding Limited (one of our Group Companies), Jagati Publications Limited, Carmel Asia Holdings Private Limited, Pioneer Holiday Resorts Limited (one of our Group Companies) and Penna Tandur Cement Company Limited (a company which subsequently amalgamated with our Company). The CBI by the way of this petition has alleged that our Company received favourable government orders *inter-alia* in the form of (i) alienation of government land in Yadiki Mandal of Anantapur District; (ii) grant of prospecting license over an extent of 304.74 Hectares in Kurnool district for a period of three years; (iii) renewal of mining lease in favour of Walchand Tandur Cement Company Limited after the acquisition of Walchand Tandur Cement Company Limited by Penna Tandur Cement Company Limited and (iv) grant of memo extending all benefits given to Blitz Hotels Private Limited in favour of Pioneer Holiday Resorts Limited including incentives in the form of exemption of impact fee, conversion charges and setback relaxations given thereon. The CBI submitted that the aforesaid favours were obtained by the Company by making a *quid pro quo* investment to the tune of ₹200 million in Jagati Publications Limited and Carmel Asia Holdings Private Limited through P R Energy Holding Limited. Allegations were raised that a total investment of ₹1,130 million were made by the Respondents for various transactions amongst each other. Pursuant to this, our Company filed a criminal petition before the High Court of Judicature at Hyderabad (“**High Court**”) against the order passed in C.C. 26 of 2013, bearing no. CrI. P. 9035 of 2015 (“**Criminal Petition**”) praying for quashing the proceedings against our Company in C.C. No. 26 of 2013 on the file of the Principal Special Judge. By an order dated April 20, 2016, the High Court granted an interim stay on the proceedings until further orders. By an order dated December 28, 2018, the High Court dismissed the Criminal Petition (“**Order**”). Pursuant to the Order, our Company filed a Special Leave Petition (CRL.) No. 4055 of 2019 (“**SLP**”) before the Supreme Court of India against the State represented by CBI, Hyderabad for quashing the proceedings against our Company in C.C. No. 26 of 2013 on the file of the Principal Special Judge. By an order dated March 3, 2020, the Supreme Court of India dismissed the SLP. The Criminal Petition and SLP have been dismissed pursuant to the order dated December 28, 2018 and March 3, 2020, respectively. Our Promoter, P. Prathap Reddy filed a discharge application bearing number CrI. MP No. 1339 of 2020 in C.C. No. 26 of 2013 (“**Discharge Application**”) before the Principal Special Judge on the ground that the companies, of which he is a director and/or promoter, made genuine business investments and he has been arrayed as an accused merely because of his association with the companies, even in the absence of any vicarious liability. The Discharge Application and the matter bearing no. C.C. 26 of 2013 is pending before the Principal Special Judge.

2. In connection with the above, a Directorate of Enforcement Complaint bearing no. S.C. 1 of 2018 has been filed by the Assistant Director, Directorate of Enforcement, before the Metropolitan Sessions Judge - Cum - Special Court, Nampally, Hyderabad under the Prevention of Money Laundering Act, 2002, against our Company, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, our Promoter, P. Prathap Reddy, P R Energy Holding Limited (our Group Company), Jagati Publications Limited, Carmel Asia Holdings Private Limited and Pioneer Holiday Resorts Limited (our Group Company), accusing our Company and others of money laundering; obtaining favourable government orders in the form of alienation of government lands and receiving proceeds of crimes. While the matter was pending, Jagati Publications Limited and V. Vijay Sai Reddy filed CrI.M.P.No.1419/2020 and CrI.M.P.No.1418/2020, respectively, requesting to take up the hearing of charges against the complaint filed by the Enforcement Directorate before the Court of the Principal Special Judge for CBI Cases, Hyderabad. The Court of the Principal Special Judge for CBI Cases, Hyderabad *vide* common order dated January 11, 2021 dismissed the said petition. Previously, the Adjudicating Authority (Under the Prevention of Money Laundering Act, 2002), through an order in O.C. 515 of 2015, dated December 14, 2015 (“**Order**”) had ruled against our Company, accusing our Company of receiving proceeds of crime pursuant to which it was alleged that we received certain grants of land and had consequently ordered the attachment of 231.09 acres of land belonging to our Company located at Kamalapadu, Gudipadu, Kudankota and Nittor Villages of Yadaki Mandal, Anantapur District (“**Property**”). Pursuant to the Order, an appeal bearing number 1190 of 2016 in O.C. 515 of 2015 (“**Appeal**”) was filed by our Company before the Appellate Tribunal constituted under the Prevention of Money Laundering Act, 2002, New Delhi, against the Joint Director of the Directorate of Enforcement challenging the Order. The Appellate Tribunal *vide* an order dated June 14, 2019 (“**Appellate Order**”), partially allowed the Appeal and ruled that the attachment of the Property will continue but the Enforcement Directorate cannot take the possession of the Property and ordered Pioneer Holiday Resorts Limited to deposit the amount of ₹ 66.93 million in the form of Fixed Deposit Receipt in favour of the Joint Director, Enforcement Directorate, Hyderabad and Pioneer Holiday Resorts Limited complied with the said order on August 13, 2019 by furnishing the Fixed Deposit Receipt in favour of the Joint Director, Enforcement Directorate, Hyderabad. Pursuant to the Appellate Order, the Enforcement Directorate represented by the Assistant Director has filed a second appeal bearing number CMSA No. 9 of 2019 (“**Second Appeal**”) before the High Court of Judicature at Hyderabad to set aside the Appellate Order. The High Court, *vide* an interim order dated November 28, 2019, directed that the attachment of the Property will continue but the Enforcement Directorate will not take possession of the Property. The Second Appeal is pending before the High Court of Judicature at Hyderabad and the matter bearing number SC 1 of 2018 is pending before the Metropolitan Sessions Judge - Cum – Special Court.
3. A criminal petition bearing number 9560 of 2018 along with criminal petition 4913 and 4914 of 2018 has been filed by Infinite Salts Worldwide Urban Tree Concreting Solutions and Osyan Property, before the High Court of Judicature at Madras, against our Company and Krishnan Shankar. Pursuant to this criminal petition, the petitioner has prayed before the High Court of Judicature at Madras to stay the proceedings in C.C. 3091 of 2015 on the file of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras *vide* an order dated April 12, 2018 have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see “*Litigation by our Company – Criminal Litigation*” on page 312.
4. A criminal petition bearing number 9559 of 2018 along with criminal petition 4911 & 4912 of 2018 has been filed by Abhinay Mehta and Abhishek Mehta, before the High Court of Judicature at Madras, against our Company and M. Krishna Shankar. Pursuant to this criminal petition, the petitioner has prayed before the High Court of Judicature at Madras to stay the proceedings in C.C. 3091 of 2015 on the file of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras *vide* an order dated April 12, 2018, have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see “*Litigation by our Company – Criminal Litigation*” on page 312.
5. A criminal petition bearing number 9558 of 2018 along with Criminal M.P 4909 and 4910 of 2018 has been filed by Urban Tree Infrastructure Private Limited, before the High Court of Judicature at Madras, against our Company. Pursuant to this petition, the petitioner has prayed before the High Court of Judicature at Madras, to stay the proceedings in C.C. 3091 of 2015. Our Company had filed C.C 3091 of 2015 on the file of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras *vide* an order dated April 12, 2018, have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see “*Litigation by our Company – Criminal Litigation*” on page 312.

Action taken by Statutory or regulatory authorities

1. A notice No. 6/RD(SER)/209A/PCIL/2013/6462 has been issued to our Company by the Office of the Regional Director, South East Region, Ministry of Corporate Affairs, stating that based on the inspection of books of accounts and other records of our Company conducted under Section 209A of the Companies Act, 1956/Section 206(5) of the Companies Act, 2013, and with reference to the Regional Director (SER)’s Letter No.5/RD(SER)/209A/2012 dated March 8, 2018 notifying the inspection, they have noted certain violations and irregularities including *inter alia*, (i) failure to mention in the AGM notice to members (in a reasonably prominent manner) a member’s entitlement to appoint his proxy to attend and vote, thereby violating Section 176(2) of the Companies Act, 1956, (ii) failure to disclose in the board report, the activities relating to exports, initiatives taken to increase exports, development of new export market etc. thereby violating Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors), Rules, 1988; (iii) not including in the board report a statement containing the nature of

employment, whether contractual or otherwise, other terms and conditions, nature of duties, percentage of equity shares held by the employees thereby violating Section 217(2A)(a)(iii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. We have been asked to submit our reply within 10 days of the date of receipt of this notice. Our Company has responded to this notice on April 10, 2018 providing the necessary clarification. Our Company has not received any further communications from the Office of the Regional Director, South East Region, Ministry of Corporate Affairs in this matter.

2. A letter no. ROCH/AP&TG/CSR/STACK/PCIL/013359/2017/2830 dated December 4, 2017 has been issued to our Company by the Registrar of Companies calling for information under the provisions of Section 206(1) of the Companies Act, 2013 with regard to compliance with corporate social responsibility obligations for Fiscal 2016. We have been asked to furnish information with explanations with regard to compliance with the provisions of Section 135 of the Companies Act, 2013 read with schedule VII and the Companies (Corporate Social Responsibility Policy Rules) 2014, along with documentary proof within 14 days from the date of the letter. Additionally, the Company was also directed to explain the manner in which it is in compliance with Section 134(3)(O) of the Companies Act, 2013. Our Company has responded to this letter on December 12, 2017 providing relevant information about compliance with Section 135 of the Companies Act, 2013 and providing necessary explanations along with relevant documents. Our Company has not received any further communications from the Registrar of Companies in this matter.
3. A letter no. ROCH/PCIL/STACK/CSR/13359/2016/267 dated April 4, 2016 has been issued to our Company by the Registrar of Companies calling for information under the provisions of Section 206(1) of the Companies Act, 2013 in the matter of compliance with corporate social responsibility obligations. We have been asked to furnish information with explanation with regard to compliance with the provisions of Section 135 of the Companies Act, 2013 read with schedule VII and the Companies (Corporate Social Responsibility Policy Rules) 2014, along with documentary proof within 15 days from the date of the letter. Our Company has responded to the letter on May 2, 2016 providing relevant information about compliance with Section 135 of the Companies Act, 2013 and providing necessary explanations along with relevant documents. Our Company has not received any further communications from the Registrar of Companies in this matter.

Litigation by our Company

Criminal Litigation

1. A complaint petition bearing no. C.C. 3091 of 2015 has been filed by our Company before the Court of the Chief Metropolitan Magistrate, Chennai, against Infinite Salts Worldwide, Urban Tree Concreting Solutions, Osyan Property, Urban Tree Infrastructure Private Limited, Abhinay Mehta, Abhishek Mehta and Krishnan Shankar. Infinite Salts Worldwide, Urban Tree Concreting Solutions, Osyan Property, Urban Tree Infrastructure Private Limited (“**Group of Entities**”) had purchased cement in bulk quantity from our Company from the year 2010 till 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the accused Group of Entities. It was brought to our knowledge that the accused Group of Entities, represented by Abhinay Mehta and Abhishek Mehta, with the help of Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, has fraudulently claimed an amount of ₹30,438,430 by the way of debit notes, whereas in terms of the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this petition, our Company has accused Abhinay Mehta (Managing partner of Infinite Salts Worldwide, Urban Tree Concreting Solutions and Osyan Property) and Abhishek Mehta (Director of Urban Tree Infrastructure Private Limited), of criminal conspiracy with Krishna Shanker. Our Company had also filed a complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. Even though the complaint *prima facie* had made out a cognizable offence, the Inspector General of Police, Team IV, CCB, Chennai, closed the complaint without registering an FIR against the accused, stating that the complaint is a business transaction between the companies. Our Company has thereafter filed a private complaint before the Court of the Chief Metropolitan Magistrate, Chennai. Pursuant to this petition, criminal petition bearing number 9558 of 2018 (Urban Tree Infrastructure Private Limited v. Penna Cement Industries Limited), 9559 of 2018 (Abhinay Mehta v. Penna Cement Industries Limited) and 9560 of 2018 (Infinite Salts Worldwide and others v. Penna Cement Industries Limited) have been filed before the High Court of Judicature at Madras against criminal petition 3091 of 2015, which have been stayed by the High Court of Judicature at Madras vide order dated April 12, 2018. Pursuant to an order dated April 12, 2018 in CrI. OP. 9559 of 2018 and CrI Mp. 4911 and 4912 of 2018, filed by Abhinay Mehta and Abhishek Mehta against our Company, the matter has been stayed and is pending before the Court of the Chief Metropolitan Magistrate Chennai.
2. There are 121 cases filed by our Company pending before various forums for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of dishonour of cheques issued by the clients/ debtors of our Company which involves an aggregate sum of ₹96.64 million.
3. A writ petition bearing number W.P. 35693 of 2015 has been filed by our Company before the High Court of Judicature at Hyderabad against the Joint Director, Directorate of Enforcement. Pursuant to this writ petition, we have sought for the quashing of the Enforcement Case Information Report (“**ECIR**”) bearing no. ECIR/09/HZO/2011 dated August 30, 2011 the provisional attachment order bearing number 10 of 2015 issued pursuant to the ECIR and the complaint filed

by the Joint Directorate, Directorate of Enforcement and Adjudicating Authority (Prevention of Money Laundering Act). This writ petition challenges the impugned order of the Directorate of Enforcement as illegal, arbitrary and against the principles of natural justice and in violation of the provisions of the Prevention of Money Laundering Act, 2002. The High Court refused to stay on the order passed by the Directorate of Enforcement, stating that the order that will be passed by the Adjudicating Authority would be subject to outcome of the writ petition, apart from the fact that the appellants have right to challenge the said order in appropriate proceedings. The matter is pending before the High Court of Judicature at Hyderabad.

Civil Litigation

1. A writ petition bearing number W.P. (C) 11778 of 2016 has been filed by our Company before the High Court of Judicature at Hyderabad, against the Union of India, the State of Andhra Pradesh, the Director of Mines and Geology and the Assistant Directors of Mines and Geology, challenging the action of the respondents in issuing of Government Order (Manuscript Series) No. 88 dated August 7, 2011 and also challenging the Order passed by the Union of India on February 11, 2016 in Revision Application No. 02/(18)/2011/RC-II, as arbitrary, illegal, contrary to law and contrary to the provisions of Minor Mineral Concession Rules, 1960 and Mines and Minerals (Development and Regulation) Act, 1957 in violation of the provisions of the Constitution of India. Our Company had made applications for mining leases for limestone over an extent of 457.335 hectares in Kurnool District of Andhra Pradesh. The Government vide order dated December 3, 2004 had granted the mining lease to our Company for extraction of limestone for a period of 20 years. Due to unforeseen market circumstances, our Company could not successfully establish the cement unit and commence mining operations, pursuant to which, the mining lease lapsed. Pursuant to the above, our Company filed a revision application before the Revisionary Authority of Ministry of Mines, Government of India, which was dismissed. Our Company has prayed before the High Court of Judicature at Hyderabad to direct the respondents not to process any fresh application for these limestone mines pending disposal of this writ petition. The matter is pending before the High Court of Judicature at Hyderabad.
2. A revision petition bearing number 02/(16)/2013/RCII, has been filed by our Company, before the Ministry of Mines, Government of India (“**Forum**”), against the Government of Andhra Pradesh, Director of Mines and Geology and the Assistant Director of Mines and Geology. Our Company has challenged G.O. Ms. 129 issued by the Industries and Commerce Department (M.III) dated November 6, 2013, withdrawing the mining lease granted to our Company vide G.O. Ms. 71. Pursuant to this petition our Company has submitted that the act of the Government of withdrawing the mining lease is arbitrary and illegal. The matter is pending before the Forum.
3. A writ petition number bearing W.P. (C) 36507 of 2017 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Krishnapatnam Port Company Limited, the Salt Commissioner, Ministry of Commerce and Industries, Government of India and Siddavarapu Anantha Sivarama Krishna Reddy. Our Company had entered into a Right to Use Agreement dated March 26, 2014 with the Krishnapatnam Port Trust to establish a cement grinding facility valued at ₹1,800 million. While the plant was completed, our Company was yet to complete the construction of the adjoining conveyor belt. Our Company had also obtained all requisite statutory approvals, clearances, permits, consents and licenses from various governmental departments for the utilization of this grinding facility. Some of the pillars of the conveyor belt had to be built on the salt lands, which was objected by respondent Siddavarapu Anantha Sivarama Krishna Reddy, who was one of the lessees who was granted a lease by the Salt Commissioner, on a portion of the salt lands. Even though our Company had obtained approvals from various authorities to execute the work, we were unable to do so on account of the *status quo* order issued by the High Court of Andhra Pradesh in W.P. (C) No.33436 of 2012 on October 19, 2012. Pursuant to the writ petition no. W.P. (C) 36507 of 2017, our Company has challenged the actions of the respondents and has sought the issuance of a writ, order or direction declaring the action of the respondents in conjointly and/or severally interfering with the rights of the petitioner in completing the overhead conveyor belt as illegal and unconstitutional and contrary to the purport and effect of the Order dated October 19, 2012. The matter is pending before the High Court of Judicature at Hyderabad.
4. A writ petition bearing number W.P. (C) 11730 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Krishnapatnam Port Company Limited and the Salt Commissioner, Ministry of Commerce and Industries, Government of India. Our Company had entered into a Right to Use Agreement dated March 26, 2014 with the Krishnapatnam Port Company to establish a cement grinding facility at Krishnapatnam. While the construction of the plant was completed, we were yet to complete the construction of the adjoining conveyor belt. Our Company had also obtained all requisite statutory approvals, clearances, permits, consents and licenses from various government departments in this regard. During the construction of pillars for the conveyor belt, some of the pillars had to be constructed over the salt lands controlled by a third party and the construction was stalled by Siddavarapu Anantha Sivarama Krishna Reddy. As per the Right to Use agreement dated March 26, 2014, our Company was required to complete the construction of the entire facility by March 31, 2018, which included a grace period. Subsequently, after the expiry of the agreed time period, the respondent Krishnapatnam Port Company Limited failed to extend the grace period under the Right to Use Agreement for the completion of the construction of cement and grinding facility and the adjoining conveyor belt. Pursuant to this writ petition, our Company has challenged the

respondent's action in refusing to extend the grace period for the construction of the conveyor belt. The High Court has subsequently passed an order in interim application 1 of 2018, directing our Company and the respondents to maintain *status-quo* until disposition of this writ. The matter is pending before the High Court of Judicature at Hyderabad.

5. A writ petition bearing number W.P. (C) 4156 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Director of Mines and Geology and the Assistant Director of Mines and Geology, seeking that the court issue an appropriate order, direction or writ declaring the action of the respondents in levying and collecting cess under provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005, over the limestone mineral won by our Company under the various Government Order (Manuscript Series) (“**G.O.Ms.**”) bearing no. 36, dated March 7, 2007; G.O. Ms. No. 78, dated April 2, 2007; G.O. Ms. No. 39, dated March 7, 2007; G.O. Ms. No. 242, dated August 19, 2003 and G.O. Ms. No. 40, dated March 7, 2007 in Korumanipalli Village of Kurnool District, in Gudipadu Village and in Kundanakota Village of Anantapuramu District, in Talaricheruvu Village of Anantapuramu District, in Korumanipalli Village and Thollamadugu Village, Kurnool District and in Urichinthala Village, Anantapuramu District respectively, as arbitrary, illegal and unconstitutional, apart from being in violation of the orders passed by the Supreme Court of India in SLA (C) No. 763 of 2007, dated January 25, 2007. Our Company has also sought that the High Court of Judicature at Hyderabad dated February 2, 2018 direct the respondents to refund the entire amounts collected by the respondents from January 12, 2015 or in the alternate, to adjust the said amounts towards the DMF Contributions payable by the Petitioner. Our Company filed an interim application I.A No. 2 of 2018 before the High Court of Judicature, Hyderabad, pursuant to which the High Court by an order dated March 12, 2018 has stayed the levying and collection of cess under the provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005. The matter is pending before the High Court of Judicature at Hyderabad.
6. A writ petition bearing number W.P. (C) 4255 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Telangana, the Director of Mines and Geology and the Assistant Director of Mines and Geology seeking the High Court to issue an appropriate order, writ or direction against the respondents for their action in collecting and levying cess under the provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005 over the limestone mineral won by our Company from their existing limestone mines under Government Order (Manuscript series) (“**G.O. Ms.**”) No. 32, dated May 29, 2017 of Ogi Pur Village, Tandur Mandal, Rangareddy District and vide G.O. Ms. No. 110, dated April 17, 2006, in Ganeshpahad Village, Damercherla Mandal and in Sunyapahad Village, Neredcherla Mandal, Nalgonda District, as arbitrary, illegal and unconstitutional and is in violation of our fundamental rights guaranteed by the Constitution of India. Our Company has also filed interim application bearing I.A. 1 of 2018 and I.A. 2 of 2018 in this particular writ petition, seeking that the court direct the respondents to (i) refund all the amounts collected towards cess from January 12, 2015 or in the alternate to adjust the said amounts towards the DMF-contributions payable by our Company pending disposal of the above writ petition and (ii) to stop levy and collection of cess and (iii) issue necessary permits for lifting and transporting minerals from areas covered under the relevant mining leases of our Company, pending disposal of the above writ petition. The High Court of Judicature at Hyderabad by an order dated March 12, 2018 stayed the levy and collection of cess under the provisions of Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005. The matter is pending before the High Court of Judicature at Hyderabad.
7. A writ petition bearing number W.P. (C) 8703 of 2013 has been filed by Penna Tandur Cement Company Limited, (a company which was subsequently amalgamated with our Company) before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Principal Secretary to the Government of Andhra Pradesh Industries and Commerce Department (Mines-1), the Director of Mines and Geology, the District Collector of Ranga Reddy District, Lakdikapool and the Assistant Director of Mines and Geology. Pursuant to this writ petition, we sought an order, direction or writ, declaring the impugned Government Order (Manuscript series) No. 21 dated March 15, 2013 issued by the Principal Secretary to the Government of Andhra Pradesh Industries and Commerce Department (Mines-1) (which *inter-alia* declared the mining lease for limestone, over an extent of 822.13 guntas situated at Malkapur village and Sangam Maktha village of Tandur Mandal, Ranga Reddy district in favour of our Company, as lapsed) as illegal, arbitrary and contrary to the Mineral Concession Rules, 1960, without jurisdiction and against the principles of natural justice and to consequently set aside the same in the interest of justice. The matter is pending before the High Court of Judicature at Hyderabad.
8. An original petition bearing APERC O.P. 51 of 2013 has been filed by our Company before the Andhra Pradesh Electricity Regulatory Commission, Hyderabad (renumbered as TSERC O.P. 42 of 2015, pursuant to the Andhra Pradesh Reorganisation Act, 2014), against Transmission Corporation of Andhra Pradesh (“**APTRANSCO**”), Andhra Pradesh Power Co-ordination Committee (“**APPCC**”), Andhra Pradesh Central Power Distribution Company Limited, Andhra Pradesh Southern Power Distribution Company, Andhra Pradesh Northern Power Distribution Company Limited, Andhra Pradesh Eastern Power Distribution Company Limited, Transmission Corporation of Telangana Limited (“**TSTRANSCO**”), Telangana State Power Co-ordination Committee (“**TSPCC**”) and Telangana State Southern Power Distribution Company Limited (“**TSSPDCL**”). Our Company had commissioned and established power generation units, pursuant to which our Company had supplied power to the APTRANSCO (now referred to APTRANSCO and TSTRANSCO). The APTRANSCO, after having consumed 3,453,550 units of energy refused to pay our Company for the energy supplied. Further, our Company also by the way of e-bidding, had entered into an arrangement to supply

electricity to the respondent, APTRANSCO. However, our Company failed to supply the adequate amount of electricity due to acute shortage of coal, pursuant to which APPCC (now referred to as APPCC and TSPCC) deducted a total compensation amount of ₹4,029,592. Also, the respondent, APPCC (now referred to as APPCC and TSPCC) has also alleged that our Company failed to submit power supply schedules for two days and deducting ₹7,063,728 for shortage in power supply. Our Company has prayed before the Commission to (i) direct the respondents to pay a sum of ₹15,540,975 for the non-payment of power supplied to the grid; (ii) direct the respondents to pay a total sum of ₹4,029,592 towards the arbitrary deduction for the shortfall in power supply and (iii) direct the respondents to pay ₹7,063,728 towards the penalty imposed for power short supply. Pursuant to this original petition, our Company has prayed for a total compensation of ₹26,634,295. The matter is pending before the Telanga na State Electricity Regulatory Commission.

9. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 555 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Urban Tree Infrastructure Private Limited (“**Defendant Company**”), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Company. It was brought to our knowledge that the accused Defendant Company, represented by Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount to a tune of ₹8,346,780 by generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, closed the complaint without registering an FIR against the accused, by stating that the complaint is a business transaction between the companies. Our Company thereafter filed a private complaint (“**Complaint**”) accusing the Directors of the Defendant Company, Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with one Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹9,048,500. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹11,783,874 (which includes an interest of ₹2,735,374), with an interest of 9% per annum from the date of this plaint till the date of realisation. Abhinay Mehta and Abhishek Mehta have filed applications dated January 20, 2021 in C.S 555 of 2015 to strike off their names from the plaint and dismiss the suit as they are unnecessary parties. Pursuant to this, our Company filed the counter application on March 10, 2021 that the application filed by Abhinay Mehta and Abhishek Mehta lacks merit as both are necessary parties as Directors in charge and responsible for the affairs of the Defendant Company. The matter is pending before the High Court of Judicature at Madras.
10. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 560 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Infinite Salts Worldwide (“**Defendant Firm**”), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Firm. It was brought to our knowledge that the accused Defendant Firm, represented by its managing partners, Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount of ₹19,873,400 by the generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, had closed the complaint by without registering an FIR against the accused, stating that the complaint is a business transaction between the companies. Having no other alternative, our Company filed a private complaint (“**Complaint**”) accusing the managing partners of the Defendant Firm Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the Defendant Firm’s account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹18,159,250. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹23,648,816 (which includes an interest of ₹5,489,566), with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the High Court of Judicature at Madras.
11. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 562 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Osyan Property (India) Private Limited (“**Defendant Company**”), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2010 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Company. Our Company after further reconciling the Defendant Company’s account statement has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹4,471,460. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing

the defendants to pay a sum of ₹5,823,188 (which includes an interest of ₹1,351,728), with an interest of 9% per annum from the date of this plaint till the date of realisation. Abhinay Mehta and Abhishek Mehta have filed applications dated January 20, 2021 in 562 of 2015 to strike off their names from the plaint and dismiss the suit as they are unnecessary parties. Pursuant to this, our Company filed the counter application on March 10, 2021 that the application filed by Abhinay Mehta and Abhishek Mehta lacks merit as both are necessary parties as Directors in charge and responsible for the affairs of the Defendant Company. The matter is pending before the High Court of Judicature at Madras.

12. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 416 of 2015 has been filed by our Company before the Additional City Civil Court, Chennai, against Osyan Property, Chennai (“**Defendant Firm**”), Abhinay Mehta and Abhishek Mehta. The Defendant Firm had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Firm. It was brought to our knowledge that the accused Defendant Firm, represented by its managing partners, Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount of ₹2,104,250 by the generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, without registering an FIR against the accused, had closed the complaint by stating that the complaint is a business transaction between the companies. Our Company filed a private complaint (“**Complaint**”) accusing the managing partners of the Defendant Firm Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the Defendant Firm’s account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Firm was ₹1,341,200. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹1,746,647, with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the Additional Judge, City Civil Court, Chennai.
13. A petition bearing number W.P. 38263 of 2012 has been filed by our Company, before the High Court of Judicature at Hyderabad, against the Andhra Pradesh Electricity Regulatory Commission, the Central Power Distribution Company of Andhra Pradesh Limited. Pursuant to this petition, our Company has prayed to declare the orders passed by Andhra Pradesh Electricity Regulatory Commission in several original petitions dated September 20, 2012 and on November 2, 2012, ordering our Company to pay FSA charges, as illegal, arbitrary, unjust, unworkable and against the principles of natural justice and also contrary to provisions of APERC (Conduct of Business) Rules, 1999 and the Electricity Act, 2003. The matter is pending before the High Court of Judicature at Hyderabad.
14. A petition bearing number O.S. 556 of 2016, has been filed by our Company before the High Court of Judicature at Madras, against Sreedevi Infra Constructors Private Limited. Pursuant to this petition our Company has alleged that Sreedevi Infra Constructors Private Limited had defaulted a payment of ₹11,331,454 for supply of cement. Pursuant to this petition, our Company has claimed ₹15,297,463. The matter is pending before the High Court of Judicature at Madras.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Civil Litigation

1. A division bench special appeal writ petition bearing no. D.B. Spl. Appl. Writ 226 of 2018 (against the order passed in S.B. Civil Writ Petition No. 1312 of 2014 connected with S.B. Civil Writ Petition No. 10166 of 2013) has been filed by the State of Rajasthan through the Principal Secretary Department of Industries (Group-I), the Department of Mines, the Department of Revenue and the District Collector Jodhpur, before the High Court of Judicature for Rajasthan at Jodhpur against MCL, a subsidiary of our Company. MCL had purchased 53 *bighas* and 18 *biswas* of land situated in Bhopalgarh Tehsil, District Jodhpur. After the purchase, MCL moved an application under the Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes) Rules 2007, to convert the agricultural land to non-agricultural land, which was converted *vide* an order dated February 18, 2009. Thereafter, MCL applied for environmental clearance which was granted *vide* a communication dated July 27, 2010. After complying with all the statutory requirements, MCL filed an application for the allotment of 167.4 acres of land in Bhopalgarh Tehsil, District Jodhpur but only 151.4 acres of land was granted to MCL. Meanwhile, after the State Government granted permission (“**Sanction Order**”) for allotment of 151.4 acres of land in favour of MCL, two writ petitions were filed before the High Court of Judicature for Rajasthan at Jodhpur, bearing number W.P. 542 of 2012 and W.P. 1567 of 2012, challenging the Sanction Order issued by the State Government. The High Court of Judicature for Rajasthan at Jodhpur passed orders in favour of the petitioners in writ petition W.P. 542 of 2012 and W.P. 1567 of 2012 which was later modified in favour of MCL. Pursuant to this modified order, the District Collector, Jaipur was required to take necessary steps to execute the lease deed in favour of MCL, but failed to allot the land. Pursuant to

this, MCL filed a writ petition bearing no. W.P. 10166 of 2013 before the High Court of Judicature for Rajasthan at Jodhpur, wherein, it challenged the minutes of the meeting dated January 23, 2014. The High Court of Judicature for Rajasthan at Jodhpur by the way of an order dated October 6, 2017, set aside the decision of the respondents taken in the minutes of the meeting dated January 23, 2014 being arbitrary, without application of mind and not based on materiality. Pursuant to the order of the High Court of Judicature for Rajasthan at Jodhpur, the respondents have filed the division bench special writ appeal. The matter is pending before the High Court for Judicature of Rajasthan at Jodhpur.

Litigations involving our Promoter

Litigation against our promoter, P. Prathap Reddy

Criminal Litigation

1. For details in relation to C.C. 26 of 2013, see “– *Litigation against our Company – Criminal Litigation*” on page 310.
2. For details in relation to Directorate of Enforcement Complaint bearing no. SC 1 of 2018, see “– *Litigation against our Company – Criminal Litigation*” on page 310.
3. The Registrar of Companies, Hyderabad (“**ROC Hyderabad**”) filed a criminal complaint no. 167 dated September 30, 2019, before the VIII Additional Metropolitan Sessions Judge, Nampally, Hyderabad (“**CC. No. 167**”) under section 628 of the Companies Act, 1956 (“**CA 1956**”), for offences, *inter alia*, providing false information in the financial statements, non-compliance with section 211 of CA 1956, and ultra vires to the objects of the memorandum of association. Further, Pioneer Power Limited and others had filed a criminal petition no. 726 dated January 30, 2020 before the High Court of Telangana (“**High Court**”), for quashing of the CC. No. 167 and a stay on the further proceedings of the same. The High Court had granted a stay on February 13, 2020, and subsequently extended the stay on April 6, 2021, up to April 21, 2021. Further, in view of the current pandemic situation, the High Court of Telangana had issued an order dated April 13, 2021, extending the subsisting stay orders to be extended up to June 30, 2021. Our matter will de facto maintain its status quo till the end of June 30, 2021. The matter is currently pending before the High Court.

Civil Litigation

1. An original application number 224 dated August 17, 2020 (“**Application**”), under section 19 of the Recovery of Debts and Bankruptcy Act, 1993 was filed by Assets Care And Reconstruction Enterprises Limited (the “**Applicant**”) before the Debt Recovery Tribunal-II, Hyderabad (“**DRT**”) against our Promoter, P. Prathap Reddy (the “**Promoter**”) being the personal guarantor for the borrowings availed by Anrak Aluminium Limited from various banks in a consortium, for recovery of ₹778.40 million (“**Claim**”) along with further interest till the date of realization. The DRT, in its interim orders dated September 1, 2020, October 20, 2020, and November 6, 2020 (“**Interim Order**”), had ordered the deposit of fresh security to the extent of Claim of the Applicant within 15 days, and directing attachment of 56,07,000 Equity Shares of the Company, held by our Promoter in our Company, in case of default to deposit the fresh security. The Promoter had filed a writ petition before the High Court of Telangana (“**High Court**”) on September 14, 2020, praying the High Court to quash the Interim Order dated September 1, 2020. The High Court, pursuant to its order dated October 28, 2020, disposed off the writ petition dated September 14, 2020 and extended the time for compliance with the Interim Order dated September 1, 2020 and Interim Order dated October 20, 2020, until the final order is passed by the DRT. Further, the High Court directed the Defendant not to alienate the schedule shares held by him in our Company which are not pledged as on September 24, 2020. Our Promoter has filed a writ petition no. 22376 before the High Court on December 7, 2020, (“**Writ Petition**”) praying the High Court to quash the Interim Order dated November 6, 2020, and issue a writ of certiorari for the records in the Application before the DRT. The Writ Petition and the Application are currently pending before the High Court, and the DRT respectively.

Litigation by our Promoter, P. Prathap Reddy

Criminal Litigation

1. A criminal petition (“**Criminal Petition**”) bearing Cr.P. 9034 of 2015 has been filed by our Promoter, P. Prathap Reddy before the High Court of Judicature at Hyderabad (“**High Court**”), against the State of Andhra Pradesh represented by Central Bureau of Investigation, Hyderabad. The Criminal Petition prayed for quashing the proceedings, under Sections 120-B and 420 of the Indian Penal Code and Section 12 of the Prevention of Corruption Act, 1988, against our Promoter in C.C. No. 26 of 2013, on the file of the Principal Special Judge, CBI, Hyderabad (“**CBI Petition**”). The High Court by an order dated April 20, 2016 granted an interim stay on the proceedings in the CBI Petition until further order. By an order dated December 28, 2018, the High Court partially allowed the prayer in the Criminal Petition and quashed the proceedings under Section 12 of the Prevention of Corruption Act, 1988

(“**Order**”). Pursuant to the Order, Promoter, P. Prathap Reddy filed a Special Leave Petition (CRL.) No. 4054 of 2019 (“**SLP**”) before the Supreme Court of India against the State, CBI, Hyderabad for quashing the proceedings against him in the CBI Petition. By an order dated March 3, 2020, the Supreme Court of India dismissed the SLP. The Criminal Petition and the SLP have been dismissed pursuant to the order dated December 28, 2018 and March 3, 2020, respectively. Further, our Promoter has filed a discharge application bearing number CrI. MP No. 1339 of 2020 in C.C. No. 26 of 2013 (“**Discharge Application**”) before the Principal Special Judge, CBI, Hyderabad on the ground that the companies, of which he is a director and/or promoter, made genuine business investments and he has been arrayed as an accused merely because of his association with the companies even in the absence of any vicarious liability. The Discharge Application and the CBI Petition are pending before the Principal Special Judge, CBI, Hyderabad. For details in relation to CC. No. 26 of 2013, see – *“Litigation against our Company – Criminal Litigation”* on page 310.

Litigation involving our Directors

Litigation against our Director, P. Prathap Reddy

Criminal Litigation

1. For details in relation to C.C. 26 of 2013, see – *“Litigation against our Company – Criminal Litigation”* on page 310.
2. For details in relation to SC 1 of 2018, see – *“Litigation against our Company – Criminal Litigation”* on page 310.
3. For details in relation to C.C. 167 of 2019, see – *“Litigations involving our Promoter - Litigation against our promoter, P. Prathap Reddy - Criminal Litigation”* on page 317.

Civil Litigation

1. For details in relation to original application 224/ 2020, see – *“Litigation involving our Promoter – Litigation against our Promoter, P. Prathap Reddy – Civil litigation”* on page 317.

Litigation against our Director, Sairam Mocherla

Criminal Litigation

1. In his capacity as director in Amrit Jal Ventures Private Limited for the period December 29, 2006 to December 22, 2012, our Independent Director, Sairam Mocherla has received notices under Section 138 of the Negotiable Instruments Act, 1881, pertaining to 2016 and 2017 from Metropolitan Magistrate, Kolkata and High Court of Kolkata in the matter of S.R.E.I. Infrastructure Limited v. Amrit Jal Ventures Private Limited. Sairam Mocherla has filed a quash petition before the High Court Calcutta. The matter is pending before the High Court of Calcutta.
2. In his capacity as trustee of Dhruv Agarwal Benefit Trust and Manish Agarwal Benefit Trust during the period between 2014 to 2018. Criminal petitions bearing FIR No. 622/2019 and FIR No. 623/2019 have been filed before the Madhapur Police station against the Trustees and others (including Sairam Mocherla) of Dhruv Agarwal Benefit Trust and Manish Agarwal Benefit Trust. The High Court of Telangana has passed an Interim Order dated August 5, 2020 directing not to take coercive steps against the Trustees of Dhruv Agarwal Benefit Trust and Manish Agarwal Benefit Trust until further orders. The matter is pending before the High Court of Telangana.

Litigation by our Director, P. Prathap Reddy

Criminal Litigation

1. For details in relation to CrI. P. 9034 of 2015, see *“Litigation by our Promoter, P. Prathap Reddy – Criminal Litigation”* on page 317.
2. For details in relation to W.P. no. 22376 of 2020, see *“Litigation against our Promoter, P. Prathap Reddy – Civil litigation”* on page 317.

Litigation by our Director, P. Venugopal Reddy

Civil Litigation

1. A writ appeal bearing number W.A. 905 of 2015 (in writ petition 40542 of 2014) against the order dated June 24, 2015, has been filed by P R Energy Holding Limited and our Director, P. Venugopal Reddy, before the High Court of Judicature at Hyderabad, against the State of Telangana, Greater Hyderabad Municipal Corporation and Prakash Arts Limited. Pursuant to this writ appeal, P R Energy Holding Limited and director of P R Energy Holding Limited, P. Venugopal Reddy has challenged the impugned action of the lower court in allowing the respondents to put up foot over

bridge, ramp and bus stop as illegal, arbitrary, without due process of law, and in violation of various municipal and local laws. Pursuant to this writ appeal, P R Energy Holding Limited has prayed before the High Court of Judicature at Hyderabad to set aside the order in W.P. 40542 of 2014 dated June 24, 2015. The matter is pending before the High Court of Judicature at Hyderabad.

Litigation involving our Group Companies

Except as disclosed below, there is no pending litigation involving our Group Companies which have a material impact on our Company as on the date of this DRHP.

P R Energy Holding Limited

1. For details in respect of petition bearing no. C.C. 26 of 2013, see “- *Litigation against our Company – Criminal Litigation*” on page 310.
2. For details in respect of the Directorate of Enforcement Complaint bearing no. S.C. 1 of 2018, see - *Litigation against our Company – Criminal Litigation*” on page 310.

Pioneer Holiday Resorts Limited

1. For details in respect of petition bearing no. C.C. 26 of 2013, see “- *Litigation against our Company – Criminal Litigation*” on page 310.
2. For details in respect of the Directorate of Enforcement Complaint bearing no. S.C. 1 of 2018, see - *Litigation against our Company – Criminal Litigation*” on page 310.

Tax proceedings

A summary of tax proceedings involving our Company, our Subsidiaries, our Promoters, or our Directors are stated below:

Nature of case	Number of cases	Amount involved (in ₹million)
Company		
Direct tax	2	87.10
Indirect tax	34	636.18
Subsidiaries		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Promoters		
Direct tax	1	1.37
Indirect tax	Nil	Nil
Directors		
Direct tax	1	1.37
Indirect tax	Nil	Nil

Material developments

Other than as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 283, in the opinion of the Board, there has not arisen, since the date of the last restated financial statements included in this Draft Red Herring Prospectus, any circumstance that materially and adversely affects or is likely to affect the trading or profitability of our Company taken as a whole or the value of its consolidated assets or its ability to pay its liabilities over the next 12 months.

Outstanding dues to Creditors

In terms of the Materiality Policy with respect to outstanding dues to creditors, it is determined that outstanding dues to creditors in excess of 1% of our Company’s trade payables as per the Restated Financial Statements for the financial year ending March 31, 2021, shall be considered as material dues (“**Material Dues**”) and the creditors to whom such Material Dues are outstanding as on March 31, 2021 would be considered as the material creditors of our Company.

As at March 31, 2021, the total number of creditors of our Company was 1,525 and the total outstanding dues to these creditors by our Company was ₹1,490.14 million. Our Company does not owe any amount to small scale undertakings.

The Material Dues owed to small scale undertakings and other creditors as at March 31, 2021, is set out below:

S. No.	Type of creditor	No. of cases	Amount outstanding (in ₹ millions)
1.	Dues to material creditors who are identified as micro, small and medium enterprises	2	49.35
2.	Dues to other micro, small and medium enterprises	1	6.53
3.	Dues to other Material Creditor(s)	3	1,225.70
4.	Dues to other creditors	1,519	208.56
	Total	1,525	1,490.14

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at <https://www.pennacement.com/others/creditor-details/>. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, www.pennacement.com, would be doing so at their own risk.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company and our Material Subsidiaries which are considered material and necessary for the purpose of undertaking its business activities and operations. Except as disclosed herein, our Company and Material Subsidiaries have obtained all material consents, licenses, registrations, permissions and approvals from the relevant governmental, statutory and regulatory authorities, which are necessary for undertaking their respective business activities and operations. In view of these material approvals, our Company can undertake the Offer and its business activities. In addition, certain of our material approvals may expire in the ordinary course of business and our Company and/or our Material Subsidiaries, as applicable, will make applications to the appropriate authorities for renewal of such key approvals, as necessary. For details in connection with the regulatory and legal framework with in which we operate, see “Key Regulations and Policies” on page 181.

The objects clause and matters which are necessary for furtherance of the objects of the memoranda of association of our Company and our Material Subsidiaries enable our Company and our Material Subsidiaries to undertake their respective existing activities.

A. Incorporation Details of our Company

For incorporation details of our Company, see “*History and Certain Corporate Matters*” on page 185.

For incorporation details of our Material Subsidiaries, see “*History and Certain Corporate Matters - Our Subsidiaries*” on page 189.

B. Approvals in relation to the Offer

For details, see “*Other Regulatory and Statutory Disclosures*” on page 325.

C. Approvals under tax laws of our Company and our Material Subsidiaries

Our Company and our Material Subsidiaries are required to obtain registrations under various central tax laws and state specific tax laws including income tax and goods and service tax legislations. Our Company and our Material Subsidiaries have obtained the necessary licenses, registrations and approvals from the appropriate regulatory and governing authorities in relation to such tax laws. These include, inter alia, GST Registration from the Joint Commissioner, Department of Revenue, Government of India.

D. Approvals in relation to our business operations

Our Company and our Material Subsidiaries are required to obtain various approvals and licenses under various laws, rules and regulations in order to operate our integrated manufacturing plants, limestone mines, captive power plants, waste heat recovery units, grinding units and packing terminals in the states of Andhra Pradesh, Telangana, Maharashtra, Kerala, Tamil Nadu, Odisha, West Bengal and Rajasthan. We operate an integrated manufacturing plant and four limestone mines at Talaricheruvu, Andhra Pradesh; an integrated manufacturing plant, a power plant, a waste heat recovery unit and a limestone mine at Ganeshpahad, Telangana; an integrated manufacturing plant, two limestone mines, two waste heat recovery units at Boyareddypalli, Andhra Pradesh and four limestone mines at Jodhpur, Rajasthan; an integrated manufacturing plant and a limestone mine at Tandur, Telangana; grinding units at Krishnapatnam, Andhra Pradesh and Patas, Maharashtra; and a packing terminal at Cochin, Kerala, Gopalpur, Odisha and Karaikal, Puducherry.

The material approvals applicable and obtained by us in relation to our business operations are as set out below:

Integrated Manufacturing Plants

In respect of our integrated manufacturing plants, we have obtained the required material approvals and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCBs under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio-medical waste authorisation from the relevant State PCBs under the Bio-Medical Waste Management Rules 2016, environmental clearances from the MoEF, licenses from the Inspector of Factories under the Factories Act, approval from the gram panchayats to operate our factories, certifications from the BIS in respect of the products manufactured at our plant, certifications from the Legal Metrology Department, licenses for possession and transport of explosives from the PESO, building plan approvals from the respective state departments, fire safety approvals from the State Disaster Response and Fire Service Department, certifications under the Boilers Act, permission for drawing water from the relevant state departments, certifications from the CEIG under the Electricity Act, for electrical installations, consent for usage of pet coke from PCB and registration under the provisions of the CLRA to employ contract labour at our plants. We have a valid Industrial Entrepreneurs’ Memorandum approved by the SIA for manufacture of the products at our plants.

Limestone Mines

In respect of our limestone mines, we have obtained the required material approvals and/or licenses including, *inter alia*, government orders for the grant of mining leases in our favour, to commence mining operations, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, environmental clearances from the MoEF, permissions from the DGMS under the Metalliferous Mines Regulations, 1961 and approvals from the Indian Bureau of Mines.

Power Plant

In respect of our captive power plant, we have obtained the required material approvals and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, environmental clearances from the MoEF, permission for drawing of water from the relevant state departments, licenses from the Inspector of Factories under the Factories Act, approval from the gram panchayats, certifications from the Legal Metrology Department, certifications under the Boilers Act, licenses for operating a petrol dispensing bunk from the PESO, building plan approvals from the respective state departments, fire safety approvals from the State Disaster Response and Fire Service Department, certifications from CEIG under the Electricity Act for electrical installations and registration under the provisions of the CLRA to employ contract labour at our plants. We have a valid Industrial Entrepreneurs' Memorandum approved by the SIA for these plants.

Waste Heat Recovery Unit

In respect of the waste heat recovery unit, we have obtained the required material approvals and/or licenses including, *inter alia* consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act and the Hazardous Waste Rules, certifications under the Boilers Act, and submission of an Industrial Entrepreneurs' Memorandum to the SIA.

Grinding Unit

In respect of our grinding units, we have obtained the required material approvals, registration and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, certifications from the BIS in respect of the products manufactured at our grinding unit, sanction of fresh power supply from relevant electricity transmission and distribution authorities, ESP approval from the central railways, factories approval and registration under the provisions of the CLRA to employ contract labour at these units. We also have a valid Industrial Entrepreneurs' Memorandum approved by the SIA for these grinding units.

Packing Terminal

In respect of our packing terminals, we have obtained the required material approvals, registration and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, grant of lease by the Board of Trustees of the port of Cochin to the Company to construct and operate the packing terminal in their premises, consent for construction in the allotted land from the Cochin Port Trust, sanction for temporary power supply by the Cochin Port Trust, fire safety approvals from Cochin Port Trust, occupancy certificate from Cochin Port Trust, certifications from CEIG under the Electricity Act for energisation for equipment, factory plan approval order from the Joint Director, Factories and Boilers under the Factories Act, grant of sub lease from Gopalpur Ports Limited to the Company to construct the storage silo and ancillary facilities, grant of no objection certificate to our Company for supply of power from Gopalpur Ports Limited, certifications from the Legal Metrology Department, consent for discharge of sewage and trade effluents from the State PCB, 'right to use' from Karaikal Port Private Limited to construct and operate the cement packing facility, extension of power supply at Karaikal Port from the Government of Puducherry Electricity Department, permission of the Thirumalairayanpattinam Commune Panchayat Council for setting of industry at Karaikal port, allotment of land to our Company from Karaikal Port Private Limited for development of cement handling facility in Karaikal port, grant of lease by the Board of Trustees of the port of Kolkata to the Company to construct and operate the packing terminal in their premises, 'right to use' from Krishnapatnam Port Private Limited to construct and operate the cement packing facility *ad-hoc* permission from BIS in respect of certain products packed at our packing terminals without the BIS mark and registration under the provisions of the CLRA to employ contract labour at this unit. We have a valid Industrial Entrepreneurs' Memorandum approved by the SIA for these terminals.

E. Approvals in respect of new units that are in the process of being set-up

We are in the process of setting-up new integrated units, limestone mines, packing terminals, waste heat recovery units and other processing units at various locations in Rajasthan, Punjab, and West Bengal. We are also in the process of expanding our existing grinding unit at Krishnapatnam, Andhra Pradesh.

We are in the process of obtaining the requisite consents, licences, registrations and approvals that are applicable to each of our new units based on their stage of construction/ operation, which include, *inter alia*, letter of intent from the Industries and Commerce Department, lease or sub-lease agreements for construction of plant, lease deeds for mining, mining plan approvals from Indian Bureau of Mines, government orders from the Industry and Commerce Department of the concerned State Government granting permission to carry out operations in the unit, consents to establish from the State PCB, environment clearances from the MoEF, permission for drawing of water from the Ground Water Department, approvals from the gram panchayats for establishment of the units, permission from the concerned port companies to construct and operate the units, licences from the Inspector of Factories under the Factories Act, *ad-hoc* permission from the Department of Industrial Policy and Promotion or the IEM from the SIA for manufacture and sale of cement, no objection letter for power transmission from the concerned port company, registration under the provisions of the CLRA, sanction of fresh power supply from the State Electricity Distribution Company, certifications from CEIG under the Electricity Act for energisation for equipment, factory plan approval order under the Factories Act, *ad-hoc* permission from the BIS for manufacture and sale of products without the BIS mark, building permit from the Building Department of the State Municipal Corporation and allotment of land from the concerned Port Trust etc.

In relation to the waste heat recovery plant at Tandur, Telangana and Talaricheruvu, Andhra Pradesh. our Company is in the process of applying consents to establish and operate from the State PCB, environment clearances from the MoEF, sanction of power supply from the respective state electricity distribution company and certifications from CEIG under the Electricity Act.

F. Approvals applied for but not received

As on the date of this Draft Red Herring Prospectus, we have applied for the following material approvals which are pending grant:

- In relation to our packing terminal at Karaikal, we have made an application dated October 10, 2019 to the Southern Railway, Divisional Office, Works Branch, Tiruchchirappalli for crossing overhead pipe conveyer for transportation of bulk cement.

G. Approvals expired and renewal to be applied for

As on the date of this Draft Red Herring Prospectus, there are no approvals that have expired or have not been renewed by our Company.

H. Approvals required but not obtained or applied for

As on the date of this Draft Red Herring Prospectus, except as disclosed below there are no approvals which our Company were required to obtain or apply for, but which have not been obtained or been applied for.

I. Intellectual Property

Our Company has obtained the following trademark registrations:

Sl. No	Trade mark	Trademark No.	Class	Certificate no.	Date of application	Date of expiry
1.	Penna	1086524	19	615177	March 12, 2002	March 12, 2022
2.	P Penna	2462515	19, 39 and 99	1439066	January 18, 2013	January 18, 2023
3.	Penna Suraksha	1086519	19	726108	March 12, 2002	March 12, 2022
4.	Penna Super	1086522	19	629587	March 12, 2002	March 12, 2022
5.	Penna Power	1086520	19	577507	March 12, 2002	March 12, 2022
6.	Penna Gold	1086521	19	30258	March 12, 2002	March 12, 2022
7.	Penna Cement Building Quality Relationships	3022112	19	1508242	July 31, 2015	July 31, 2025
8.	Penna Cement Strength Within	3022113	19	1508241	July 31, 2015	July 31, 2025
9.	Penna Coastal	1278888	19	428960	April 15, 2004	April 15, 2024
10.	P (ONE LETTER)	1086523	19	1057742	May 8, 2012	March 12, 2022
11.	Penna Concrete Guard	4272475	19	2396351	August 22, 2019	August 22, 2029
12.	PENNA CEMENT - Future Ready	4592812	19	2643293	August 1, 2020	August 1, 2030
13.	PENNA CONCRETE	4592811	19	2643600	August 1, 2020	August 1, 2030

Sl. No	Trade mark	Trademark No.	Class	Certificate no.	Date of application	Date of expiry
	GUARD - PROMISE TO PROTECT					

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on March 26, 2021 and our Shareholders have approved the Offer pursuant to a special resolution passed at the EGM held on April 20, 2021 under Section 62(1)(c) of the Companies Act, 2013. This Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on May 14, 2021.

The Selling Shareholder has, confirmed and approved their participation in the Offer for Sale in relation to the Offered Shares. For details, see “*The Offer*” on page 58.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of the Promoter Group, our Directors, the Selling Shareholder, the persons in control of the Company and the persons in control of our corporate Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters, members of the Promoter Group, and the Selling Shareholder, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- Our Company has not changed its name in the last one year.

Our Company’s operating profit, net worth, net tangible assets and monetary assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last three years ended March 31 are set forth below:

Derived from our Restated Financial Statements:

(₹ in million)				
S. No.	Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
A.	Net tangible assets ⁽¹⁾	14,996.52	13,780.89	13,105.31
B.	Monetary assets ⁽²⁾	1,378.68	274.41	839.91
C.	Monetary assets as a percentage of net tangible assets (B/A)	9.19%	1.99%	6.41%
D.	Net worth ⁽³⁾	11,571.18	10,687.05	10,628.39
E.	Operating profit, as restated ⁽⁴⁾	3,360.83	2,164.55	1,923.60

Notes:

1. “Net tangible assets” means the sum of all net assets of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38 and deferred tax assets as defined in Ind AS 12 and excluding the impact of deferred tax liabilities as defined in Ind AS 12 issued by Institute of Chartered Accountants of India.
2. “Monetary assets” is the aggregate of cash on hand and balance with banks (including other bank balances and interest accrued on deposits).
3. “Net worth” means the aggregate value of the paid up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account but does not include reserves created out of revaluation of assets, amalgamation reserve, foreign currency fluctuation reserve, other comprehensive income and non controlling interest of the Company at the end of the year.
4. “Operating Profit” has been calculated as restated net profit before tax excluding other income and finance cost.

Our Company has operating profits in each of the Fiscals 2021, 2020 and 2019, in terms of our Restated Financial Statements.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- (i) Our Company, our Promoters, members of the Promoter Group, the Selling Shareholder and our Directors are not debarred from accessing the capital markets by SEBI;
- (ii) The companies with which our Promoters or our Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;
- (iii) Neither our Company, nor our Promoters, or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations);
- (iv) None of our Promoters and none of our Directors have been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;
- (v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;
- (vi) Our Company along with Registrar to the Offer has entered into tripartite agreements dated November 26, 2007 and July 26, 2018 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares. Further, our Company shall enter into a tripartite agreement with the respective Depositories and the Registrar to the Offer prior to the filing of the Red Herring Prospectus with RoC;
- (vii) The Equity Shares of our Company held by the Promoters are in the dematerialised form; and
- (viii) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE MANAGERS, BEING EDELWEISS FINANCIAL SERVICES LIMITED, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, JM FINANCIAL LIMITED AND YES SECURITIES (INDIA) LIMITED (“MANAGERS”), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS AND UNDERTAKINGS SPECIFICALLY MADE OR CONFIRMED BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND FOR ITS RESPECTIVE PORTION OF THE OFFERED SHARES. THE MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 14, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY AND ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THIS DRAFT RED HERRING PROSPECTUS FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, the Selling Shareholder, our Directors and Managers

Our Company, the Selling Shareholder, our Directors and the Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and any one placing reliance on any other source of information, including our Company's website www.pennacement.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by the Selling Shareholder in relation to itself and its respective proportion of the Offered Shares.

The Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, Selling Shareholder and the Managers to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASB A Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Managers and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, its Subsidiaries, the Selling Shareholder, their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiaries, the Selling Shareholder, their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

The Offer for Sale of the Offered Shares shall not, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholder since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within

the United States only to persons believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs” in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholder and the Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to the Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of U.S. QIB with respect to which it exercises sole investment discretion;
4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;
6. the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;
9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF

RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
11. the purchaser acknowledges that our Company, the Selling Shareholder, the Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the Managers, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in the Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to the Offer, will be deemed to have acknowledged, represented and warranted to and agreed with our Company, the Selling Shareholder and the Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to the Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser is purchasing the Equity Shares offered pursuant to the Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Issue, was located outside the United States at the time (i) the offer for Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated, and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;
7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;
8. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS

OF RULE 144A UNDER THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
10. the purchaser acknowledges that our Company, the Selling Shareholder, the Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the Managers, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each European Economic Area State that has implemented the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129 (each, a “**Relevant Member State**”), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a. to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- b. to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Managers; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for our Company or any BRLM to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the Managers and our Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Managers has been obtained to each such proposed offer or resale.

Our Company, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This Draft Red Herring Prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129).

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to the Company as to Indian Law, Legal Counsel to the Managers as to Indian Law, International Legal Counsel to the Managers, Bankers to our Company, the Managers, Registrar to the Offer, CRISIL; and consents in writing of the Syndicate Members, Monitoring Agency, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

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

Our Company has received written consent from the Statutory Auditors namely, C. Ramachandram & Co., Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name in this Draft Red Herring Prospectus as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated April 15, 2021 and the statement of possible special tax benefits dated May 13, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

In addition, our Company has received written consent dated May 7, 2021 from K. Surya Narayana Murthy, Chartered Engineer, as chartered engineer to include their name as an “expert” as defined under Section 2(38) and other applicable provisions of the Companies Act, 2013 in respect of the certificate dated May 7, 2021. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Our Company does not have any listed group company or any listed subsidiary or a listed associate entity.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiaries/listed Promoters of our Company

None of our Subsidiaries or Promoters are listed on any stock exchange.

Price information of past issues handled by the Managers

A. Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	Not Applicable	Not Applicable	Not Applicable
2	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	Not Applicable
3	Indigo Paints Limited [^]	11,691.24	1,490.00 [^]	February 2, 2021	2,607.50	75.72% [4.08%]	55.40% [-0.11%]	Not Applicable
4	Burger King India	8,100.00	60.00	December 14, 2020	112.50	146.5% [7.41%]	135.08% [10.86%]	Not Applicable
5	Equitas Small Finance Bank	5,176.00	33.00	November 2, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
6	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]
7	Angel Broking Limited	6,000.00	306.00	October 5, 2020	275.00	-2.32% [2.70%]	10.02% [21.86%]	-3.74% [29.24%]
8	Route Mobile Limited	6,000.00	350.00	September 21, 2020	717.00	105.81% [5.74%]	231.04% [22.31%]	349.14% [31.05%]
9	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	0.14% [-1.63%]	-44.33% [-29.34%]	-35.00% [-15.28%]
10	IndiaMART InterMESH Limited	4,755.89	973.00**	July 4, 2019	1180.00	26.36% [-7.95%]	83.82% [-4.91%]	111.64% [2.59%]

Source: www.nseindia.com

[^] Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share

** IndiaMART InterMESH Limited - A discount of ₹ 97 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹973 per equity share

Notes

- Based on date of listing.
- % of change in closing price on 30th/90th/180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/90th/180th calendar day from listing day.
- Wherever 30th/90th/180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
- The Nifty 50 index is considered as the benchmark index
- Not Applicable. – Period not completed
- Disclosure in Table-1 restricted to 10 issues.

2. Summary statement of price information of past issues handled by Edelweiss:

Fiscal Year*	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	1	25,000.00	-	-	-	-	-	-	-	-	-	-	-	-

Fiscal Year*	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	2	1	-
2019-20	3	23,208.49	-	-	-	-	1	2	-	1	-	1	-	1

The information is as on the date of the document

1. Based on date of listing.

2. Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.

3. The Nifty 50 index is considered as the Benchmark Index.

*For the financial year 2021-22-1 issue has been completed. For the financial year 2020-21, all issues have completed 30 days and 4 issues have completed 180 days.

B. Axis Capital Limited

1. Price information of past issues handled by Axis Capital:

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]-30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180 th calendar days from listing
1	Macrotech Developers Limited	25,000.00	486.00	19-April-21	436.00	-	-	-
2	Barbeque – Nation Hospitality Limited	4,528.74	500.00	07-April-21	489.85	+18.77%, [-0.64%]	-	-
3	Suryoday Small Finance Bank Limited ^b	5,808.39	305.00	26-Mar-21	292.00	-18.38%, [-1.14%]	-	-
4	Kalyan Jewellers India Limited [#]	11,748.16	87.00	26-Mar-21	73.95	-24.60%, [-1.14%]	-	-
5	Craftsman Automation Limited	8,236.96	1,490.00	25-Mar-21	1,359.00	-13.82%, [+0.11%]	-	-
6	Laxmi Organic Industries Limited	6,000.00	130.00	25-Mar-21	155.50	+37.85%, [+0.11%]	-	-
7	Anupam Rasayan India Limited	7,600.00	555.00	24-Mar-21	520.00	-0.11%, [-0.98%]	-	-
8	Easy Trip Planners Limited	5,100.00	187.00	19-Mar-21	212.25	-7.27%, [-0.86%]	-	-
9	Home First Finance Company India Limited	11,537.19	518.00	03-Feb-21	618.80	+4.98%, [+1.97%]	-5.64%, [-1.05%]	-
10	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	12-Oct-20	214.90	+18.90%, [+5.87%]	+52.90%, [+20.25%]	+45.79%, [+24.34%]

Source: www.nseindia.com

\$ Offer Price was ₹275.00 per equity share to Eligible Employees

Offer Price was ₹79.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital:

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022*	2	29,528.74	-	-	-	-	-	1	-	-	-	-	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	-	-	2	1	1
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available

C. ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities:

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43%, [+5.87%]	-0.60%, [+20.25%]	+5.81%, [+24.34%]
2	Mrs. Bectors Food Specialities Limited	5,405.40	288.00 ⁽¹⁾	December 24, 2020	500.00	+37.69%, [+4.53%]	+19.93%, [+7.75%]	NA*
3	Indian Railway Finance Corporation Limited	46,333.79	26.00	January 29, 2021	24.90	-5.19%, [+6.56%]	-18.65%, [+9.02%]	NA*
4	Indigo Paints Limited	11,691.24	1,490.00 ⁽²⁾	February 02, 2021	2,607.50	+75.72%, [+4.08%]	+55.40%, [-0.11%]	NA*
5	Home First Finance Company India Limited	11,537.19	518.00	February 03, 2021	618.80	+4.98%, [+1.97%]	-5.64%, [-1.05%]	NA*
6	Railtel Corporation of India Limited	8,192.42	94.00	February 26, 2021	109.00	+35.64%, [-0.15%]	NA*	NA*
7	Kalyan Jewellers India Limited	11,748.16	87.00 ⁽³⁾	March 26, 2021	73.95	-24.60%, [-1.14%]	NA*	NA*
8	Suryoday Small Finance Bank Limited	5,808.39	305.00 ⁽⁴⁾	March 26, 2021	292.00	-18.38%, [-1.14%]	NA*	NA*
9	Nazara Technologies Limited	5,826.91	1,101.00 ⁽⁵⁾	March 30, 2021	1,990.00	+62.57%, [+0.13%]	NA*	NA*
10	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	NA*	NA*	NA*

*Data not available

- (1) Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 288.00 per equity share.
- (2) Discount of Rs. 148 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,490.00 per equity share.
- (3) Discount of Rs. 8 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 87.00 per equity share.
- (4) Discount of Rs. 30 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 305.00 per equity share.
- (5) Discount of Rs. 110 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,101.00 per equity share.

2. Summary statement of price information of past issues handled by ICICI Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Betwe en 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	1	25,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	-	1	3	1	1
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

* This data covers issues upto YTD

Notes:

1. All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com
2. Benchmark index considered is NIFTY
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day

D. JM Financial Limited

1. Price information of past issues handled by JM Financial:

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 th calendar days from listing
1.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	Not Applicable	Not Applicable	Not Applicable
2.	Anupam Rasayan India Limited ⁷	7,600.00	555.00	March 24, 2021	520.00	-0.11% [-0.98%]	Not Applicable	Not Applicable
3.	Easy Trip Planners Limited	5,100.00	187.00	March 19, 2021	212.25	-7.27% [-0.86%]	Not Applicable	Not Applicable
4.	MTAR Technologies Limited	5,964.14	575.00	March 15, 2021	1050.00	69.45% [-2.84%]	Not Applicable	Not Applicable
5.	Stove Kraft Limited	4,126.25	385.00	February 05, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	Not Applicable
6.	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.50% [7.41%]	135.08% [10.86%]	Not Applicable
7.	Equitas Small Finance Bank Limited	5,176.00	33.00	November 02, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
8.	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43% [5.87%]	-0.60% [20.25%]	5.81% [24.34%]
9.	Mazgaon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 th calendar days from listing
10.	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	+0.14% [-1.63%]	-44.33% [-29.34%]	-35.00% [-15.28%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

- Opening price information as disclosed on the website of NSE.
- Change in closing price over the issue/offer price as disclosed on NSE.
- Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
- In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
- 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.
- Restricted to last 10 issues.
- A discount of Rs. 55 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- Not Applicable – Period not completed

2. Summary statement of price information of past issues handled by JM Financial:

Financial Year	Total no. of IPOs	Total funds raised (₹ Millions)	Nos. of IPOs trading at discount on as on 30 th calendar days from listing date			Nos. of IPOs trading at premium on as on 30 th calendar days from listing date			Nos. of IPOs trading at discount as on 180 th calendar days from listing date			Nos. of IPOs trading at premium as on 180 th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022	1	25,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	1	1	1
2019-2020	4	36,400.83**	-	-	1	-	1	2	-	1	1	-	1	1

**Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of ₹12,009.36 million

E. YES Securities (India) Limited

1. Price information of past issues handled by YES Securities:

Sr. No.	Issue Name	Offer size (in ₹ million)	Offer price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	-	-	-
2.	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	+18.90% [+5.87%]	+52.90% [+20.25%]	+45.79% [+24.34]
3.	Indian Railway Catering and Tourism Corporation Limited	6,379.72	320.00	October 14, 2019	626.00	+191.53% [+5.05%]	+186.64% [+8.07%]	+291.84% [-19.66%]
4.	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88%	-48.63%	-64.78%

Sr. No.	Issue Name	Offer size (in ₹ million)	Offer price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
						[-1.60%]	[+7.97%]	[+9.95%]
5.	Spandana Sphoorty Financial Limited	11,898.49	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32% [+9.59%]
6.	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	+23.76% [-4.09%]
7.	Rail Vikas Nigam Limited	4,768.61	19.00	April 11, 2019	19.00	+19.47% [-2.74%]	+40.26% [-0.35%]	+20.53% [-4.06%]

Notes:

1. Benchmark Index taken as CNX NIFTY
2. Price on NSE is considered for the above calculations
3. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.
4. If either of the 30th, 90th or 180th calendar day is a trading holiday, the previous trading day has been considered for the computation.

2. Summary statement of price information of past issues handled by YES Securities:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-2022	1	25,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2020-2021	1	4,436.86	-	-	-	-	-	1	-	-	-	-	1	-
2019-2020	5	64,995.80	-	-	2	1	-	2	1	-	-	1	-	3

Notes:

- Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.
The information for the financial year is based on issue listed during such financial year.

Track record of the Managers

For details regarding the track record of the Managers, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the Managers, as set forth in the table below:

S. No.	Name of Managers	Website
1.	Edelweiss Financial Services Limited	https://www.edelweissfin.com
2.	Axis Capital Limited	https://www.axiscapital.co.in
3.	ICICI Securities Limited	https://www.icicisecurities.com
4.	JM Financial Limited	https://www.jmfl.com
5.	YES Securities (India) Limited	https://www.yesinvest.in

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

SEBI, by way of its circular dated March 16, 2021 (“**March 2021 Circular**”), has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Per the March 2021 Circular, for initial public offerings opening for subscription on or after May 1, 2021, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Bank containing statistical details of mandate blocks/unblocks; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for non-allotted/partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalisation of the Basis of Allotment.

Separately, pursuant to the March 2021 Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹ 100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/ partially Allotted applications	₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the post-issue Managers shall be liable to compensate the investor ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders can contact the Company Secretary and Compliance Officer, the Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, UPI ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Bidders can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Our Company, the Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Anchor Investors are required to address all grievances in relation to the Offer to the Managers.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Company has not received investor complaints during the period of three years preceding the date of this Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus.

Neither our Group Company nor Subsidiaries are listed on any stock exchange.

Disposal of Investor Grievances by our Company

Our Company will obtain authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Raj Kumar Singh, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see “*General Information*” on page 63.

Our Company has constituted a Stakeholders’ Relationship Committee comprising P. Venugopal Reddy, P. Deepthi Reddy, Umanath Varahabhotla and Lakshmi Kantam Dabbara . For details, see “*Our Management*” on page 192.

Other confirmations

No person connected with the Offer, except for fees or commission for services rendered in relation to the Offer, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends. For further details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 366.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” on pages 219 and 366, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the Managers, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●] a Telugu daily news paper, Telugu being the regional language of Telangana, where our Registered Office is located, each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholder.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholder in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 116.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 366.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated November 26, 2007 amongst our Company, NSDL and Registrar to the Offer; and
- Tripartite agreement dated July 26, 2018 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/OFFER OPENS ON	[●] ⁽¹⁾
BID/OFFER CLOSSES ON	[●] ⁽²⁾⁽³⁾

- (1) Our Company and the Selling Shareholder in consultation with the Managers, may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations
- (2) Our Company and the Selling Shareholder in consultation with the Managers may, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
- (3) UPI Mandate end time and date shall be at [●] on [●].

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholder or the Managers.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholder in consultation with the Managers, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder confirms that it shall extend such reasonable support and co-operation required by our Company and the Managers for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the Managers to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Working Days.

None among our Company and the Selling Shareholder or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company and the Selling Shareholder, in consultation with the Managers reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the Selling Shareholder and the Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If, as prescribed, (i) minimum subscription in the issue shall be '90% of the fresh issue portion', our Company does not receive the minimum subscription of 90% of the offer through offer document (except in case of an offer for sale of specified securities) (ii) subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within sixty (60) days from the date of Bid Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid Closing Date on account of withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the stock exchanges for the securities so offered or for any other reason, under the offer document, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and every Director of our Company, who are officers in default, shall pay interest at the rate of 15% per annum.

The requirement for minimum subscription is not applicable for the Offer for Sale. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made first towards Equity Shares offered by the Selling Shareholder (in proportion of the Offered Shares offered by each Selling Shareholder) and only then, towards the balance Fresh Issue. Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of our Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 70 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of

Association. For details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 366.

OFFER STRUCTURE

Initial Public Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹15,500 million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹13,000 million by our Company and Offer of Sale of up to [●] Equity Shares aggregating up to ₹2,500 million by the Selling Shareholder. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Our Company and the Selling Shareholder may, in consultation with the Managers consider a Pre-IPO Placement of specified securities for a cash consideration of up to ₹5,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company and the Selling Shareholder in consultation with the Managers, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

The Offer is being made through the Book Building Process.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation ⁽²⁾	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the maximum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "Offer Procedure" on page 349

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
	for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price		
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply ^{(3) (4)}	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, Mutual Funds, Eligible FPIs, VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and systemically important NBFCs.	Resident Indian individuals, Eligible NRIs on a non-repatriable basis, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	<p>In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids⁽⁴⁾</p> <p>In case of all other Bidders: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism that is specified in the ASBA Form at the time of submission of the ASBA Form</p>		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

* Assuming full subscription in the Offer

(1) Our Company and the Selling Shareholder, in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB

Portion. For details, see "Offer Structure" on page 346.

- (2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(1) of the SEBI ICDR Regulations*
- (3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*
- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion and the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the Selling Shareholder and Managers and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 341.

Withdrawal of the Offer

Our Company, in consultation with the Selling Shareholder and the Managers, reserves the right not to proceed with the Fresh Issue and the Selling Shareholder, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The Managers, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company, in consultation with the Selling Shareholder and the Managers withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

OFFER PROCEDURE

All Bidders should read the General Information Document which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid cum Application Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) interest in case of delay in allotment or refund; and (xiii) disposal of applications.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Our Company, the Selling Shareholder and the Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus and the Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and did not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholder and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the Selling Shareholder and the Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual

Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the Selling Shareholder, the Managers and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Managers.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and our Registered Office and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form shall be made available at the offices of the Managers.

All Bidders (other than Anchor Investors) are required to participate in the Offer only through the ASBA process. Anchor Investors shall not be permitted to participate in the Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that do not contain the UPI ID are liable to be rejected.

ASBA Bidders (using UPI Mechanism) shall be required to provide UPI ID details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders shall be required to ensure that the Bids are being made on ASBA Forms bearing the stamp of the Designated Intermediary, are submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp will be liable to be rejected. RIBs using UPI Mechanism, shall be required to submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account are required to submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/unblocked.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
FPIs applying on a repatriation basis	[●]
Anchor Investors	[●]

* Excluding electronic Bid cum Application Forms

Notes:

- (1) Electronic Bid cum Application forms and the abridged prospectus shall also be made available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)
- (2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the Managers

In case of ASBA forms, the relevant Designated Intermediaries are required to upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Issue shall provide the audit trail to the Managers for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

Participation by Promoters and Promoter Group of the Company, the Managers and the Syndicate Members

The Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Managers and the Syndicate

Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the Managers or any associates of the Managers (except Mutual Funds sponsored by entities which are associates of the Managers or insurance companies promoted by entities which are associate of Managers or AIFs sponsored by the entities which are associate of the Managers or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the Managers) nor (ii) any “person related to the Promoters/ Promoter Group” shall be permitted to apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the Managers, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the Managers.

The Promoters and members of the Promoter Group will not participate in the Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Issue shall be subject to the FEMA Regulations. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 364. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, are required to be made in the individual name of the *Karta*. The Bidder/Applicant are required to specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs are considered at par with Bids/Applications from individuals.

Bids by FPIs

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/or may purchase or sell securities other than equity instruments.

The FEMA Rules were enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except for things done or omitted to be done before such supersession.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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 a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, 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 issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- (a) each offshore derivative instruments are transferred to persons subject to fulfilment of 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.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected.

Bids by SEBI registered VCFs and AIFs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (“**SEBI VCF Regulations**”) as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF registered with SEBI should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

Further, the shareholding of VCFs, Category I AIFs or Category II AIFs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the VCF or Category I AIFs or Category II AIFs.

There is no reservation for Eligible NRI Bidders, AIFs and FPIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholder or the Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Selling Shareholder and the Managers reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder in consultation with the Managers reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking companies should not exceed the investment limits prescribed for them under the applicable laws.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the Managers reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

- (a) equity shares of a company: the lower of 10% * of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the Managers reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, systemically important NBFCs, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the Selling Shareholder and the Managers reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the Selling Shareholder and the Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company, in consultation with the Selling Shareholder and the Managers may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Selling Shareholder and the Managers, reserves the right to reject any Bid without assigning any reason thereof. Systemically important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for systemically important NBFCs shall be as prescribed by RBI from time to time.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
8. RIBs using UPI Mechanism, may submit their ASBA Forms with the Syndicate Member, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
13. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
15. RIBs not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
16. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in

terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned are liable to be rejected;

18. Ensure that the Demographic Details are updated, true and correct in all respects;
19. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
20. Ensure that the category and the investor status is indicated in the Bid cum Application Form;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
22. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
23. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
24. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
25. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor shall be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;
26. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;
27. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
28. Anchor Investors should submit the Anchor Investor Application Forms to the Managers;
29. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
30. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, were required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids are liable to be rejected;

31. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;
32. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in); and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs);
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
11. Anchor Investors should not Bid through the ASBA process;
12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
14. Do not submit the General Index Register (GIR) number instead of the PAN;
15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
19. Do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;
20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have

submitted a Bid to any of the Designated Intermediaries;

21. Do not Bid for Equity Shares in excess of what is specified for each category;
22. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
25. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
26. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
27. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
28. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by RIBs using the UPI Mechanism);
29. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and
30. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see “*General Information*” on page 63.

For helpline details of the Managers pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information – Global Co-ordinator and Book Running Lead Managers*” and “*General Information – Book Running Lead Manager*” on pages 64 and 64, respectively.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the Managers and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent. of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RIBs shall not be less than the minimum bid lot, subject to the availability of shares in Retail Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholder in consultation with the Managers, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of [●], a English national daily newspaper; (ii) all editions of [●], a Hindi national daily newspaper and (iii) all editions of [●], a Telugu national daily newspaper (Telugu being the regional language of Telangana, where our registered office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholder and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the ‘Prospectus’. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available

to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and
- except for any allotment of Equity Shares to employees of our Company pursuant to exercise of options granted under the Employee Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertaking by the Selling Shareholder

The Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by it for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- the Equity Shares offered for sale by the Selling Shareholder are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- it shall provide appropriate instructions and all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;
- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale;
- that it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the Managers in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer; and
- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

Utilisation of Offer Proceeds

Our Board of Directors certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. The Company and the Selling Shareholder, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section 3 of Section 40 of the Companies Act, 2013.

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 ₹1 million 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 ₹ 1.00 million 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 ₹5.00 million or with both.

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 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 (“FDI Policy”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

Foreign Exchange Laws

The foreign investment in our Company is governed by *inter alia* the FEMA, as amended, the FEMA Non-debt Instruments Rules, the FDI Policy issued and amended by way of press notes.

Our Company is engaged in the manufacturing of mining and quarrying. Currently, foreign direct investment in the manufacturing sector is up to 100% under the automatic route. In terms of the FEMA Non-debt Instruments Rules, a person resident outside India may make investments into India, subject to certain terms and conditions, and provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with government approval.

In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The aggregate limit for FPI investments shall be the sectoral cap applicable to our Company. In accordance with the FEMA Non-debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall 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 shall 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 warrant. Provided that 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.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being only offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”) in

transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Offer and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Share capital

- (a) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time.
- (b) The Paid up Share Capital shall be at all times a minimum of Rs. 500,000/- (Rupees Five Lakhs only) or such higher amount as may be required under the Act.
- (c) The Company has power, from time to time, to increase its authorised or issued and Paid up Share Capital.
- (d) The Share Capital of the Company may be classified into Equity Shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.
- (e) Subject to Article 4(d), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.
- (f) The Board may allot and issue securities of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business or for any goodwill provided to the Company; and any securities which may be so allotted may be issued as fully/partly paid up securities and if so issued shall be deemed as fully/partly paid up securities. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.
- (g) The amount payable on application on each share shall not be less than 5 per cent of the nominal value of the share or, as may be specified by SEBI.
- (h) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.
- (i) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
- (j) All of the provisions of these Articles shall apply to the Shareholders.
- (k) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.
- (l) The money, (if any), which the Board shall, on the allotment of any securities being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any securities allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Alteration of share capital

Subject to these Articles and Section 61 of the Companies Act, 2013, as amended, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) increase its Share Capital by such amount as it thinks expedient;
- (b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

- (c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

Reduction of share capital

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

Power of company to purchase its own securities

Pursuant to a resolution of the Board, the Company may purchase its own Equity Shares or other Securities, as may be specified by the MCA, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Companies Act, 2013, as amended, the Rules and subject to compliance with Law.

Power to modify rights

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013, as amended and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is effected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48(2) of the Companies Act, 2013, as amended and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting.

Shares and share certificates

- (a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (d) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.
- (e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems

adequate, being given, a new Certificate in lieu thereof shall be given to the Person entitled to such lost or destroyed Certificate. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding such for each certificate as may be prescribed under law) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law including the rules or regulations or requirements of any stock exchange and the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.

- (f) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.
- (g) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.
- (h) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.
- (i) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (j) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (i) of this Article.
- (k) All books referred to in sub-article (j) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.
- (l) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (m) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.
- (n) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

Company's Lien:

On shares:

- (a) The Company shall have a first and paramount lien:
 - (i) on every share (not being a fully paid-up share), registered in the name of each shareholder (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share and no equitable interest in any

share shall be created except upon the footing and condition that this Article will have full effect and except as provided in Article 19(i)(b);

- (ii) on all shares (not being fully paid-up shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article.

- (b) Company's lien, if any, on the shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.
- (c) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.
- (d) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

- (i) unless a sum in respect of which the lien exists is presently payable; or
- (ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

- (e) No Shareholder 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, or in regard to which the Company has exercised any right of lien.

On Debentures:

- (a) The Company shall have a first and paramount lien:
 - (i) on every Debenture (not being a fully paid-up Debenture), registered in the name of each debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;
 - (ii) on all Debentures (not being fully paid-up Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

- (b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such Debentures.

- (c) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

- (i) unless a sum in respect of which the lien exists is presently payable; or
- (ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

- (d) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

Forfeiture of shares

- (a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
- (c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.
- (d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or

neglect to give such notice or to make any such entry as aforesaid.

- (e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.
- (f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.
- (g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.
- (h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.
- (i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.
- (k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Further issue of share capital

- (a) Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—
 - (i) to persons who, as on the date specified in applicable law are holders of shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely: -
 - a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
 - b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;
 - c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

- (ii) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or
 - (iii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules or otherwise under Law.
- (b) The notice referred to in sub-clause a. of clause (i) of sub-article (a) shall be dispatched through registered post or speed post or through electronic mode or any other mode prescribed under Law to all the existing Shareholders at least 3 (three) days before the opening of the issue.
- (c) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:
- Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.
- (d) Nothing in sub-Article (a)(i)(b) of this Article shall be deemed:
- (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (e) The provisions contained in this Article shall be subject to the provisions of Section 42 and Section 62 of the Companies Act, 2013, as amended, the Rules and the applicable provisions of the Act.

Transfer and transmission of shares

- (a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.
- (b) Every instrument of transfer of shares shall be in writing and the provisions of Section 56 of the Companies Act, 2013, as amended and of any statutory modification thereof, and all other applicable provisions of the Act for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.
- (c)
 - (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act
 - (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.
- (d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
- (e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty)

days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

- (f) Subject to the provisions of Sections 58 and 59 of the Companies Act, 2013, as amended, the Rules, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company or debentures of the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

- (g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.
- (h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.
- (i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.
- (j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.
- (k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.
- (l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

- (m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

- (n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

- (o) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.
- (p) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.
- (q) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- (r) There shall be a common form of transfer in accordance with the Act and Rules.
- (s) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

Dematerialization of securities

- (a) Dematerialization:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

- (b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.
- (c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.
- (d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Companies Act, 2013, as amended shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) Rights of Depositories & Beneficial Owners:

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
- (ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.
- (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

- (g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(h) Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

(i) Cancellation of Certificates upon surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) Transfer of Securities:

(i) Nothing contained in Section 56 of the Companies Act, 2013, as amended or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) Option to opt out in respect of any such Security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(r) Overriding effect of this Article:

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles.

Borrowing powers

- (a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Companies Act, 2013, as amended and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:
- (i) accept or renew deposits from Shareholders;
 - (ii) borrow money by way of issuance of Debentures;
 - (iii) borrow money otherwise than on Debentures;
 - (iv) accept deposits from Shareholders either in advance of calls or otherwise; and
 - (v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

- (b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture-stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.
- (c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and may be issued on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.
- (d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.
- (e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Companies Act, 2013, as amended of all mortgages, Debentures and charges specifically affecting the property

of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

- (f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.
- (g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

Annual general meeting

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

SECTION IX: 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 Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated May 14, 2021 between our Company, the Selling Shareholder and the Managers
2. Cash Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the Registrar to the Offer, the Managers, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Banks and the Refund Bank(s)
3. Share Escrow Agreement dated [●] amongst our Company, the Selling Shareholder and the Escrow Agent
4. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the Managers, the Syndicate Members and the Registrar to the Offer
5. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder and the Underwriters
6. Registrar Agreement dated May 4, 2021 amongst our Company, the Selling Shareholder and the Registrar to the Offer
7. Monitoring Agency Agreement dated [●] entered 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 from time to time
2. Certificate of incorporation dated October 24, 1991
3. Certificate of commencement of business dated November 8, 1991
4. Fresh certificate of incorporation consequent upon change in name dated September 28, 2010
5. Fresh certificate of incorporation consequent upon change in name dated July 26, 2012
6. Resolutions of the Board of Directors dated March 26, 2021 in relation to the Offer and other related matters
7. Shareholders' resolution dated April 20, 2021 in relation to this Offer and other related matters
8. Consent letter dated March 27, 2021 provided by P R Cement Holdings Limited consenting to participating in the Offer for Sale
9. Report titled '*Assessment of cement industry*' dated April 2021 issued by CRISIL Limited
10. Consent from CRISIL Limited dated May 7, 2021, to include contents or any part thereof from their report titled "*Assessment of cement industry*" dated April 2021 in this Draft Red Herring Prospectus
11. Copies of the annual reports of the Company for the Fiscals ended 2020, 2019 and 2018
12. Consent of the Directors, the Managers, the Syndicate Members, Indian Legal Counsel to our Company, Indian

Legal Counsel to the Managers, International Legal Counsel to the Managers, Registrar to the Offer, Escrow Collection Bank(s), Bankers to the Offer, Monitoring Agency, Bankers to our Company, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities

13. Due Diligence Certificate dated May 14, 2021 addressed to SEBI from the Managers
14. Consents and certificates dated May 7, 2021 from K. Surya Narayana Murthy, Chartered Engineer, to include his name as an “expert” as defined under Section 2(38) and other applicable provisions of the Companies Act, 2013
15. Consent dated May 13, 2021 from C. Ramachandram & Co., Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated April 15, 2021 on our Restated Financial Information; and (ii) their report dated May 13, 2021, on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
16. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively
17. Tripartite agreement dated November 26, 2007 between our Company, NSDL and the Registrar to the Offer
18. Tripartite agreement dated July 26, 2018 between our Company, CDSL and the Registrar to the Offer
19. SEBI observation letter bearing reference number [●] and dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



P. Prathap Reddy

Chairman and Managing Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



Lakshmi Kantham Dabbara

Whole-time Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



P. Venugopal Reddy

Non-Executive Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



P. Deepthi Reddy

Non-Executive Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



Sairam Mocherla

Non-Executive Independent Director

Place: **HYDERABAD**

Date: **MAY 14, 2021**

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



P. Pradeep Kumar

Non-Executive Independent Director

Place: BANGALORE

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



Anil Kumar K.

Non-Executive Independent Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



Dr Kancharla Ravindranath

Non-Executive Independent Director

Place: **HYDERABAD**

Date: **MAY 14, 2021**

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company



Umanath Varahabhotla

Non-Executive (Additional) Independent Director

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Company



Petluru Venugopal Reddy

Chief Financial Officer

Place: HYDERABAD

Date: MAY 14, 2021

DECLARATION

We, P R Cement Holdings Limited, acting as the Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of P R Cement Holdings Limited



Authorized Signatory
Name: D.L. KANTHAM
Designation: DIRECTOR

Place: HYDERABAD

Date: MAY 14, 2021