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DRAFT RED HERRING PROSPECTUS
Dated August 9, 2022
(Please read Section 32 of the Companies Act, 2013)
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

AVALON TECHNOLOGIES LIMITED

CORPORATE IDENTITY NUMBER: U30007TN1999PLC043479

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND EMAIL	WEBSITE
B – 7, First Main Road, MEPZ, Tambaram, Chennai – 600 045, Tamil Nadu, India	Dr. Rajesh V, Company Secretary, Compliance Officer and Legal Head	Tel: +9144 42220 400 Email: investorsrelations@avalontec.com	www.avalontec.com

PROMOTERS OF OUR COMPANY: KUNHAMED BICHA AND BHASKAR SRINIVASAN

DETAILS OF THE OFFER

Type	Fresh Issue size	Offer for Sale Size	Total Offer Size	Eligibility and Share Reservation among QIBs, NIIs and RIIs
Fresh Issue and an Offer for Sale	Fresh issue of up to [●] Equity Shares aggregating up to ₹4,000.00 million	Offer for sale of up to [●] Equity Shares aggregating up to ₹6,250.00 million	Up to [●] Equity Shares aggregating up to ₹10,250.00 million	The Offer is being made pursuant to Regulation 6(2) of the SEBI ICDR Regulations, as our Company did not fulfil the requirement under Regulation 6(1)(a) of the SEBI ICDR Regulations. For details of share reservation among QIBs, NIIs and RIBs, see "*Offer Structure*" on page 435

DETAILS OF OFFER FOR SALE

Name of Selling Shareholder	Type	Number of Equity Shares offered/ amount (₹ in million)	Weighted average cost of acquisition per Equity Share on a fully diluted basis (in ₹)*
Kunhamed Bicha	Promoter Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹1,297.48 million	2.15
Bhaskar Srinivasan	Promoter Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹2,100.00 million	2.33
T P Imbichammad	Promoter Group Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹341.86 million	3.87
Mariyam Bicha	Promoter Group Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹125.31 million	3.79
Anand Kumar	Other Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹795.11 million	23.90
Sareday Seshu Kumar	Other Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹795.11 million	0.01
Luquman Veedu Ediyanam	Other Selling Shareholder	Up to [●] Equity Shares, aggregating up to ₹795.11 million	61.59

**As certified by Mohan & Venkataraman, Chartered Accountants in their certificate dated August 9, 2022*

RISKS IN RELATION TO THE FIRST OFFER

The face value of the Equity Shares is ₹2 per Equity Share. The Floor Price, the Cap Price and the Offer Price (as determined by our Company, and the Promoter Selling Shareholders, in consultation with the BRLMs), on the basis of the assessment of market demand for the Equity Shares by way of the book building process, as stated in "*Basis for Offer Price*" on page 118, should not be considered 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 and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 30.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms 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 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, each of the Selling Shareholders, severally and not jointly, accepts responsibility for only such statements specifically confirmed or specifically undertaken by such Selling Shareholder in this Draft Red Herring Prospectus to the extent such statements specifically pertain to himself/herself and/or his/her Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. However, none of the Selling Shareholders assume any responsibility for any other statements, disclosures or undertakings, including without limitation, any and all of the statements, disclosures or undertakings made by or in relation to our Company, its business, or the other Selling Shareholders, in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE and NSE. For the purposes of the Offer, [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS			
Name of the BRLMs and Logo		**Contact Person**	**Email and Telephone**
JM Financial Limited	JM FINANCIAL	Prachee Dhuri	**E-mail**: atl.ipo@jmfl.com **Tel.**: +91 22 6630 3030
DAM Capital Advisors Limited	DAM CAPITAL	Chandresh Sharma	**E-mail**: avalon.ipo@damcapital.in **Tel.**: +91 22 4202 2500
IIFL Securities Limited	IIFL SECURITIES	Yogesh Malpani / Pawan Jain	**E-mail**: avalon.ipo@iiflcap.com **Tel.**: +91 22 4646 4728
Nomura Financial Advisory and Securities (India) Private Limited	NOMURA	Vishal Kanjani / Kshitij Thakur	**E-mail**: avalontechnologiesipo@nomura.com **Tel.**: +91 22 4037 4037

REGISTRAR TO THE OFFER		
Name of Registrar	**Contact Person**	**Email and Telephone**
Link Intime India Private Limited	Shanti Gopalkrishnan	**E-mail:** avalontec.ipo@linkintime.co.in **Tel.**: + 91 22 4918 6200

BID/OFFER PROGRAMME					
ANCHOR INVESTOR BIDDING DATE	[●]*	**BID/OFFER OPENS ON**	[●]*	**BID/OFFER CLOSES ON**	[●]**

** Our Company and the Promoter Selling Shareholders may, in consultation with the Book Running Lead 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 and the Promoter Selling Shareholders may, in consultation with the Book Running Lead 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.*

DRAFT RED HERRING PROSPECTUS
Dated: August 9, 2022
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

Avalon
manufacturing your success

AVALON TECHNOLOGIES LIMITED

Our Company was incorporated as Avalon Technologies Private Limited, a private limited company, at Chennai under the Companies Act, 1956 on November 3, 1999, and was granted the certificate of incorporation by the RoC. Subsequently, the name of the Company was changed to Avalon Technologies Limited pursuant to a special resolution passed by the shareholders of the Company on July 6, 2022, and a fresh certificate of incorporation dated July 29, 2022 was issued by the RoC consequent upon change of name upon conversion into a public limited company under the Companies Act, 2013. For further details of change in name and registered and corporate office of the Company, see "*History and Certain Corporate Matters*" on page 236.

Corporate Identity Number: U30007TN1999PLC043479

Registered and Corporate Office: B – 7, First Main Road, MEPZ, Tambaram, Chennai – 600 045, Tamil Nadu, India; **Tel:** +91 44 42220 400

Contact Person: Dr. Rajesh V, Company Secretary, Compliance Officer and Legal Head; **E-mail**: investorsrelations@avalontec.com; **Website:** www.avalontec.com

OUR PROMOTERS: KUNHAMED BICHA AND BHASKAR SRINIVASAN

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH ("EQUITY SHARES") OF AVALON TECHNOLOGIES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹10,250.00 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹4,000.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹6,250.00 MILLION COMPRISING AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹1,297.48 MILLION BY KUNHAMED BICHA, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹2,100.00 MILLION BY BHASKAR SRINIVASAN, (THE " PROMOTER SELLING SHAREHOLDERS"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹341.86 MILLION BY T P IMBICHAMMAD, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹125.31 MILLION BY MARIYAM BICHA ("PROMOTER GROUP SELLING SHAREHOLDERS"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹795.11 MILLION BY ANAND KUMAR, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹795.11 MILLION BY SAREDAY SESHU KUMAR, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹795.11 MILLION BY LUQUMAN VEEDU EDIYANAM (THE "OTHER SELLING SHAREHOLDERS", AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS AND PROMOTER GROUP SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE").

A PRE-IPO PLACEMENT MAY BE UNDERTAKEN BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS, FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹800.00 MILLION. THE PRE – IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND 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 THE OFFER COMPLYING WITH RULE 19(2)(B) OF THE SCRR.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND PROMOTER SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], WIDELY CIRCULATED TAMIL DAILY NEWSPAPER (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE THE REGISTERED AND CORPORATE OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO BSE LIMITED (THE "BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE "NSE", AND TOGETHER WITH THE BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

THE FACE VALUE OF THE EQUITY SHARES IS ₹2 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in 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 may, 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, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", the "**QIB Portion**"), provided that our Company and the Promoter Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "**Anchor Investor Portion**"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than Anchor Investor Portion) ("**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, (a) not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors (out of which one third shall be reserved for Bidders with Bids exceeding ₹ 0.20 million and up to ₹1.00 million and two-thirds shall be reserved for Bidders with Bids exceeding ₹1.00 million) and (b) not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders, other than Anchor Investors, are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA Account (as defined hereinafter) and UPI ID in case of UPI Bidders, as applicable, pursuant to which the corresponding Bid Amount, which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or the Sponsor Bank, as the case may be, to the extent of their respective Bid Amounts. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "*Offer Procedure*" beginning on page 440.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public Offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹2. The Floor Price, Cap Price and Offer Price as determined and justified by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under "*Basis for Offer Price*" on page 118 should not be considered 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 and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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*" beginning on page 30.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms 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 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 Shareholders, severally and not jointly, accept responsibility for and confirm only those statements specifically made by such Selling Shareholders in this Draft Red Herring Prospectus, to the extent of information specifically pertaining to them and their respective portion of the Offered Shares, and assume full responsibility that such statements are true and correct in all material respects and are not misleading in any material respect.

LISTING

The Equity Shares to be Allotted through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 492.

BOOK RUNNING LEAD MANAGERS TO THE OFFER				REGISTRAR TO THE OFFER
JM FINANCIAL	DAM CAPITAL	IIFL SECURITIES	NOMURA	LINK Intime
JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025, Maharashtra, India **Tel.**: +91 22 6630 3030 **E-mail**: atl.ipo@jmfl.com **Investor Grievance E-mail**: grievance.ibd@jmfl.com **Website**: www.jmfl.com **Contact person**: Prachee Dhuri **SEBI Registration No.**: INM000010361	**DAM Capital Advisors Limited** One BKC, Tower C, 15th Floor Unit No. 1511, Bandra Kurla Complex Bandra (East), Mumbai – 400 051, Maharashtra, India **Tel**: +91 22 4202 2500 **E-mail**: avalon.ipo@damcapital.in **Investor grievance E-mail**: complaint@damcapital.in **Website**: www.damcapital.in **Contact person**: Chandresh Sharma **SEBI Registration No**: MB/INM000011336	**IIFL Securities Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai - 400 013 Maharashtra, India **Tel**: +91 22 4646 4728 **E-mail:** avalon.ipo@iiflcap.com Website: www.iiflcap.com **Investor Grievance E-mail**: ig.ib@iiflcap.com **Contact person**: Yogesh Malpani / Pawan Jain **SEBI Registration No**: INM000010940	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018 Maharashtra, India **Tel**: +91 22 4037 4037 **E-mail**: avalontechnologiesipo@nomura.com **Investor grievance E-mail**: investorgrievances-in@nomura.com **Website**: www.nomuraholdings.com/company/group/asia/india /index.html **Contact person**: Vishal Kanjani / Kshitij Thakur **SEBI Registration No**: INM000011419	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** + 91 22 4918 6200 **E-mail:** avalontec.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Investor grievance E-mail:** avalontec.ipo@linkintime.co.in **Contact person:** Shanti Gopalkrishnan **SEBI Registration No:** INR000004058

BID/ OFFER SCHEDULE

ANCHOR INVESTOR BIDDING DATE	[●]*	BID/ OFFER OPENS ON(1)	[●]*	BID/ OFFER CLOSES ON(1)	[●]**

* *Our Company and the Promoter Selling Shareholders may, in consultation with the Book Running Lead 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 and the Promoter Selling Shareholders may, in consultation with the Book Running Lead 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 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 131, 222, 121, 273, 118, 236, 393, 411, 396, and 461, respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
our Company / the Company / the Issuer / ATL	Avalon Technologies Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at B – 7, First Main Road, MEPZ, Tambaram, Chennai – 600 045, Tamil Nadu, India
we / us / our / Group	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 / AoA	Articles of association of our Company, as amended
ATSPL	Avalon Technology and Services Private Limited
Audit Committee	The audit committee of our Company, constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, as described in "*Our Management*" on page 246
Auditors / Statutory Auditors	The current statutory auditors of our Company, being Varma & Varma, Chartered Accountants
Board / Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
Chairman and Managing Director	The chairman and managing director of our company, being Kunhamed Bicha as disclosed in "*Our Management*" on page 246
Chairman Emeritus	The chairman emeritus of our Company, being T P Imbichammad as disclosed in "*Our Management*" on page 246
Chief Financial Officer	The chief financial officer of our Company, being R M Subramanian as disclosed in "*Our Management*" on page 246
Company Secretary, Compliance Officer and Legal Head	The company secretary, compliance officer and legal head of our Company, being Dr. Rajesh V, as disclosed in "*Our Management*" on page 246
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, constituted in accordance with Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014, the details of which are provided in "*Our Management*" on page 246
Director(s)	The directors on our Board
ESOP Scheme	Avalon - Employees Stock Option Plan 2022 as described in "*Capital Structure – Employee Stock Option Scheme*" on page 92
Equity Shares	The equity shares of our Company of face value of ₹2 each
F&S	Frost & Sullivan (India) Private Limited
F&S Report	The industry report titled "*Market Assessment for India EMS Industry*" dated August 4 2022, which is exclusively prepared for the purpose of the Offer and issued by F&S and is commissioned

Term	Description
	and paid for by our Company. F&S was appointed by our Company pursuant to engagement letter dated March 25, 2022. This report will be available on the website of our Company at https://www.avalontec.com/investors/ until the Bid / Offer Closing Date
Independent Directors	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013, the details of whom are provided in "*Our Management*" on page 246
Key Management Personnel/ Key Managerial Personnel/ KMP	Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as described in "*Our Management*" on page 246
Material Subsidiary / Material Subsidiaries	The material subsidiary / subsidiaries of our Company, being Sienna and ATSPL
MoA/Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee / NRC	The nomination and remuneration committee of our Company, constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, the details of which are provided in "*Our Management*" on page 246
Non-executive Director(s)	The non-executive directors of our Company, as disclosed in "*Our Management*" on page 246
Other Selling Shareholders	Anand Kumar, Sareday Seshu Kumar and Luquman Veedu Ediyanam
Preference Shares	The preference shares of our Company of face value ₹100 each, which shall be mandatorily convertible into Equity Shares prior to date of the Red Herring Prospectus in accordance with the SSA I and SSA II
Promoters / Promoter Selling Shareholders	Our Promoters, namely, Kunhamed Bicha and Bhaskar Srinivasan
Promoter Group	Persons and entities constituting the promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 268
Promoter Group Selling Shareholders	T P Imbichammad and Mariyam Bicha
Registered and Corporate Office / Registered Office	Registered and corporate office of our Company located at B – 7, First Main Road, MEPZ, Tambaram, Chennai – 600 045, Tamil Nadu, India
Registrar of Companies / RoC	The Registrar of Companies, Tamil Nadu at Chennai, located at Block #6, B Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai – 600 034, Tamil Nadu, India
Restated Consolidated Financial Information	Our restated consolidated summary statement of assets and liabilities as at March 31, 2022, March 31, 2021, and March 31, 2020 and the restated consolidated summary statement of profit and loss (including other comprehensive income), cash flow statement and changes in equity for the years ended March, 31, 2022, March 31, 2021, and March 31, 2020 of our Company and its Subsidiaries (collectively "**the Group**") together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from the special purpose audited financial statements prepared in accordance with the Ind AS and as required by the E-mail dated 28th October 2021 from SEBI to Association of Investment Bankers of India as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, restated in accordance with the SEBI ICDR Regulations, Section 26 of Part I of Chapter III of the Companies Act, 2013 and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI
Selling Shareholders	Promoter Selling Shareholders, Promoter Group Selling Shareholders and Other Selling Shareholders
Shareholders	Shareholders of our Company
Sienna / ABV	ABV Electronics Inc. (doing business as Sienna Corporation)
Sienna ECAD	Sienna ECAD Technologies Private Limited
SSA I	Share subscription agreement dated March 1, 2018, entered into between M A Murugappan Holdings Private Limited and our Company, as amended through the Waiver Cum Amendment Agreement dated July 22, 2022
SSA II	Share subscription agreement dated March 1, 2018, entered into between M A M Arunachalam and our Company, as amended Waiver Cum Amendment Agreement dated July 22, 2022
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management*" on page 246
Subsidiaries	The subsidiaries of our Company, being ATSPL, Sienna and Sienna ECAD

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a 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 pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	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 Shareholders, in consultation with the BRLMs during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	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 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 and the Promoter Selling Shareholders in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Anchor Investor Offer Price. 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
Application Supported by Blocked Amount / ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by UPI Bidders, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders
ASBA Account	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 UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders
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
Banker(s) to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank and Refund Bank(s), 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 Structure*" beginning on page 435
Bid	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, in the case of Retail Individual Investors Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RII 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

Term	Description
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 notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation. Our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, 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 BRLMs 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 notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate 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
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 Centres	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 Managers / BRLMs	J M Financial Limited, DAM Capital Advisors Limited, IIFL Securities Limited, and Nomura Financial Advisory and Securities (India) Private Limited
Broker Centres	Centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, 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 amongst our Company, the Selling Shareholders, the BRLMs, Syndicate Members, the Bankers to the Offer and Registrar to the Offer for, inter alia, 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 / 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 in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the respective websites of the Stock Exchanges, as updated from time to time
Cut-off Price	The Offer Price, finalised by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
DAM Capital	DAM Capital Advisors Limited
Demographic Details	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, 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. 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 respective

Term	Description
	websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
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 UPI Bidders, 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 following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by Retail Individual Investors by authorizing an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders, as the case may be, 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 Investors, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. 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)
Designated Stock Exchange	[●]
Draft Red Herring Prospectus / DRHP	This draft red herring prospectus dated August 9, 2022 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 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	Accounts to be opened with the Escrow Collection Bank(s) 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(s) which are clearing members and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account will be opened, in this case being [●]
First 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	Lower end of the Price Band, subject to any revision(s) 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
Fraudulent Borrower	Fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹4,000.00 million by our Company
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019 issued by SEBI, and the circular no. (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges, and the BRLMs.
IIFL	IIFL Securities Limited
JM	JM Financial Limited

Term	Description
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the 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 "*Objects of the Offer*" on page 101
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Investors / NIIs	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	The portion of the Offer, being not more than 15% of the Offer or [●] Equity Shares, which shall be available for allocation to Non-Institutional Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, out of which i) one third shall be reserved for Bidders with Bids exceeding ₹0.20 million up to ₹1.00 million; and ii) two-thirds shall be reserved for Bidders with Bids exceeding ₹1.00 million Provided that the unsubscribed portion in either of the sub-categories specified in (i) or (ii) above, may be allocated to applicants in the other sub-category of Non-Institutional Investors.
Non-Resident	Person resident outside India, as defined under FEMA
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹2 each for cash at a price of ₹[●] each aggregating up to ₹10,250.00 million, consisting of: – Fresh Issue of up to [●] Equity Shares aggregating up to ₹4,000.00 million; – Offer for Sale of up to [●] Equity Shares aggregating up to ₹6,250.00 million by the Selling Shareholders. A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.
Offer Agreement	Agreement dated August 9, 2022 entered amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating up to ₹6,250.00 million by the Selling Shareholders in the Offer
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company and the Promoter Selling Shareholders in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Promoter Selling Shareholders in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 101
Offered Shares	Up to [●] Equity Shares aggregating up to ₹6,250.00 million being offered for sale by the Selling Shareholders in the Offer for Sale
Pre – IPO Placement	A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.
Price Band	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.

Term	Description
	The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper, (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate 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
Pricing Date	Date on which our Company and the Promoter Selling Shareholders in consultation with the BRLMs will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened with the Public Offer Account Bank, 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(s)	A 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, being not less than 75% of the Offer or [●] Equity Shares to be Allotted to QIBs (including Anchor Investors) on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs up to a limit of 60% of the QIB Portion), subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers / QIBs / QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus / RHP	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 Offer Price 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 Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs 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 August 2, 2022 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer
Registrar and Share Transfer Agents / RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars
Registrar to the Offer / Registrar	Link Intime Private Limited
Retail Individual Bidder(s) / RIB(s)/Retail Individual Investor(s)/RII(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	The portion of the Offer, being not more than 10% of the Offer or [●] Equity Shares, available for allocation to Retail Individual Investors subject to valid Bids being received at or above the Offer Price, which shall not be less than the minimum Bid lot, subject to availability in the Retail Portion
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 Investors 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)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https:/www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders, a list of which is available on the website of SEBI at

Term	Description
	https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders 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
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars
Syndicate / Members of the Syndicate	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement to be entered amongst our Company, the Selling Shareholders, the BRLMs and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Systemically Important Non-Banking Financial Company	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 and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Bidder(s)	Collectively, individual Bidders applying as (i) Retail Individual Bidders in the Retail Portion, and (ii) Non- Institutional Bidders with an application size of up to ₹500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder 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. Such request shall be accepted by UPI Bidders at or before 5.00 pm on Bid/Offer Closing Date.

Term	Description
UPI Mechanism	The bidding mechanism that may be used by a UPI Bidder in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
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

Technical/Industry Related Terms/Abbreviations

Term	Description
AOI	Automated Optical Inspection
ATMP	Assembly, Testing, Marking and Packaging
B2B	Business to Business
B2C	Business to Consumer
BGA	Ball Grid Array
CAGR	Compound Annual Growth Rate
CEA	Consumer Electronics and Appliances
CM	Contract Manufacturer
COP	Conference of the Parties
CPI	Consumer Price Index
CUSMA	Canada-United States-Mexico Agreement
CY	Calendar Year
DLI	Design Linked Incentive
ECU	Engine Control Unit
EDA	Electronic Design Automation
EMC	Electronics Manufacturing Cluster
EMEA	Europe Middle East and Africa
EMI	Electromagnetic Interference
EMS	Electronics Manufacturing Services
EV	Electric Vehicle
FDI	Foreign Direct Investment
FPT	Flying Probe Testing
GDP	Gross Domestic Product
GOI	Government of India
GST	Goods and Service Tax
GTM	Go To Market
GVA	Gross Value Added
GW	Giga Watt
HDI	High Density Interconnect
HEV	Hybrid Electric Vehicles
HVAC	Heating, Ventilation, and Air Conditioning
HVLM	High Value Low Margin
IC	Integrated Circuit
ICT	In-Circuit Testing
IESA	India Electronics and Semiconductor Association
IIoT	Industrial Internet of Things
IIP	Index of Industrial Production
IMF	International Monetary Fund
INR	Indian National Rupee
IoT	Internet of Things
IP	Intellectual Property
ISM	India Semiconductor Mission
ISRO	Indian Space Research Organization
KPI	Key Performance Indicator
LED	Light-Emitting Diode
LVHM	Low Value High Margin
MCA	Ministry of Corporate Affairs
MEIS	Merchandise Exports From India Scheme
MEMS	Micro-Electro Mechanical Systems

MSIPS	Modified Special Incentive Package Scheme
MSME	Micro, Small, and Medium Enterprises
NMZ	National Manufacturing Zones
NPD	New Product Development
NPE	National Policy on Electronics
NSO	National Statistics Office
ODM	Original Design Manufacturing
OEM	Original Equipment Manufacturer
OSAT	Outsourced Semiconductor Assembly and Test
PC	Personal Computer
PCB	Printed Circuit Board
PCBA	Printed Circuit Board Assembly
PHEV	Plug-In Hybrid Electric Vehicles
PLI	Production Linked Incentive
PMP	Phased Manufacturing Plan
POC	Proof of Concept
PPM	Parts per Million
RAC	Room Air Conditioner
RBI	Reserve Bank of India
RFP	Request For Proposal
RSBVL	Reliance Strategic Business Ventures Ltd
SCL	Semiconductor Laboratory
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SMT	Surface Mount Technology
SOC	System on Chips
SPI	Solder Paste Inspection
THT	Through Hole Technology
TSMC	Taiwan Semiconductor Manufacturing Company

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AGM	Annual general meeting
AIFs	Alternative Investments Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS or Accounting Standards	Accounting standards issued by the ICAI
AY	Assessment year
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Code or CPC	The Code of Civil Procedure, 1908
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder
COVID-19	Coronavirus disease 2019, a respiratory illness caused by the Novel Coronavirus and a public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number

Term	Description
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	EBITDA is calculated as profit for the year/ period, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FC-GPR	Foreign Currency-Gross Provisional Return
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti Avoidance Rules
GDP	Gross domestic product
Gazette	Gazette of India
"GoI" or "Government" or "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
IPC	Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know Your Customer
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
N/A	Not applicable
National Investment Fund	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India
NBFC-SI	Systemically important non-banking financial company
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Individual resident outside India, who is a citizen of India
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	An entity de-recognised through Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. OCBs are not allowed to invest in the Offer.
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
PMLA	Prevention of Money Laundering Act, 2002
R&D	Research and development

Term	Description
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SBO Rules	Companies (Significant Beneficial Owners) Rules, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	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 Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
Total Borrowings	Non–current borrowings (including preference share capital classified as financial liability) + current borrowings (including current maturities of non- current borrowings)
Trade Marks Act	Trade Marks Act, 1999
UIDAI	Unique Identification Authority of India
U.S./USA/United States	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
USD/US$	United States Dollars
U.S. Securities Act	United States Securities Act of 1933
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	Water (Prevention and Control of Pollution) Act, 1974

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

Certain Conventions

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. All references 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 in this Draft Red Herring Prospectus to the "**U.S.**", "**USA**" or "**United States**" are to the United States of America, together with its territories and possessions.

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

Unless the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our restated consolidated summary statements of assets and liabilities as at March 31, 2022, March 31, 2021, and March 31, 2020 and the restated consolidated statements of profit and loss (including other comprehensive income), restated consolidated statement of cash flows and restated consolidated statement of changes in equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 of the Company and its Subsidiaries together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from the special purpose audited consolidated financial statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 prepared in accordance with the Ind AS, and restated in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI. For further information, see "*Financial Statements*" beginning on page 273.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this 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, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited. For risks relating to significant differences between Ind AS and other accounting principles, see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition*" on page 62.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31, of that calendar year.

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 30, 186 and 368, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Financial Information of our Company.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. 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. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Non-GAAP Financial Measures

In evaluating our business, we consider and use non-GAAP financial measures such as EBITDA, EBITDA Margin, PAT Margin, Asset Turnover, Debt to Equity Ratio, Return on Net Worth and Return on Capital Employed to review and assess our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. They may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included these non-GAAP financial measures because we believe they are indicative measures of our operating performance and are used by investors and analysts to evaluate companies in the same industry. These non-GAAP financial measures should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with Ind AS. These measures should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability, or results of operations. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information. For further details, see *"Management's Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures"* on page 388

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled "*Market Assessment for India EMS Industry*" dated August 4, 2022, which is exclusively prepared for the purpose of the Offer and issued by F&S and is commissioned and paid for by our Company. F&S was appointed by our Company pursuant to engagement letter dated March 25, 2022. The F&S Report will be available on the website of our Company at https://www.avalontec.com/investors/ until the Bid / Offer Closing Date. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

F&S is an independent agency which has no relationship with our Company, our Promoters, any of our Directors or Key Managerial Personnel or the Book Running Lead Managers.

For details of risks in relation to the F&S Report, see "*Risk Factors – This Draft Red Herring Prospectus contains information from industry sources including the commissioned industry report from Frost & Sullivan*" on page 55. The F&S Report is subject to the following disclaimer:

"*Market Assessment for India EMS Industry" dated August 4, 2022 has been prepared for the proposed initial public offering of equity shares by Avalon Technologies Limited (the "**Company**").*

*The study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("**Frost & Sullivan**") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

Frost & Sullivan has prepared the study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that the study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology has not encouraged forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination. The recipients 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."

Although the industry and market data used in this Draft Red Herring Prospectus is reliable, industry sources and publications may base their information on estimates and assumptions that may prove to be incorrect. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which the market and industry data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 30. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, the section "*Basis for the Offer Price*" on page 118 includes information relating to our peer group companies. Such information has been derived from publicly available sources.

Currency and Units of Presentation

All references to "*Rupees*" or *"₹"* or "*Rs.*" or "*INR*" are to Indian Rupees, the official currency of the Republic of India. All references to "*US$*", "*U.S. Dollar*", "*USD*" or "*U.S. Dollars*" are to United States Dollars, the official currency of the United States of America.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions. One million represents '0.1 crore', '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Exchange Rates

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

The exchange rates of certain currencies used in this Draft Red Herring Prospectus into Indian Rupees for the periods indicated are provided below:

Currency	As on March 31, 2022 (₹)	As on March 31, 2021 (₹)	As on March 31, 2020 (₹)
1 USD	75.81	73.50	75.39
1 GBP	99.55	100.95	93.08
1 EUR	84.66	86.10	83.05
100 JPY	62.23	66.36	69.65

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

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 Offer, including the merits and risks involved. The Equity Shares offered in the Offer 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 "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 private transactions exempt from the registration requirements of the U.S. Securities Act, and (b) outside of the United States in offshore transactions as defined in and 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".

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "propose", "project", "will", "will continue", "seek to", "will pursue", or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements.

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

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

1. Any disruption in continuous operations of our manufacturing facilities;
2. Failure to perform contractual obligations by our suppliers or non-performance in a timely manner, or at all. Any increase in the cost, or delay, shortage, interruption or reduction in the supply of raw materials and major production inputs to manufacture our products;
3. Impact, current and continuing, of the COVID-19 pandemic, or a similar public health threat;
4. Any disruptions in the industry in which our customers compete or rapid change in preferences and other related factors;
5. Exposure to numerous risks due to global nature of our operations;
6. Failure to identify emerging trends or successfully develop new production processes and adopt new original design manufacturing capabilities;
7. Failure to obtain or renew the required accreditations, licenses and permits from government, regulatory authorities in a timely manner;
8. Any failure to maintain strict quality requirements and delivery schedules at pre-determined prices, thereby resulting in our incurring significant expenses;
9. Any breach of the conditions under the contracts upon which our business and results of operations are dependent; and
10. Any prolonged disruption or non-availability of timely and cost-efficient transportation and other logistic facilities.

For a further discussion of factors that could cause our actual results to differ from our expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 186 and 368, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Although the assumptions on which such forward-looking statements are based are reasonable, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's belief and assumptions, which in turn are based on currently available information. Although the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions as well as statements based on them could prove to be inaccurate. Neither our Company, the Selling Shareholders, our Promoters, our Directors, the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of registration of the Red Herring Prospectus with the RoC until receipt of final listing and trading approvals by the Stock Exchanges for this Offer. The Selling Shareholders shall ensure that they will keep our Company and the BRLMs informed of all developments pertaining to Offered Shares and themselves, that may be material from the context of the Offer.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport 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 the sections titled "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Outstanding Litigation and Other Material Developments", "Offer Procedure", and "Description of Equity Shares and Terms of Articles of Association"beginning on pages 30, 68, 84, 101, 131, 186, 396, 440 and 461 respectively of this Draft Red Herring Prospectus.

Summary of primary business of our Company

We are one of the leading fully integrated electronic manufacturing services companies with end-to-end capabilities in delivering box build solutions in India in terms of revenue in Fiscal 2022 (*source: F&S Report*), with a focus on high value precision engineered products. Through a unique global delivery model (source: F&S Report), we provide a full stack product and solution suite, right from printed circuit board design and assembly to end-to-end box build of electronic systems, to certain global original equipment manufacturers. Our other capabilities include cable assembly and wire harnesses, sheet metal fabrication, machining, magnetics and injection molded plastics.

Summary of industry in which our Company operates (*Source: F&S Report*)

The EMS sector is a sizeable industry globally and in India. While the EMS market in India was valued at ₹1,469 billion (US$20 billion) in Fiscal 2022 and is expected to grow at a CAGR of 32.3% to reach a value of ₹4,502 billion (US$60 billion) in Fiscal 2026, the EMS market in the United States was valued at approximately US$140 billion in 2021 and is expected to grow at a CAGR of 6.1% to reach US$188 billion by 2026. India has a unique competitive advantage due to low labour costs, a diverse product offering and geographical diversification.

Name of Promoters

Our Promoters are Kunhamed Bicha and Bhaskar Srinivasan. For details, see "*Our Promoters and Promoter Group*" on page 268.

Offer size

Offer of Equity Shares	Up to [●] Equity Shares, aggregating up to ₹10,250.00 million
of which:	
Fresh Issue [(1)(3)]	Up to [●] Equity Shares, aggregating up to ₹4,000.00 million
Offer for Sale [(2)]	Up to [●] Equity Shares, aggregating up to ₹6,250.00 million

Notes:

1 *The Offer has been authorised by a resolution passed by our Board of Directors in their meeting held on August 2, 2022. Our Shareholders through a special resolution passed in their extraordinary general meeting held on August 2, 2022, authorised the Fresh Issue.*

2 *Each of the Selling Shareholders have severally and not jointly consented to participate in the Offer for Sale. Each of the Selling Shareholders have specifically confirmed that their respective portion of the Offered Shares, have been held by each one of them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are accordingly eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations. In accordance with Regulation 8A of the SEBI ICDR Regulations; (i) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 50% of their respective pre-Offer shareholding (on a fully- diluted basis) and (ii) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, less than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 10% of the pre-Offer shareholding of our Company (on a fully- diluted basis). For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" on page 411.*

3 *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the*

BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.

For further details, please see "*Offer Structure*" on page 435.

Objects of the Offer

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

(in ₹ million)

Objects	Amount
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSPL	1,500.00
Funding the working capital requirements of our Company	1,500.00
General corporate purpose*	[●]

**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. A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.*

For further details see "*Objects of the Offer*" on page 101.

Pre-Offer shareholding of Promoters, Promoter Group and Selling Shareholders

Sr. No.	Name of shareholder	Pre-Offer	
		Number of Equity Shares&	Percentage of paid-up equity share capital (%)*
(A) Promoters			
1.	Kunhamed Bicha#	21,647,500	38.67
2.	Bhaskar Srinivasan#	18,554,550	33.14
	Total (A)	**40,202,050**	**71.81**
(B) Promoter Group			
1.	T P Imbichammad#	1,316,700	2.35
2.	Mariyam Bicha#	482,650	0.86
	Total (B)	**1,799,350**	**3.21**
(C) Selling Shareholders (other than Promoters and members of the Promoter Group)			
1.	Anand Kumar	4,399,500	7.86
2.	Sareday Seshu Kumar	3,896,900	6.96
3.	Luquman Veedu Ediyanam	5,585,650	9.98
	Total (C)	**13,882,050**	**24.80**
	Total (A+B + C)	**55,883,450**	**99.82**

* *Percentage has been calculated on a fully diluted basis*

\# *Also participating as a Selling Shareholder in the Offer*

&*233,281 Preference Shares are currently held by M A Murugappan Holdings Private Limited and 116,719 Preference Shares are currently held by M A Arunachalam, and will convert into a maximum of 65,197 Equity Shares and 32,599 Equity Shares, respectively, prior to the filing of the Red Herring Prospectus with the RoC*

Summary of Restated Consolidated Financial Information

The following information has been derived from our Restated Consolidated Financial Information for the last three Fiscals:

(in ₹ million, except per share data)

Particulars	As at and for the Fiscal		
	2022	2021	2020
Equity Share Capital	15.97	15.97	15.30
Total equity (Equity Share Capital, other equity and non – controlling interests)	871.91	282.08	34.46
Revenue from Operations	8,407.18	6,904.71	6,418.67

Particulars	As at and for the Fiscal		
	2022	2021	2020
Total income	8,516.50	6,958.97	6,531.48
Profit After Tax	681.64	230.82	123.26
Earnings per share (*attributable to the equity holders of the parent*)			
Basic	11.30	4.01	2.21
Diluted	11.30	4.01	2.21
Net Asset Value per Equity Share (attributable to equity holders of the parent)	15.60	11.19	8.93
Total Borrowings	2,940.53	2,953.32	2,484.81

- *Basic earnings per share (₹) = Restated consolidated profit for the year attributable to equity holders of the parent / Weighted average number of equity shares in calculating basic EPS*
- *Diluted earnings per share (₹) = Restated consolidated profit for the year attributable to equity holders of the parent / Weighted average number of equity shares in calculating diluted EPS*
- *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended)*
- *Net asset value per share (attributable to equity holders of the parent) is calculated by dividing net worth (excluding non-controlling interest) by weighted average numbers of equity shares outstanding during the respective year*
- *Total borrowings = non – current borrowings (including preference share capital classified as financial liability) + current borrowings (including current maturities of non- current borrowings)*

For further details see "*Financial Statements*", "*Other Financial Information*" and "*Basis for the Offer Price*" on pages 273, 367 and 118, respectively.

Qualifications of the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information

Our Statutory Auditors have not made any qualifications that have not been given effect to in the Restated Consolidated Financial Information.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, our Subsidiaries, our Directors and our Promoters as disclosed in the section titled "*Outstanding Litigation and Other Material Developments*" in terms of the SEBI ICDR Regulations have been set out below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchange against our Promoters	Material Civil Litigation	Aggregate amount involved (₹ in million)
Company						
By the Company	NIL	NIL	NA	NA	NIL	NIL
Against the Company	NIL	8	6*	NA	NIL	73.32**
Directors* **						
By our Directors	NIL	NIL	NA	NA	NIL	NIL
Against the Directors	NIL	2	NIL	NA	NIL	Not quantifiable
Promoters* **						
By Promoters	NIL	NIL	NA	NA	NIL	NIL
Against Promoters	NIL	2	NIL	NIL	NIL	Not quantifiable
Subsidiaries						
By Subsidiaries	NIL	NIL	NA	NA	NIL	NIL
Against Subsidiaries	NIL	3	3	NA	NIL	4.58**

* *Includes three separate notices received from the Office of the Joint Director, Directorate of Enforcement, Chennai Zonal Office as disclosed in "Outstanding Litigation and Material Developments – Outstanding litigation proceedings against our Company – Outstanding actions by regulatory or statutory authorities" on page 396.*
** *To the extent quantifiable.*
*** *Includes details of proceedings involving the Promoters who are also Directors.*

Further**,** as on the date of this Draft Red Herring Prospectus, our Company does not have any Group Companies. For further information, please see "*Our Group Companies*" on page 271.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Other Material Developments*" beginning on page 396.

Risk Factors

Specific attention of Investors is invited to the section "*Risk Factors*" on page 30. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Summary of Contingent Liabilities of our Company

The details of the contingent liabilities (as per Ind AS 37) of our Company as on March 31, 2022 derived from the Restated Consolidated Financial Information are set forth below:

(in ₹ million)

Particulars	As at March 31, 2022
Income tax matters	29.24
Provident fund demand	6.57
Total	35.81

For further information on our contingent liabilities, see "*Financial Statements - Restated Consolidated Summary Statements – Note 36: Contingent Liabilities*" on page 357.

Summary of Related Party Transactions

The following are the details of the inter-company transactions for Fiscals 2022, 2021 and 2020, as per Ind AS 24 - Related Party Disclosures, derived from the Restated Consolidated Financial Information:

Particulars	In the books of	Transaction with	For the financial year ended March 31, 2022	For the financial year ended March 31, 2021	For the financial year ended March 31, 2020
I. Details of Transactions					
a) Sales					
	Avalon Technologies Limited	Avalon Technology & Services Private Limited	19.28	21.37	6.63
		Sienna ECAD Technologies Private Limited	21.00	-	-
		ABV Electronics Inc (Sienna Corporation)	1,240.91	1,168.77	966.75
	Avalon Technology & Services Private Limited	Avalon Technologies Limited	285.78	221.57	129.25
		Sienna ECAD Technologies Private Limited	16.99	13.50	18.61
		ABV Electronics Inc (Sienna Corporation)	234.36	122.25	100.84

	Sienna ECAD Technologies Private Limited	Avalon Technologies Limited	0.40	-	-
		Avalon Technology & Services Private Limited	2.84	3.53	2.36
		ABV Electronics Inc (Sienna Corporation)	-	-	-
		Sienna ECAD LLC	-	-	3.86
	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	1,118.72	951.74	839.36
		Avalon Technology & Services Private Limited	59.34	45.93	14.91
		Sienna ECAD Technologies Private Limited	-	-	-
			2,999.62	**2,548.66**	**2,082.57**
b) Purchases/Expenses					
	Avalon Technologies Limited	Avalon Technology & Services Private Limited	285.78	221.57	129.25
		Sienna ECAD Technologies Private Limited	0.40	-	-
		ABV Electronics Inc (Sienna Corporation)	1,118.72	951.74	839.36
	Avalon Technology & Services Private Limited	Avalon Technologies Limited	19.28	21.37	6.63
		Sienna ECAD Technologies Private Limited	2.84	3.53	2.36
		ABV Electronics Inc (Sienna Corporation)	59.34	45.93	14.91
	Sienna ECAD Technologies Private Limited	Avalon Technologies Limited	21.00	-	-
		Avalon Technology & Services Private Limited	16.99	13.50	18.61
		ABV Electronics Inc (Sienna Corporation)	-	-	-
	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	1,240.91	1,168.77	966.75
		Avalon Technology & Services Private Limited.	234.36	122.25	100.84
		Sienna ECAD Technologies Private Limited	-	-	-
			2,999.62	**2,548.66**	**2,078.71**
c) Remuneration to KMP	Avalon Technologies Limited	T P Imbichammad	18.00	8.81	9.00

		Kunhamed Bicha	12.24	5.88	8.51
		Shamil Bicha	6.16	4.54	4.64
		RM Subramanian	8.01	6.49	4.18
		Rajesh V	0.28	-	-
	Avalon Technology & Services Private Limited.	T P Imbichammad	-	8.81	9.00
		Kunhamed Bicha	-	5.88	6.00
	Sienna ECAD Technologies Private Limited.	O J Sathish	3.49	4.43	3.49
	ABV Electronics Inc (Sienna Corporation)	Kunhamed Bicha	11.96	11.88	10.33
		Robinson, Michael	25.86	24.33	21.34
		Bhaskar Srinivasan	28.69	27.00	23.11
			114.69	**108.05**	**99.60**
d) Interest Income	Avalon Technologies Limited	Avalon Technology & Services Private Limited.	14.00	6.25	-
		Sienna ECAD Technologies Private Limited.	-	1.29	2.16
	Avalon Technology & Services Private Limited.	Sienna ECAD Technologies Private Limited.	-	0.10	0.13
			14.00	**7.64**	**2.29**
e) **Dividend Income**	Avalon Technologies Limited	ABV Electronics Inc (Sienna Corporation)	12.20	-	-
			12.20	-	-
f) Interest expense	Avalon Technologies Limited	Sareday Seshu Kumar	0.05	0.80	1.41
	Avalon Technology & Services Private Limited	Avalon Technologies Limited	14.00	6.25	-
	Sienna ECAD Technologies Private Limited.	Avalon Technologies Limited	-	1.29	2.16
		Avalon Technology & Services Private Limited	-	0.10	0.13
			14.05	**8.44**	**3.70**
g) **Dividend Expenses**	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	12.20	-	-

			12.20	**-**	**-**
h) Reimbursement of expenses (receivable/(payable))	Avalon Technologies Limited	Sienna ECAD Technologies Private Limited.	24.70	22.07	-
		ABV Electronics Inc (Sienna Corporation)	17.63	14.12	-
		Avalon Technology & Services Private Limited	(5.61)	27.66	31.71
	Avalon Technology & Services Private Limited	Avalon Technologies Limited	5.61	(27.66)	(31.71)
		Sienna ECAD Technologies Private Limited.	-	0.19	-
	Sienna ECAD Technologies Private Limited.	Avalon Technologies Limited	(24.70)	(22.07)	-
		Avalon Technology & Services Private Limited.		(0.19)	
	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	(17.63)	(14.12)	
			-	**-**	**-**
i) Sale of Fixed Asset / Components	Avalon Technologies Limited	Avalon Technology & Services Private Limited.	6.31	-	-
	Avalon Technology & Services Private Limited.	Avalon Technologies Limited	16.21	-	-
	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	-	20.97	66.55
	Sienna ECAD Technologies Private Limited.	Avalon Technologies Limited	0.04	-	-
		Avalon Technology & Services Private Limited.	0.03	-	-
			22.59	**20.97**	**66.55**
j) Purchase of Fixed Asset	Avalon Technologies Limited	Avalon Technology & Services Private Limited	16.21	-	-
		Sienna ECAD Technologies Private Limited.	0.04	-	-
		ABV Electronics Inc (Sienna Corporation)	-	20.97	66.55

	Avalon Technology & Services Private Limited.	Avalon Technologies Limited	6.31	-	-
		Sienna ECAD Technologies Private Limited.	0.03	-	-
			22.59	**20.97**	**66.55**
k) Loans Given	Avalon Technologies Limited	Avalon Technology & Services Private Limited.	-	140.00	-
			-	**140.00**	**-**
l) Loans Availed	Avalon Technology & Services Private Limited.	Avalon Technologies Limited	-	140.00	-
			-	**140.00**	**-**
m) Repayment of Loan	Avalon Technologies Limited	Sareday Seshu Kumar	3.75	6.25	10.00
	Sienna ECAD Technologies Private Limited.	T P Imbichammad	-	0.98	-
			3.75	**7.23**	**10.00**
n) Corporate Guarantee given	Avalon Technologies Limited	Avalon Technology & Services Private Limited.	333.89	381.35	389.45
	ABV Electronics Inc (Sienna Corporation)	Avalon Technologies Limited	945.81	955.02	931.19
			1,279.70	**1,336.37**	**1,320.64**
o) Corporate Guarantee received	Avalon Technologies Limited	ABV Electronics Inc (Sienna Corporation)	945.81	955.02	931.19
	Avalon Technology & Services Private Limited.	Avalon Technologies Limited	333.89	381.35	389.45
			1,279.70	**1,336.37**	**1,320.64**
p) Acquisition of shares in	Avalon Technologies Limited	T P Imbichammad	-	-	16.54

- Avalon Technology & Services Private Limited					
		Kunhamed Bicha	-	-	46.67
		Bhaskar Srinivasan	-	-	35.28
		Mariyam Bicha	-	-	1.84
- Sienna ECAD Technologies Private Limited	Avalon Technologies Limited	Sienna ECAD LLC	-	33.14	-
				33.14	**100.33**
q) **Investment in Shares**	Avalon Technologies Limited	Avalon Technology & Services Private Limited	-	100.00	
			-	**100.00**	**-**
r) Issue of Shares (Including Securities Premium)	Avalon Technology & Services Private Limited	Avalon Technologies Limited	-	100.00	
			-	**100.00**	**-**
s) Buyback of Common stock shares	ABV Electronics Inc (Sienna Corporation)	Kunhamed Bicha	24.81	-	-
		Bhaskar Srinivasan	19.87	-	-
		Sareday Seshu Kumar	4.47	-	-
		Luquman Veedu Ediyanam	5.99	-	-
			55.14	-	-

For details of the related party transactions and as reported in the Restated Consolidated Financial Information, see *"Financial Statements"*, beginning on page 273.

Financing Arrangements

Our Promoters, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

Name of persons	Number of Equity Shares acquired#	Weighted average price per Equity Share (in ₹)*#
Promoters / Promoter Selling Shareholders		
Kunhamed Bicha	18,555,000	NIL
Bhaskar Srinivasan	15,903,900	NIL
Promoter Group Selling Shareholders		
T P Imbichammad	1,128,600	NIL
Mariyam Bicha	413,700	NIL
Other Selling Shareholders		
Anand Kumar	3,771,000	NIL
Sareday Seshu Kumar	3,340,200	NIL
Luquman Veedu Ediyanam	4,862,600	1.61

* *Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants*
#*Equity Shares issued pursuant to a bonus issue of Equity Shares in the ratio 6:1 authorised by a resolution of our Board dated June 24, 2022 and a resolution of our Shareholders dated June 27, 2022*

Average Cost of Acquisition

The average cost of acquisition per Equity Share for the Promoters and the Selling Shareholders as at the date of this Draft Red Herring Prospectus is set forth below:

Name of persons	Number of Equity Shares held#	Average cost of acquisition per Equity Share (in ₹)*#
Promoters / Promoter Selling Shareholders		
Kunhamed Bicha	21,647,500	2.15
Bhaskar Srinivasan	18,554,550	2.33
Promoter Group Selling Shareholders		
T P Imbichammad	1,316,700	3.87
Mariyam Bicha	482,650	3.79
Other Selling Shareholders		
Anand Kumar	4,399,500	23.90
Sareday Seshu Kumar	3,896,900	0.01
Luquman Veedu Ediyanam	5,585,650	61.59

* *Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants*

\# *Computed based on the Equity Shares acquired/allotted/purchased (including acquisition pursuant to transfer). However, the Equity Shares disposed of have not been considered while computing number of Equity Shares held.)*

Acquisition of equity shares in the last three years

The details of price at which equity shares were acquired by Promoters, members of the Promoter Group, and the Selling Shareholders in the last three years preceding the date of this Draft Red Herring Prospectus is set forth below:

Name of Shareholder	Date of acquisition	Number of equity shares acquired	Acquisition price per Equity Share (in ₹)*
Promoters / Promoter Selling Shareholders			
Bhaskar Srinivasan	September 25, 2019	2,384^	12,699.95
	July 1, 2021	1,181^	10,900
	June 27, 2022	15,903,900	NIL#
Kunhamed Bicha	September 25, 2019	3,675^	12,699.95
	June 27, 2022	18,555,000	NIL#
Promoter Group (other than Promoters) / Promoter Group Selling Shareholders			
T P Imbichammad	September 25, 2019	1,302^	12,699.95
	June 27, 2022	1,128,600	NIL#
Mariyam Bicha	September 25, 2019	144^	12,699.95
	June 27, 2022	413,700	NIL#
Selling Shareholders			
Anand Kumar	September 25, 2019	881^	12,699.95
	March 26, 2021	6,670^	10,900
	June 27, 2022	3,771,000	NIL#
Sareday Seshu Kumar	June 27, 2022	3,340,200	NIL#
Luquman Veedu Ediyanam	March 30, 2022	131^	5,230.88
	March 30, 2022	40^	5,230.88
	March 30, 2022	15^	5,230.88
	March 30, 2022	644^	5,230.88
	March 30, 2022	552^	5,230.88
	March 30, 2022	116^	5,230.88
	June 27, 2022	4,787,700	NIL#

* *Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants.*

\#*Equity Shares issued pursuant to a bonus issue of Equity Shares in the ratio 6:1 authorised by a resolution of our Board dated June 24, 2022 and a resolution of our Shareholders dated June 27, 2022.*

^ *The equity shares transacted during this period were with a face value of ₹ 100 per equity share.*

None of the Shareholders have a right to nominate directors on the Board or have other special rights in the Company.

Details of pre-IPO Placement

Size of the Pre-IPO placement and allottees, upon completion of the placement	A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.

Issue of Equity Shares for consideration other than cash or bonus issue in the last one year

Other than as disclosed in the section "*Capital Structure*" on page 84, our Company has not issued any Equity Shares for consideration other than cash or bonus issue in the one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of equity shares of our Company in the last one year

Except as disclosed below, our Company has not undertaken split or consolidation of its equity shares in the one year preceding the date of this Draft Red Herring Prospectus:

Pursuant to a resolution of our Board dated June 24, 2022 and a resolution of our shareholders dated June 27, 2022, each equity share of our Company of ₹100 each was sub-divided into 50 Equity Shares of ₹2 each.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company has not applied to SEBI for any exemption from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.

SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below as well as other information as may be disclosed in this Draft Red Herring Prospectus before making an investment in our Equity Shares. The risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition as of the date of this Draft Red Herring Prospectus. The risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future and may also impair our business. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations and financial condition, cash flows, could suffer, the trading price 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 novel coronavirus ("**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" on pages 186, 131, 368 and 273, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.*

Unless specified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India, which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must consult their tax, financial and legal advisors about the particular consequences of investing in the Offer and rely on their own examinations of us and the terms of the Offer, including the merits and the risks involved.

This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For more information, see "Forward-Looking Statements" on page 17. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For more information, see "Financial Statements" on page 273. Our Fiscal ends on March 31 of each year, and references to a particular Fiscal are to the 12 months ended March 31 of that year.

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Market Assessment for India EMS Industry" dated August 4, 2022 (the "**F&S Report**") exclusively prepared for the purpose of the Offer and issued by Frost & Sullivan (India) Private Limited ("**F&S**"), and is commissioned and paid for by our Company. F&S was appointed by our Company pursuant to an engagement letter dated March 25, 2022. A copy of the F&S Report is available on the website of our Company at https://www.avalontec.com/investors/ until the Bid/Offer Closing Date. The data included herein includes excerpts from the F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "—Internal Risks—This Draft Red Herring Prospectus contains information from industry sources including the commissioned industry report from F&S." on page 55.*

INTERNAL RISKS

1. Our manufacturing facilities are critical to our business. Any disruption in the continuous operations of our manufacturing facilities would have a material adverse effect on our business, results of operations and financial condition.

We have 12 manufacturing facilities located across India and the United States. The revenue contribution from our facilities are set out below for the periods indicated:

Location of facility	No. of manufacturing units	Fiscal 2020		Fiscal 2021		Fiscal 2022	
		Amount (₹ million)	% of revenue from operations	Amount (₹ million)	% of revenue from operations	Amount (₹ million)	% of revenue from operations
Fremont, California	1	912.54	14.22%	1,064.14	15.41%	1,547.06	18.40%
Atlanta, Georgia	1	2,210.46	34.44%	2,475.98	35.86%	2,508.21	29.83%
Bengaluru, Karnataka	2	441.02	6.87%	457.23	6.62%	723.15	8.60%
Chennai, Tamil Nadu[(1)]	8	2,854.64	44.47%	2,907.36	42.11%	3,628.76	43.16%
Total	**12**	**6,418.67**	**100.00%**	**6,904.71**	**100.00%**	**8,407.18**	**100.00%**

Note:
[(1)] Includes details of our facility located at Kanchipuram, Tamil Nadu.

Presently, we manufacture our products at these manufacturing facilities; therefore, any disruption to our manufacturing facilities may result in production shutdowns. While we generally perform scheduled and unscheduled maintenance services, these facilities are subject to certain operating risks, such as the breakdown or failure of equipment, power supply or processes, productivity of our workforce, performance below expected levels of efficiency, obsolescence of equipment or machinery, timely availability of raw materials, labor disputes, natural disasters, industrial accidents and infectious disease outbreaks such as the COVID-19 pandemic resulting in unplanned slowdowns and/or shutdowns and the need to comply with the directives of relevant government and regulatory authorities. Due to the COVID-19 pandemic, our manufacturing facilities at Chennai, Tamil Nadu and Kanchipuram, Tamil Nadu were shut down for a period of 21 days from March 24, 2020 until April 13, 2020, pursuant to which we received government permission to operate such facility with a maximum of 50 people. Further, our manufacturing facilities at Bengaluru, Karnataka were shut down for a period of approximately 30 days between March 2020 and April 2020. Our facilities at both Chennai, Tamil Nadu and Bengaluru, Karnataka resumed operations at full capacity from August 2020. Further, while our manufacturing facilities at Fremont, California, United States and Atlanta, Georgia, United States did not experience any shut down during the COVID-19 pandemic, it faced certain disruptions in relation to manpower. Our aggregate loss during the COVID-19 pandemic amounted to approximately ₹564.77 million in Fiscal 2021, which accounted for 8.47% of our total expenses during the same period, however, no penalties were levied by any of our customers in India and overseas, due to any delays during such period. Our failure to obtain raw materials and components, in a timely manner and at reasonable cost, could also lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facilities. An uninterrupted supply of our products is critical for success of our business as our customers rely significantly on the timely delivery of our products. Our inability to effectively respond to any breakdown, shutdown or to rectify any disruption, in a timely manner and at an acceptable cost, could lead to an adverse effect on our business, results of operations and financial condition.

In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labor dispute or unrest, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. We have experienced certain disruptions in the past due to factors outside our control. For example, in the year 2020, we faced an accidental fire in our magnetics division of our facility located in Chennai, due to which we incurred losses of ₹22.97 million, out of which we recovered ₹18.44 million through our insurance claims. Further, a show cause notice under the Factories Act, 1948 was issued to ATSPL in relation to such fire incident. For more information, see "*Outstanding Litigation and Material Developments – Outstanding litigation proceedings against our Subsidiaries – Outstanding actions by regulatory or statutory authorities*" on page 399. Although we try to minimize the risk from any significant operational problems at our manufacturing facilities, there can be no assurance that we will not face such disruptions in the future. Interruptions in production may also increase our costs and reduce our sales and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects. In the event that our Company files a claim under the applicable insurance policy, there is no assurance that we will be able to recover all, or part of the losses incurred.

Further, our electricity requirements for our manufacturing facilities are directly sourced from local providers and state electricity board. While we maintain power back-up in the form of generator sets, we cannot assure you that we will successfully be able to prevent disruptions in our manufacturing processes in case of non-availability of adequate supply of power.

2. ***We source our raw material from suppliers, primarily on purchase order basis, who may not perform their contractual obligations in a timely manner, or at all. Any increase in the cost of our raw material or components, delay, shortage, interruption or reduction in the supply of raw materials and major production inputs to manufacture our products may adversely affect our business, results of operations, cash flows and financial condition.***

We mainly source our raw materials, including integrated circuits, sensors and transistors, from certain suppliers including WPG South Asia Pte Ltd, Macnica Cytech Pte Ltd, Elektronika Sales Private Limited and Le Champ South East Asia Pte Ltd. We rely on such suppliers to perform their obligations and deliver adequate supplies and high-quality components and other inputs in a timely manner. We do not enter into definite-term agreements with our suppliers (who are typically associated with us through purchase orders) and may not perform their obligations in a timely manner or at all, resulting in delays to our production schedule and adversely affecting our output. In Fiscals 2020, 2021 and 2022, the total costs in relation to our purchase of raw materials from our top five suppliers were ₹1,421.31 million, ₹1,242.45 million and ₹1,686.67 million, respectively, which accounted for 32.55%, 27.96% and 27.02%, respectively, of our total expenses during the same period.

We are exposed to the risk that we may be unable to acquire necessary raw materials and components for our business on time. At various times, supplies of some of the raw materials and electronic components that we use, have been scarce as a result of strong demand for those input components or problems experienced by suppliers. In Fiscals 2021 and 2022, we have faced significant shortage of key components, specifically in relation to semiconductors, integrated circuits, MOSFET devices and transistors. These shortages have been particularly acute due to global capacity constraints (given the limited number of wafer manufacturing facilities globally) and low yields on crystal growth. For instance, we faced disruption in supply of key components from our distributors including WPG South Asia Pte Ltd, Macnica Cytech Pte Ltd, Elektronika Sales Private Limited and Le Champ South East Asia Pte Ltd, which led us to purchase such components at higher prices. The COVID-19 pandemic led several manufacturing facilities to shut down or to operate on skeleton staffing, further contributing to supply chain issues such as component shortages and other logistic difficulties, which led us to incurring losses amounting to approximately ₹699.00 million, ₹1,157.00 million and ₹1,898.00 million in Fiscals 2020, 2021 and 2022, respectively, which accounted for 10.96%, 17.34% and 24.17%, respectively, of our total expenses during the same period. We may face similar situations or shortages in the future. In addition, in certain circumstances, we are required to source certain key components from suppliers on approved vendor lists, who have been qualified by our customers and we may not be able to obtain alternative sources of supply should such qualified suppliers be unable to supply our requirements in the future.

In order to mitigate losses from any future supply disruption, we retain an increased component inventory, which has had and may in the future, have an adverse impact on our business and results of operations. For instance, during the COVID-19 pandemic, we increased our component inventory by 11.13% in Fiscal 2021 amounting to ₹1,129.85 million as compared to ₹1,016.71 million in Fiscal 2020, which further increased by 71.21% in Fiscal 2022 amounting to ₹1,934.46 million, leading to inventory pile up which further had an adverse impact on our cash flows.

Further, we typically provide a price quote to our customers based on estimations of raw material prices at the time of the quote. In the event there is an increase in raw materials prices, we may be unable to pass on the additional cost to our customers, which in turn may affect our profitability. In instances where the raw material price increase is significant, we may approach customers for a purchase price variance. While we have not experienced any instance of rejection of purchase price variance by our customers as of March 31, 2022, there is no assurance that our customers will agree to such variance.

We currently import our raw materials and components from various countries including China, United States, South Korea, Japan, Singapore, Malaysia and Thailand. While we have not yet faced any disruptions due to government conditions on trade practices, we cannot assure you that we will not face such disruptions in the future. Any such disruptions due to government restrictions on trade in the future could have an adverse effect on our business, cash flows, results of operations and financial condition.

Further, we import certain of our raw materials and components in foreign currencies. We do not have a formal hedging policy and accordingly, may be subject to foreign currency exposure and fluctuations in the exchange rates between the Indian Rupee and other currencies. Our attempts to mitigate the adverse effects of such exchange rate fluctuations may not be successful and these fluctuations may in the future have a material adverse effect on our results of operations, financial condition and prospects in the future.

Shortages of raw materials and components at prices unfavorable to us could result in reduced production or delays in production, which may restrict our capacity to fulfil large orders at short notice or prevent us from making scheduled shipments to customers. Any future inability to accept high volume orders at short notice or make scheduled shipments could cause us to experience a reduction in our sales and could adversely affect our relationship with existing customers as well as prospective customers. Component shortages may also increase our costs of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component/raw material shortages could adversely affect our operating results for a particular period due to the resulting loss of customer orders, revenue shortfall and increased manufacturing or component costs. Our inability to continue to obtain raw materials and components, in a timely manner and at reasonable cost, could also lead to the shut-down of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, cash flows, results of operations and financial condition.

3. The current and continuing impact of the COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic has had, and may continue to have, a material adverse impact on our business and results of operations. In March 2020, the World Health Organization designated COVID-19 as a pandemic, and numerous countries, including India and the United States (the countries where our Company has its manufacturing facilities), declared national emergencies in response to the COVID-19 pandemic. The global impact of the COVID-19 pandemic continues, with many countries, including the countries where we have our business operations, instituting quarantines and restrictions on travel, operations with reduced workforce, closing financial markets and/or restricting trading, and limiting the operations of non-essential businesses.

In response to the COVID-19 pandemic, the Government of India ("**GoI**") imposed a nationwide 21 day lockdown on March 24, 2020 from March 25, 2020 until April 14, 2020, which was subsequently extended until May 31, 2020. Further, from March 2021, there has been a substantial increase in the number of COVID-19 cases in India, which led to additional lockdowns and movement restrictions in different places in India. Further, as a result of the detection of new strains, evolving variants such as the 'Omicron variant' and subsequent waves of COVID-19 infections throughout the world, we may be subject to further lockdowns or other restrictions in the subsequent years, which may adversely affect our business operations.

As a consequence of these lockdowns, our supply chain was disrupted, large parts of our workforce were unable to attend work at our manufacturing facilities, and social distancing requirements imposed further restrictions on the number of people who could work in our production lines. Individuals' ability to travel both within and outside of India have been curtailed through mandated travel restrictions and may be further limited in the future. Since late 2020 some of these measures have been lifted and partial travel has been permitted. These measures have impacted and may have a further impact on our workforce and our operations in the jurisdictions in which we operate, the business of our customers and suppliers.

Despite the lifting of the lockdown, there is significant uncertainty relating to the future development of COVID-19, and the impact on our business 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, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business, operations or potential expansion plans in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways. For example, due to the COVID-19 pandemic, our manufacturing facilities at Chennai, Tamil Nadu were shut down for a period of 21 days from March 24, 2020 until April 13, 2020, pursuant to which we received government permission to operate such facility with a maximum of 50 people. Further, our manufacturing facilities at Bengaluru, Karnataka were shut down for a period of approximately 30 days between March 2020 and April 2020. Our facilities at both Chennai, Tamil Nadu and Bengaluru, Karnataka resumed operations at full capacity from August 2020. Further, while our manufacturing facilities at Fremont, California, United States and Atlanta, Georgia, United States did not experience any shut down during the COVID-19 pandemic, it faced certain disruptions in relation to manpower. Our aggregate loss during the COVID-19 pandemic amounted to approximately ₹564.77 million in Fiscal 2021, which accounted for

8.47% of our total expenses during the same period, however, no penalties were levied by any of our customers in India and overseas, due to any delays during such period. We have also experienced disruptions in our logistics operations, and our supply chain (such as chipset shortages), and a decrease in demand of our products including sheet metal fabrication in the aerospace industry. In addition, we have rescheduled and postponed certain of our strategic projects such as certain special processes for our metal fabrication operations including alodine, anodize, passivation and painting, which were planned to realize greater margins in the metal and aerospace industries through vertical integration. While our customers have not defaulted in payments, we have encountered delays in payments from our customers. Our trade receivables increased by 59.85% from ₹1,137.85 million in Fiscal 2020 to ₹1,818.88 million in Fiscal 2021, and marginally decreased by 2.48% to ₹1,773.73 million in Fiscal 2022. Similarly, our total borrowings increased by 18.86% from ₹2,484.81 million in Fiscal 2020 to ₹2,953.32 million in Fiscal 2021, and marginally decreased by 0.43% to ₹2,940.53 million in Fiscal 2022. During the COVID-19 period, the Government of India has provided certain moratoriums on interest payments and we have obtained such moratoriums under certain of our borrowings. Further, in Fiscal 2021, we obtained loans in relation to COVID-19 assistance under the Paycheck Protection Program in the United States, which could be forgiven subject to meeting certain conditions and such loans were forgiven in Fiscal 2022.

While our operations had slowed down during early 2020 and we have almost resumed to full normalcy with requisite precautions, the actual impact of COVID-19 pandemic on our financial condition remains uncertain and is dependent on spread of COVID-19 and steps taken by the Government to mitigate the economic impact and may differ from our estimates. We are closely monitoring the impact of the COVID-19 pandemic on our financial condition, liquidity, operations, customers and work force. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. An outbreak or perceived outbreak of the COVID-19 pandemic at one or more of our manufacturing facilities which may cause our customers to avoid our products, could also cause negative publicity which causes customers to avoid our products, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and prospects. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "Risk Factors" section.

4. The markets in which our customers compete are characterized by sectors specific to the industries which we cater to, and their rapidly changing preferences and other related factors including lower manufacturing costs and therefore as a result we may be affected by any disruptions in the industry.

The market in which we and our customers operate is characterized by rapidly changing technology, evolving industry standards and demand for features, and constant product innovation. These conditions may also result in significant competition and short product life cycles. Our total income attributable to customers engaged in the various industries are set out below for the periods indicated:

Revenue by Industries	**Fiscal 2020**		**Fiscal 2021**		**Fiscal 2022**	
	Amount (₹ million)	**% of total income**	**Amount (₹ million)**	**% of total income**	**Amount (₹ million)**	**% of total income**
Clean Energy	1,026.19	15.71%	1,234.30	17.74%	1,726.93	20.28%
Mobility/Transportation	2,011.99	30.80%	1,983.71	28.51%	2,264.70	26.59%
Industrial	1,823.41	27.92%	2,042.49	29.35%	2,558.28	30.04%
Communication	409.36	6.27%	546.65	7.86%	611.40	7.18%
Medical	527.39	8.07%	544.72	7.83%	656.39	7.71%
Others	733.14	11.22%	607.10	8.72%	698.80	8.21%
Total	**6,531.48**	**100.00%**	**6,958.97**	**100.00%**	**8,516.50**	**100.00%**

If the end-user demand is low for our customers' products, there may be significant changes in the orders from our customers and we may experience greater pricing pressures. Therefore, risks that could harm the customers of our industry could, as a result, adversely affect us as well. Our success is therefore dependent on the success achieved by our customers in developing and marketing their products. While we have not experienced such instances as of March 31, 2022, if our customers' technologies become obsolete or fail to gain widespread commercial acceptance, our customers may experience a reduced demand for their products which may affect our sales to such customers, operating margins depending on the nature of the product, and all of these combined may gradually result in a loss of customers including key ones. However, there can be uncertainty regarding the development and production of these products as planned and failure to anticipate or respond rapidly to advances in technology can have a material adverse effect on our financial condition, results of operations and prospects.

Additionally, industry-wide competition for market share of various products can result in aggressive pricing practices by our customers and therefore our customers may also choose to import some of these products which provide them better cost benefits as compared to us or source the products from our competitors. While we have not faced any loss of customers due to industry-wide competition as of March 31, 2022, we have, in certain instances reduced our prices which in turn has affected our margins. In certain other cases, we have been unsuccessful in matching our prices with the target price of our customers and consequently have lost bids for certain new projects. This price-pressure from our customers may adversely affect the prices of the products which we supply, which may lead to reduced revenues, lower profit margins or loss of market share etc., any of which would have a material adverse effect on our business, financial condition and results of operations.

5. ***The global nature of our operations exposes us to numerous risks that could materially adversely affect our financial condition and results of operations.***

Our products are sold to customers in India and overseas, including North America and Europe. We also have a subsidiary in the United States, namely ABV Electronics Inc. (doing business as Sienna Corporation) ("**Sienna**"), to facilitate our overseas operations. As a result, we are subject to multiple and complex legal and regulatory requirements in the jurisdictions we operate. During Fiscals 2020, 2021 and 2022, ₹4,066.32 million, ₹4,359.64 million and ₹5,296.55 million, which accounted for 62.26%, 62.65% and 62.19%, respectively of our total income, was attributable to sales outside India (sales from India for this purpose include (i) customers whose revenue is less than US$200,000 and (ii) other income). Further, we import certain of our raw materials such as circuits, sensors and transistors from overseas suppliers including WPG South Asia Pte Ltd, Macnica Cytech Pte Ltd, Elektronika Sales Private Limited and Le Champ South East Asia Pte Ltd.

Our customers, suppliers and us are subject to risks that are specific to each country in which we operate, as well as risks associated with carrying out business operations on an international scale, including the following, the occurrence of any of which may adversely affect our business, financial condition and results of operations:

- COVID-19-related closures and other pandemic-related uncertainties in the countries in which we operate;
- Import and export regulations that could among others erode profit margins or restrict imports or exports;
- Changes in foreign exchange controls and tax rates;
- Foreign currency exchange rate fluctuations, including devaluations (also see "*Risk Factors - Foreign exchange fluctuations may adversely affect our earnings and profitability*" on page 44);
- Changes in regional and local economic conditions, including local inflationary pressures;
- Difficulty of enforcing agreements and collecting receivables through certain foreign systems;
- Variations in protection of intellectual property and other legal rights;
- Changes in labor conditions/ related regulations and difficulties in staffing and managing international operations;
- Inability or regulatory limitations on our ability to move goods across borders;
- Tariff barriers;
- Changes in laws and regulations;
- Social plans that prohibit or increase the cost of certain restructuring actions;
- The potential for nationalization of enterprises or facilities;
- Unsettled political conditions and possible terrorist attacks against countries where we sell our products or have other interests;
- Economic cycle and demand for products in the international markets;

- Changes in accounting standards and interpretations;
- Coordinating and interacting with local representatives and counterparties to fully understand local business and regulatory requirements; and
- Availability and terms of financing.

In the event that we are unable to anticipate and effectively manage these and other risks, it could have a material and adverse effect on our business, our results of operations and financial condition. While we have not faced any such material non-compliances in the past three years, failure to comply with applicable laws or regulations of countries in which we have operations can lead to civil, administrative or criminal penalties, including fines or the revocation of permits and licenses that may be necessary for our business activities.

Additionally, we will be required to procure certifications in addition to other quality standards which could be necessary for the products to be accepted by customers and the markets in which we export our products. As such, we may need to obtain and maintain the relevant certifications so that our customers are able to sell their products overseas, which include components that are manufactured by us. For more details on the various certifications and accreditations in relation to our facilities located in the United States, see "*Government and Other Approvals*" on page 403. While we have not faced any such material non-compliances in the past three years, our inability to secure such license, or any other licenses, certification, registrations and permits in other jurisdictions in a timely manner or at all, could result in operational delays or suspensions and/or administrative fines and penalties, which could have a material adverse effect on the overall business, results of operations and financial condition.

Our future revenue growth also depends upon the adequacy and effectiveness of our supply chain infrastructure spread across various countries and the successful management of our sales, marketing, support and service teams in various countries where our facilities and current or potential customers are located. Moreover, the growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new geographies also may expose us to regulatory regimes with which we have no prior direct experience. In addition, the costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

6. We may not be able to successfully develop new production processes and adopt new original design manufacturing capabilities if we are unable to identify emerging trends and are not able to predict customer preferences.

The Electronic Manufacturing Services ("**EMS**") industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Our ability to anticipate changes in technology and to successfully adopt original design manufacturing ("**ODM**") capabilities on a timely basis is a significant factor in our ability to remain competitive. We evaluate our production processes and ODM capabilities on a regular basis. Our future success is dependent in part upon our ability to develop new production processes and enhance ODM capabilities which meet evolving customers' needs and successfully anticipate or respond to technological changes in production processes in a cost-effective manner and on a timely basis.

There can be no assurance that we will be able to secure the necessary technological knowledge or will be successful in developing new manufacturing processes and adopt new ODM capabilities that will allow us to adapt to the changing customer requirements and consumer preferences. If we are unable to develop these in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected.

We cannot assure you that we will be able to install and commission the equipment needed to manufacture products for our customers. Our failure to successfully manufacture new products, enhance ODM capabilities or failure by our customers to successfully launch new products, could materially adversely affect our results of operations.

7. ***Our business requires us to obtain and renew certain accreditations, licenses and permits from government, regulatory authorities including in relation to quality standards and the failure to obtain or renew them in a timely manner may adversely affect our business operations.***

Our business requires us to obtain and renew from time to time, certain business, tax, employment and foreign trade related approvals, licenses, registrations and permits under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business such as consent to operate issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, registration and license to work a factory issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, certificate of building stability issued by the Director of Industrial Safety and Health, Government of Tamil Nadu and fire service license issued by the District Officer, Fire and Rescue Service Department, amongst others, all of which are subject to numerous conditions. Further, in relation to one of the manufacturing facilities of ATSPL, located at Whitefield, Bengaluru–560 066, applications for obtaining necessary approvals under the Air Act and Water Act. Additionally, our Company has won the e-auction conducted by the MEPZ for the property located at MEPZ, Kadaperi, Taluk Tambaram, Chengalpattu District, Chennai. While a sale deed has been executed by our Company, the applications for the same are yet to be made by our Company.

Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. For more information, see "*Government and Other Approvals*" on page 403.

Each of our facilities are accredited with global quality standards and certifications including ISO 9001:2015, IATF 16949:2016, AS 9100D, NADCAP certification for special process and ISO 13485 certifications for quality management, environment and health and safety system. In addition, we have obtained Research Design and Standards Organization approval, Centre for Development of Telematics approval and approval from the Defense Research and Development Organization.

Receipt of certifications and accreditations under the standards of quality is important for the success and wide acceptability of our products and also required to be maintained under certain purchasing agreements with our customers for specific products. If we fail to comply with the requirements for applicable quality standards, or if we are otherwise unable to obtain or renew such quality accreditations in the future, in a timely manner, or at all, our business and prospects may be adversely affected.

In addition, we are subject to quality requirements and strict technical specifications and audits by our customers. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations.

8. ***The strict quality requirements and delivery schedules at pre-determined prices for our products that we are required to comply with, may result in our incurring significant expenses. Any failure to do so may adversely affect our reputation, financial conditions, cash flows and results of operations.***

Given the nature and high engineering quality of our products, our customers have high and exacting standards for product quality as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications of our customers may lead to cancellation of the orders placed by our customers. Further, any failure to make timely deliveries of products in the desired quantity and price as per our customers' requirements may also result in the cancellation of orders placed by our customers and may adversely affect our reputation and goodwill. Prior to placing the orders, there is a detailed review process that is undertaken by most of our customers. This may involve inspection of our manufacturing facilities, review of the manufacturing processes, review of the raw materials and product pricing, review of our financial capabilities, technical review of the designs and specification of the proposed product, review of our logistical capabilities across geographies, review of the target price by the purchase team of the customer and multiple inspection and review of prototypes of the product. This is an extensive and stringent process undertaken by our customers. We are therefore subject to a stringent quality control mechanism at each stage of the manufacturing process and are required to maintain the quality and precision level for each product. As a result, we are required to incur expenses to maintain our quality assurance systems such as forming a separate team of engineers responsible for quality and assurance in the manufacturing processes, which as of June 30, 2022, comprised 202 engineers. This is undertaken by an independent quality control department in our Company, which is responsible for ensuring quality in respect of all aspects of our operations. While we have not faced any instances of product recalls, cancellations or adverse remarks from third party audits in the past, we have received certain remarks in on quality and other minor non-conformances from our customers, which have been immediately redressed. Such non-conformances include review of our contingency plans and updation of failure mode effect analysis, which have been timely addressed and for which we have duly issued corrective and preventive actions reports. However, we cannot assure you that we will not receive product recalls or cancellations, or will be able to effectively manage quality issues raised by our customers in the future. We incurred ₹1.07 million, ₹1.69 million and ₹2.30 million as approximate costs to maintain our quality systems (excluding cost of inspection equipment) in Fiscals 2020, 2021 and 2022, respectively, which accounted for 0.02%, 0.03% and 0.03%, respectively, of our total expenses during the same period.

Further, receipt of certifications and accreditations in relation to the standards of quality under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities is important for the success and wide acceptability of our products. For more information, see "*Internal Risks - We may be subject to financial and reputational risks due to product quality and liability issues which may have an adverse effect on our business, financial condition and results of our operations*" at page 48 and "*Internal Risks - Our business requires us to obtain and renew certain accreditations, licenses and permits from government, regulatory authorities including in relation to quality standards and the failure to obtain or renew them in a timely manner may adversely affect our business operations*" at page 37.

We obtain work orders from our customers based on price quotations and estimates. In the event we are unable to deliver or manufacture these products at agreed prices, our business, results of operation and reputation may be adversely affected. Further, our customers rely on our ability to deliver the finished products in a timely manner. Any failure to meet our customers' expectations and specifications, including the inability to meet Indian and international regulatory quality standards or manufacture and deliver products in a timely manner, could also result in the cancellation or non-renewal of contracts or purchase orders. We will continue to spend a portion of our future revenues to manage our customer expectations, including product quality, a failure of which may negatively impact our reputation and profitability.

9. Our business and results of operations are dependent on the contracts that we enter into and/or purchase orders that we enter into. Any breach of the conditions under these contracts may adversely affect our business and results of operations.

We typically enter into short-term contracts and purchase orders with our customers which, depending on the customer, may contain terms and conditions which include among others the nature and specification of products to be manufactured and supplied by us, details of vendors for raw materials that are approved by some of our customers, manner of inspection and testing of products manufactured, representation and warranties made by us in relation to our manufacturing capabilities, process to be followed in case of defects, steps to ensure compliance with applicable laws, quality of products, undertakings in relation to protection of intellectual property of our customers, indemnification of our customers due to our negligence or breach of any term of the agreement, defect warranties in relation to the products manufactured or assembled by us. At times we may have to agree with certain onerous terms laid down by our customers. Such onerous terms may have an effect on our future growth including expansion of customer base. While we have not faced any breach of customer contracts in the past, we cannot assure you that such breach will not occur in the future.

While we consider all factors internally prior to entering into such contractual agreements, we cannot assure that we will not enter into such agreements in the future. This may result in potential loss of customers as we may not be able to manufacture products for such customers in the future as we may not be willing to work with them. Additionally, non-compliance with the terms of the contractual arrangements may lead to among other damages or penalties, termination of the agreements and will also result in us being unable to attract further business in the future.

10. Our operations depend on the availability of timely and cost-efficient transportation and other logistic facilities and any prolonged disruption may adversely affect our business and results of operations.

Our operations depend on the timely transport of raw materials to our manufacturing facilities and of our products to our customers in India and overseas. In some cases, our orders are on ex-works basis and transportation of products from our facilities is the responsibility of the customer.

We typically rely on a variety of common carriers such as cargo/passenger airlines, shipping lines and trucking companies to transport our materials from our suppliers and finished products to our customers. While we do not enter into formal agreements with such third party logistics provider, we execute rate contracts with such providers. Problems suffered by any of these common carriers, including natural disasters, pandemics, labor problems, increased energy prices, or criminal activity, could result in shipping delays for products or materials, increased costs or other supply chain disruptions, and could therefore have a negative impact on our ability to receive products from suppliers and deliver products to customers, resulting in a material adverse effect on our business and operations. For instance, during the COVID-19 pandemic, our transportation and logistics facilities were affected. The limited availability of the shipping and airline facilities, together with container shortage and high logistics costs, led to delays and losses in procuring supplies of our components, and transporting our products to our customers. Further, we incurred additional costs amounting to an aggregate of ₹1.44 million in Fiscals 2021 and 2022, in arranging transportation for our employees. While we have obtained insurance policies for transportation and logistics facilities, such insurance policies do not provide coverage for cost of any delays in transportation. In addition, any compensation received from such insurers or third party transportation providers may be insufficient to cover the cost of any disruption and will not repair damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third party transportation providers.

11. We may be subject to significant risks and hazards when operating and maintaining our manufacturing facilities, for which our insurance coverage might not be adequate.

We generally perform scheduled and unscheduled maintenance and operating and other asset management services. Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage.

During the manufacturing process, we may be exposed to various risks which we may not be able to foresee. Our insurance coverage may not be adequate to cover such loss or damage to life and property, and any consequential losses arising due to such events will affect our operations and financial condition. Further, in addition to the above, any such fatal accident or incident causing damage or loss to life and property, even if we are fully insured or held not to be liable, could negatively affect our reputation, thereby making it more difficult for us to conduct our business operations effectively, and could significantly affect our business, availability of insurance coverage in the future and our results of operations. The occurrence of any one of the above events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for personal injury and property damage and fines and/or penalties.

Our insurance coverage of assets and stocks as of March 31, 2022 was ₹3,915.23 million and our insurance coverage as a percentage of our total assets was 114.30% during the same period. While we have not faced any instances of insurance claim rejection in the past three years and we believe that the insurance coverage that we maintain is in accordance with industry standards, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses. For example, in the year 2020, a fire accident occurred in our magnetics division due to which we incurred losses amounting to ₹22.97 million, out of which we recovered ₹18.44 million through our insurance claims. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our cash flows, results of operations and financial performance could be adversely affected. In the event that our Company files a claim under the applicable insurance policy, there is no assurance that we will be able to recover all, or part of the losses incurred.

12. Failure to maintain optimal inventory levels could increase our inventory holding costs and adversely affect our operations and financial condition.

There may be significant fluctuations in the demand for our original equipment manufacturing ("**OEM**") customers' products, which increases the difficulty for us to maintain optimal levels of inventory. We may not be able to anticipate our OEM customers' demand accurately. We frequently need to manage long lead times in inventory sourcing and procurement, and rely on resource planning systems such as our company-wide ERP system to manage and co-ordinate all resources, information and functions of the business on a real-time basis, which also helps us to track customer demands and assists us in maintaining optimum inventory levels. For more information, see "*Our Business – Information Technology*" on page 220. We may from time to time increase the amount of inventory we retain in anticipation of customer demand, such as periods when our OEM customers indicate to us that a new, high volume end product will soon be announced to the public, or potential material shortages such as the chipset shortage. However, we may not have sufficient inventories of components at any given time to meet sharp increases in our customers' requirements. If the demand for our services is weaker than anticipated, or if a customer reduces or cancels orders after we have increased our inventory levels, or is unable or unwilling to accept delivery of our finished products for any reason, we may experience problems with excessive inventory of components and other supplies and semi-finished goods, which could increase our inventory holding costs and adversely affect our operations and financial condition. Further, in order to mitigate losses from any potential supply disruption, we retain an increased component/raw material inventory, which has had and may in the future have an adverse impact on our business and results of operations. For instance, during the COVID-19 pandemic, we increased our component/raw material inventory by 11.13% in Fiscal 2021 amounting to ₹1,129.85 million as compared to ₹1,016.71 million in Fiscal 2020, which further increased by 71.21% in Fiscal 2022 amounting to ₹1,934.46 million, leading to inventory pile up which further had an adverse impact on our cash flows.

13. ***Non-compliance with increasingly stringent safety, health, environmental and labor laws and other applicable regulations, may adversely affect our business, results of operations, cash flows and financial condition.***

Our operations generate pollutants and waste, some of which may be hazardous and therefore, we are subject to various laws and government regulations, including in relation to safety, health, environmental protection and labor. These laws and regulations impose controls on air and water discharge, disposal of bio-medical waste, storage, transport, handling, disposal, employee exposure to hazardous substances and other aspects of our manufacturing operations. Improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We obtain the requisite registrations and approvals from time to time and aim to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other prescribed safety measures. The occurrence of any such event in the future could have an adverse effect on our business, results of operations, cash flows and financial condition.

Electronic waste is also subject to e-waste regulations, including the E-Waste Management Rules, 2016 which requires proper disposal with approved vendors. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. We may be impleaded in any environmental legal proceedings in the course of our business due to non-compliances with terms and conditions of regulatory approvals or authorizations.

In addition, environmental, health and safety laws, regulations and standards in India have increasingly become more stringent. The scope and extent of the 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 other expenditure to comply with environmental standards. We may incur increased costs, invest in, among other things, environmental monitoring, pollution control equipment and other expenditure to comply with environmental standards and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply with any existing or future regulations applicable to us may result in fines, revocation of operating permits, legal proceedings, including public interest litigation, being commenced against us, third party claims or the levy of regulatory fines, or shutdown of our manufacturing facilities. This will adversely affect our business, results of operations, cash flows and prospects. For more information, see "*External Risks - Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws, may adversely affect our business, prospects and results of operations*" on page 57.

Further, our facilities located in the United States are subject to various federal, state and local environmental and safety laws enforced by agencies including the United States Environmental Protection Agency and the Occupational Safety and Health Administration. Numerous permits or other authorizations are required under these laws for the operation of our facilities which subject to revocation, modification and renewal.

While we have not been subject to any environmental proceedings or penalties in the past, we could incur substantial costs and 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 in the future. 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. We are also subject to the laws and regulations governing employees in such areas as minimum wage and maximum working hours, overtime, working conditions, health and safety, hiring and termination of employees, contract labor and work permits. These include the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Wages Act, 1936, among others. For more information, see "*Key Regulations and Policies*" on page 222. These regulations may also apply to facilities and services we provide to our employees and contract workers through third party contractors, including dormitory accommodations (and related catering facilities) and transportation. A failure by us or our contractors to comply with the relevant labor regulations, could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We may be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to labor, safety, health and environmental matters, the costs of which may be significant.

Furthermore, we expect the focus on environmental, social and corporate governance matters, particularly for publicly listed companies, to intensify. This will require greater accountability to our public (including institutional) shareholders, as well as our OEM customers and, possibly, their ultimate consumers. We expect the compliance and reporting costs of environmental, social and corporate governance matters to increase. If we are unable to achieve and demonstrate the required level of environmental, social and corporate governance compliance, our business and reputation will be adversely affected.

14. We are dependent on certain customers for a portion of our revenues. Loss of relationship with any of these customers or a reduction in their demand for our products may have a material adverse effect on our profitability and results of operations.

We have established and will continue to focus on strengthening long-standing relationships with well-known customers across the end-use industries that we cater to. However, we depend on certain customers who have contributed to a substantial portion of our total income. Our top two customers, contributed to an aggregate of ₹1,360.83 million, ₹1,571.07 million and ₹2,173.68 million to our total income during Fiscals 2020, 2021 and 2022, respectively and accounted, for 20.83%, 22.58% and 25.52% of our total income in Fiscals 2020, 2021 and 2022, respectively. Our top ten customers, cumulatively contributed ₹4,140.41 million, ₹4,577.54 million and ₹5,499.33 million to our total income during Fiscals 2020, 2021 and 2022, respectively and accounted, for 63.39%, 65.78% and 64.57% of our total income in Fiscals 2020, 2021 and 2022, respectively. Our largest customer (across our product verticals) contributed ₹689.46 million, ₹836.22 million and ₹1,090.94 million to our total income during Fiscals 2020, 2021 and 2020, respectively and accounted for 10.56%, 12.02% and 12.81% of our total income in Fiscals 2020, 2021 and 2022, respectively. There is no guarantee that we will retain the business of our existing key customers or maintain the current level of business with each of these customers. The loss of these customers or a loss of revenue from sales to these customers may materially affect our business, financial condition, results of operations and cash flows.

While we catered to more than 200 customers in Fiscal 2022, reliance on certain key customers for significant revenue may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders from our significant customers, failure to renew contracts with one or more of our significant customers, failure to renegotiate favorable terms with our key customers or the loss of these customers entirely, all of which would have a material adverse effect on the business, financial condition, results of operations and future prospects of our Company. In order to retain some of our existing customers we may also be required to offer terms to such customers which we may place restraints on our resources.

Maintaining strong relationships with our key customers is, therefore, essential to our business strategy and to the growth of our business. Such customers include Kyosan India Private Limited, Zonar Systems Inc., Collins Aerospace, e-Infochips Private Limited, The US Malabar Company and Systech Corporation, with whom we have had relationships for more than seven years. Some of our customers may place demands on our resources or may require us to undertake additional obligations which have the effect of increasing our operating costs and therefore affect our profitability. Additionally, while we have not faced any significant loss of key customers in the past, the loss of any key customer in the future due to factors such as migration of customers to our competitors, changes in governmental or regulatory policies or any other circumstances specific to customers such as acquisition or consolidation of such customer, or adverse market conditions affecting the industry in which our customer operates or the economic environment generally, such as the COVID-19 pandemic, may significantly affect our revenues, and we may have difficulty securing comparable levels of business from other customers to offset any consequent loss. We may also not be able to easily re-allocate our resources and assets in a timely or efficient manner.

Our profitability also depends on the growth and performance in business of our key customers. Our revenues are dependent on the sale of products by our customers under their own brand names. We rely on the success of our customers in marketing and selling of these products and therefore any negative impact on their reputation may also have an effect on our business. Accordingly, risks that could seriously harm our key customers could harm us as well, including, recession in the geography in which our key customers operate their businesses, our key customers' inability to effectively manage their operations or changes in laws and policies affecting our customers to operate profitably.

15. Failure to maintain confidential information of our customers could adversely affect our reputation, business, financial condition and results of operations.

We typically agree to confidentiality terms with our customers for whom we undertake manufacturing. As per these agreements, we are required to keep confidential, the know-how and technical specifications provided to us by these customers. While we have not faced any breach of the confidentiality agreements with our customers in the past, there is no assurance that such breach will not occur in the future. In the event of any breach or alleged breach of our confidentiality agreements with our customers by us or our employees, these customers may terminate their engagements with us and/or initiate litigation for breach of contract, seeking damages and compensation from us. While we have not faced such instances in the past three years, any assertion of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have an adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

16. We face significant competitive pressures in our business, and our inability to compete effectively would be detrimental to our business and prospects.

We face significant competition in our business. The markets for our products are characterized by factors such as rapid technological change, the development of new end products and their rapid obsolescence, evolving industry standards and significant price erosion over the life of a product. Our key competitors include Indian EMS providers such as Dixon Technologies India Ltd, Amber Enterprises India Ltd, Elin Electronics Ltd, Syrma SGS Technology Ltd, Kaynes Technology India Ltd, VVDN Technologies Pvt Ltd and Bharat FIH Ltd, SFO Technologies Pvt Ltd, international providers such as Hon Hai Precision Industry Co. Ltd. (Foxconn), Pegatron Corp, Quanta Computer, Inc., Compal Electronics, Inc., Wistron Corp, Flex Ltd, Jabil, Inc., and Sanmina Corp. (*source: F&S Report*)

We may not be able to maintain our competitiveness in any of these areas with respect to any of our products. Our efforts to offset pricing pressures, including strategies to collaborate with or integrate our services into our end customers' product development process to produce tailored solutions for new end products, advance our technological capability, or enhance our production efficiency to reduce costs, may not be successful. Our existing and potential competitors may equal or surpass us in terms of their financial, production, sales, marketing and other resources. If we fail to compete effectively in the future, our business and prospects for growth could be materially and adversely affected.

Further, our ability to be cost efficient is a critical factor in being preferred by our customers. The competitive nature of the industry may result in substantial price competition. The industry could become even more competitive if OEMs fail to significantly increase their overall levels of outsourcing or start manufacturing in-house. This would result in an increasingly competitive market with a smaller market share for the existing players. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share, any of which would have a material adverse effect on our business, financial condition, and results of operations.

Our customers may opt to transact with our competitors instead of with us or if we fail to develop and provide the technology, quality and skills required by our customers at a rate comparable to our competitors. While we have not yet faced any instances of loss of customers due to failure in technology, quality or workmanship in the past, there cannot be any assurance that we will not lose customers due to such factors in the future There can be no assurance that we will be able to competitively develop the higher value add solutions necessary to retain business or attract new customers. There can also be no assurance that we will be able to establish a compelling advantage over our competitors.

Further, a customer's decision to outsource services is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing. There can be no assurance that the customers will continue to outsource or increase the share of outsourcing. If branded OEMs in the electronics market do not continue to outsource the manufacturing of their products or reduce the amount of manufacturing outsourced by them or if our customers decide to perform these functions internally or because they use other providers of these services, our future growth could be limited and our sales and operating results may suffer.

17. Any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on our cash flows, results of operations and financial condition.

We are exposed to credit risk from our operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. We also typically provide a credit period to our customers ranging between 30 to 120 days. For instance, we provide an average credit period of 69 days to our top ten customers.

Set out below are details of our total trade receivables (current and non-current) for the periods indicated:

	Fiscal 2020 (in ₹ million)	**% of total income**	**Fiscal 2021 (in ₹ million)**	**% of total income**	**Fiscal 2022 (in ₹ million)**	**% of total income**
Trade Receivables (current and non-current)	1,137.85	17.42%	1,818.88	26.14%	1,773.73	20.83%

Further, our total trade receivables (current and non-current) from our top ten customers in Fiscals 2020, 2021 and 2022, were ₹412.10 million, ₹1,324.17 million and ₹1,249.33 million, respectively, which accounted for 6.31%, 19.03% and 14.67% of the total income for the respective financial periods. Such increase in our trade receivables impacted our cash flow, which we were able to offset through internal advances and debt. While we have obtained insurance policies for credit risks, the coverage provided by the insurers may not be sufficient to cover losses from credit defaults. Any default or delays in payment of receivables by our customers including as a result of customer insolvency, may have an adverse effect on cash flows, results of operations and financial condition.

18. We have incurred capital expenditure in the past and will continue to do so in the future, and such expenditure may not yield the benefits we anticipate. Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.

We may incur capital expenditure in the coming future in the ordinary course of business. In Fiscals 2020, 2021 and 2022, our capital expenditure towards additions to fixed assets including machinery and equipment were ₹170.36 million, ₹192.14 million and ₹159.42 million, respectively, accounting for 2.61%, 2.76%, and 1.87%, respectively, of our total income. Further, our capital work-in-progress were ₹26.69 million, nil and ₹19.65 million, respectively, accounting for 0.41%, nil, and 0.23%, respectively, of our total income, during the same periods.

Our capital expenditure plans are subject to a number of variables, including revenue growth, cash flow, availability of reasonably priced capital and profitability. We may also require additional financing in order to expand and upgrade our existing manufacturing facilities as well as to construct new facilities. For instance, we have recently added SMT lines machinery to our facilities in Chennai, Tamil Nadu and Bengaluru, Karnataka. Further, we have acquired a new manufacturing facility spread over a total built up area of 93,552 sq. ft. in the Special Economic Zone (SEZ), Chennai. However, we cannot assure you that our operations will be able to generate cash flows sufficient to cover such costs. Further, financing required for such investments may not be available to us on acceptable terms, or at all, and we may be restricted by the terms and conditions of our existing or future financing agreements. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, which could significantly affect financial measures such as our earnings per share.

Further, while we have not faced any instances of our inability to secure sufficient financing in the past, any such inability to obtain sufficient financing in the future could result in the delay, reduction or abandoning of our development and expansion plans. As a result, if adequate capital is not available, there could be an adverse effect on our business and results of operations. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, weather-related delays and technological changes.

Consequently, we cannot assure you that any expansion or improvement of our manufacturing facility, will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. While we have not faced such instances in the last three years, if we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns in the future, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our profitability, cash flows and financial condition will be adversely affected.

19. Foreign exchange fluctuations may adversely affect our earnings and profitability.

We derive a significant portion of our revenues from outside India, which is denominated and transacted in foreign currencies and subjects us to foreign exchange risk. In Fiscals 2020, 2021 and 2022, our revenue from operations from outside India (revenues from India for this purpose include (i) customers whose revenue is less than US$200,000 and (ii) other income) was ₹4,066.32 million, ₹4,359.64 million and ₹5,296.55 million, respectively, accounting for 62.26%, 62.65% and 62.19%, respectively, of our total income in the same periods.

Further, certain of our transactions, such as imports of raw materials and components and payment of certain expenses, are conducted in foreign currencies, and certain assets and liabilities are denominated in foreign currencies. In addition, we have a subsidiary in the United States. We do not have a formal hedging policy and may be subject to additional foreign currency exposure and fluctuations in the exchange rates between the Indian Rupee and other currencies. Further, we will face foreign currency transaction risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated.

The impact of future exchange rate fluctuations among different currencies on our results of operations and financial condition cannot be accurately predicted, and our attempts to mitigate the adverse effects of exchange rate fluctuations may not be successful. Such exchange rate fluctuations may in the future have a material adverse effect on our results of operations, financial condition and prospects in the future.

20. There are outstanding litigation against our Company, Promoters, Directors and Subsidiaries. An adverse outcome in any of these proceedings may affect our reputation and standing and impact our future business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As of the date of this Draft Red Herring Prospectus, we are involved in certain tax, regulatory and criminal legal proceedings which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favor. For instance, we have received notices from the Office of Joint Director, Directorate of Enforcement, Chennai Zonal Office under the provisions of the FEMA and the Prevention of Money Laundering Act, 2002, seeking clarifications, details and documentary evidence, required to be submitted by our Company within the stipulated time period. For more information, see "*Outstanding Litigation and Material Developments– Outstanding litigation proceedings against our Company– Outstanding actions by regulatory or statutory authorities*" on page 396. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward. Additionally, one of our Subsidiaries, Sienna ECAD had received letter dated December 15, 2020 from its designated authorised dealer bank ("**AD Bank**") highlighting non-compliance in relation to the requirement of filing annual performance reports ("**Form APR**") in relation to investments made in its erstwhile subsidiary ECAD Technologies Inc. under applicable laws. While the AD Bank has submitted Form APR and Sienna ECAD has received acknowledgment from RBI for the periods 2007, 2008 and 2009, the submission by the AD Bank of Form APR for the periods 2010 and 2011 are currently in process. Additionally, Sienna ECAD may be required to file an application for compounding for delayed submission of Form APR.

However, there can be no assurance on the outcome of such application and that Sienna ECAD may be subject to penalties in relation to such delays. For more information, see "*Outstanding Litigation and Material Developments – Outstanding litigation proceedings against Subsidiaries – Outstanding actions by regulatory or statutory authorities*" on page 399.

A summary of pending material civil, tax and criminal proceedings involving our Company, Promoters, Directors, and Subsidiaries, as identified by our Company pursuant to the materiality policy adopted by our Board is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchange against our Promoters	Material Civil Litigation	Aggregate amount involved (₹ in million)
Company						
By the Company	NIL	NIL	NA	NA	NIL	NIL
Against the Company	NIL	8	6*	NA	NIL	73.32#
Directors**						
By our Directors	NIL	NIL	NA	NA	NIL	NIL
Against the Directors	NIL	2	NIL	NA	NIL	Not quantifiable
Promoters**						
By Promoters	NIL	NIL	NA	NA	NIL	NIL
Against Promoters	NIL	2	NIL	NIL	NIL	Not quantifiable
Subsidiaries						
By Subsidiaries	NIL	NIL	NA	NA	NIL	NIL
Against Subsidiaries	NIL	3	3	NA	NIL	4.58#

**Includes three separate notices received from the Office of the Joint Director, Directorate of Enforcement, Chennai Zonal Office as disclosed in "Outstanding Litigation and Material Developments- Outstanding actions by regulatory or statutory authorities on page 396.*

** *Includes details of proceedings involving the Promoters who are also Directors*.

#*To the extent quantifiable.*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long-term liabilities or reduce our cash and bank balance. For more information, see "*Outstanding Litigation and Other Material Developments*" on page 396.

21. Our continued success is dependent on our senior management and skilled manpower. Our inability to attract and retain sufficient number of skilled manpower and key personnel or the loss of services of our senior management may have an adverse effect on our business prospects.

We are led by our promoters, Kunhamed Bicha and Bhaskar Srinivasan, each of who have more than two decades of experience in the EMS industry, and have been instrumental in the growth of our business. Our Key Managerial Personnel include, Michael Robinson, R M Subramanian, Kesavan P, Shamil Bicha and Arjun Balakrishnan, each of who have significant experience and have contributed to the growth of our business, and our future success is dependent on the continued services of our Key Managerial Personnel. For more information, see "*Our Management*" on page 246.

An inability to retain a sufficient number of skilled manpower and/or key personnel may have an adverse effect on our operations. Our ability to execute orders and to obtain new customers also depends on our ability to attract, train, motivate and retain highly skilled professionals, particularly at managerial levels. We might face challenges in recruiting suitably skilled personnel, particularly as we continue to grow and diversify our operations. In the future, we may also not be able to compete with other larger companies for suitably skilled personnel due to their ability to offer more competitive compensation and benefits. The loss of any of the members of our senior management team, our executive directors or other key personnel or an inability on our part to manage the attrition levels; may materially and adversely impact our business, results of operations, financial condition and growth prospects. During Fiscals 2020, 2021 and 2022, the average monthly attrition of permanent employees were 113, 77 and 76, respectively. Our average attrition rates (for permanent employees) in Fiscals 2020, 2021 and 2022 were 6.09%, 4.79%, and 4.76%, respectively, calculated for each period by dividing the number of resignations during such period by the average number of employees as of the first day and last day of such period.

The success of our business is also dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, designers and other corporate management professionals who have the required experience and expertise. From time to time, it may be difficult to attract and retain qualified individuals with the requisite expertise and we may not be able to satisfy the demand from customers for our services because of our inability to successfully hire and retain qualified personnel. Such skilled personnel may also not be easily available in the market. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our business, financial condition, and results of operations. Moreover, we may be unable to manage knowledge developed internally, which may be lost in the event of our inability to retain employees.

22. The activities carried out at our manufacturing facilities can cause injury to people or property in certain circumstances.

The activities carried out at our manufacturing facilities may be potentially dangerous to our employees. While we employ safety procedures in the operation of our manufacturing facilities and maintain what we believe to be adequate insurance including insurance policies for accidents, there is a risk that an accident may occur at any of our manufacturing facilities. An accident may result in personal injury to our employees, or the labor deployed at our facilities, destruction of property or equipment, manufacturing or delivery delays, environmental damage, or may lead to suspension of our operations and/or imposition of liabilities. For example, in the year 2020, a fire accident occurred in our magnetics division due to which we incurred losses amounting to ₹22.97 million, out of which we recovered ₹18.97 million through our insurance claims. Further, a show cause notice under the Factories Act, 1948 was issued to ATSPL in relation to such fire incident. For more information, see "*Outstanding litigation proceedings against our Subsidiaries – Outstanding actions by regulatory or statutory authorities*" on page 399. Further, while we have not encountered any fatalities, our employees have faced certain injuries in our facilities. We have not faced any legal actions for such employee injury as of March 31, 2022, however, any such future accident may result in litigation, the outcome of which is difficult to assess or quantify, the cost to defend such litigation can be significant and our insurance may not be sufficient to provide complete coverage. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations, cash flows and prospects.

23. Our inability to manage the expansion of our products range, customer base, assembly and manufacturing capacities, and execute our growth strategy in a timely manner or within budget estimates, or our inability to meet the expectations to track the changing preferences of our customers or other stakeholders could have an adverse effect on our business, results of operations and financial condition.

The diversification and expansion of our portfolio is primarily driven by the needs of our customers and technological advancements in the industry. Our inability to manage the expansion of our products range, customer base and manufacturing capacities, and execute our growth strategy in a timely manner or within budget estimates, or our inability to meet the expectations to track the changing preferences of our customers or other stakeholders could have an adverse effect on our business, results of operations and financial condition. We intend to continue expanding operations in high growth sunrise industry sectors such as clean energy and emerging communication technologies, customer base within the US and Indian markets, technological capabilities and manufacturing capacities to among others, improve operational efficiencies, sales and profitability. For more information, see "*Our Business – Strategies*" at page 198.

Our future prospects will depend on our ability to grow our business and operations, which could be affected by many factors, including customer acceptance of products, development of new products and maintaining the quality of our products, general political and economic conditions in the geographies in which we operate, government policies or strategies in respect of specific industries, prevailing interest rates, price of equipment and raw materials.

24. We may not be able to optimally utilize our backward integration to enhance and support our business, which may affect our operations and profitability.

We strive to provide fully integrated end-to-end product and solution suite to our customers ranging from sourcing raw materials from various countries, manufacturing, quality testing and packaging to logistics. The backward integration of our manufacturing facilities enable us to be cost efficient, reduce dependency on third party suppliers (providing components) and control quality of components used in the manufacture of products. Among others, we have in-house manufacturing of components and sub-assemblies, which supports all our product verticals. We rely on our backward integration for timely and quality manufacturing of our products to fulfil our customers' demands.

We have in the past faced instances where components were not available through our in-house manufacturing in a timely manner. For instance, in Fiscal 2020, a disruption in machine casting supplies from our supplier led to a disruption in our in-house manufacturing facilities which led to inconsistent machine casting supplies to our sheet metal and PCBA divisions. While we did not incur any material losses due to such disruption, if we face any disruptions or malfunctions at any of our facilities as a result of which the components required for manufacturing the end products are not available on time in the future, we may have to procure such components from third party suppliers which may not be available at short notice in the volume required by us, within the timelines required by us or at the rates favorable to us which may have an adverse effect on our profitability and results of operations. Such failure to procure quality components on time may also cause our customers to terminate our agreements.

25. We have in the past been in non-compliance with certain reporting requirements under FEMA, within the prescribed period.

Our Company had filed an application for compounding of offences dated March 4, 2022 for certain allotments made by our Company in the calendar years 2005, 2006, 2007 and 2016 before the General Manager, Foreign Exchange Department, Reserve Bank of India, in respect of non-compliances under Paragraphs 9(1)(A), 9(1)(B) and Paragraph 8 of Schedule I of the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 vide Notification No. FEMA/ 16 /RB-2000 dated May 3, 2000, as amended ("**Rules**"), issued under the FEMA which prescribes filing of advance remittance form, Form FC-GPR within 30 days and the allotment of shares after receipt of funds within 180 days. RBI disposed of the compounding application through its order dated August 1, 2022, with directions to our Company to pay an amount aggregating to ₹1.12 million, which was paid by our Company on August 4, 2022. For more information, see "*Capital Structure - Share Capital history of our Company - Equity Share Capital*" at page 85. Further, there was a delay in filing of Form FC-GPR, Form FC-TRS and Form DI with the RBI in relation to share swap pursuant to acquisition of ATSPL by our Company during the year of 2019. For more information, see "*History and Certain Corporate Matters - Acquisition of Avalon Technology and Services Private Limited ("**ATSPL**")*" at page 238. Our Company through its letter dated June 4, 2022, sought for condonation of the delay and waiver of the late submission fee aggregating to an amount of ₹0.9 million. However, our request for waiver of the late submission fee is currently pending determination by the RBI and there can be no assurance that such request will be favourably considered by RBI or if we may be subject to additional penalties. Further, there can be no assurance that such lapses will not occur in the future, or that we will be able to rectify or mitigate such lapses in a timely manner or at all. For more information, see "*Outstanding litigation proceedings against our Company– Outstanding actions by regulatory or statutory authorities*" on page 396.

26. We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.

Our manufacturing activities are labor intensive, require our management to undertake significant labor interface, and expose us to the risk of industrial action. As of June 30, 2022, we had 1,652 permanent employees. In addition, we have entered into arrangements with third party personnel companies for the supply of contract staff, and as on June 30, 2022, we engaged 281 such contract staff. The success of our operations depends on availability of labor and maintaining good relationship with our workforce. While we have not faced any strikes by our employees until date, we cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labor disruption may adversely affect our manufacturing operations either by increasing our cost of production or halt a portion or all of our production.

27. Our business prospects and continued growth depends on our ability to access financing at competitive rates and competitive terms, which amongst other factors is dependent on our credit rating. Any downgrade of our credit ratings may restrict our access to capital and thereby adversely affect our business and results of operations.

Our business depends on our ability to obtain funds at competitive rates. The cost and availability of capital, among other factors, is also dependent on our current and future results of operations and financial condition, our ability to effectively manage risks, our brand and our credit ratings. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates if we fail to have favorable results of operations. Set out below are our credit ratings obtained by credit rating agencies during Fiscal 2022:

Date	Rating agency	Credit ratings
February 2022	Acuité Ratings and Research	BBB- / Stable
November 2021	India Ratings and Research Private Limited	BBB-/ Stable

Any downgrade made to our credit ratings could lead to high borrowing costs and limit our access to capital and lending markets and, as a result, could adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. For more information, see "*Financial Indebtedness*" starting at page 393.

28. We may be subject to financial and reputational risks due to product quality and liability issues which may have an adverse effect on our business, financial condition and results of our operations.

The contracts and purchase orders we enter into with our customers typically include warranties that the products we deliver will be free from defects and perform in accordance with specifications agreed with the customers. To the extent that products shipped by us to our customers do not, or are not deemed to, satisfy such warranties, we could be responsible for repairing or replacing any defective products, or, in certain circumstances, for the cost of effecting a recall of all products which might contain a similar defect, as well as for consequential damages. We are also subject to claims from our customers if end products sold by our customers fail to perform due to defects attributable to us. If any of the products sold by us fail to comply with applicable quality standards, it may result in customer dissatisfaction, which may have an adverse effect on our business, sales and results of operations. From time to time, due to human or operational error, orders may not meet the specifications required by those customers and may therefore be rejected by customers. While we have not faced any instances of product recalls or cancellations in the past, we have received certain quality issues from our customers, which have been immediately redressed by us. However, we cannot assure you that we will not receive product recalls or cancellations, or will be able to effectively manage quality issues raised by our customers in the future. Any ongoing issues with products not meeting required specifications could reduce our revenue and negatively impact our reputation and financial performance.

While we undertake sample-based testing of our products in accordance with the agreements entered into with customers and adjust prices of our products where we provide warranties, the possibility of future product failures could cause us to incur substantial expense to replace defective products, provide refunds or resolve disputes with our customers through litigation, arbitration or other means. There can be no assurance that we will be able to recover any losses incurred as a result of product liability in the future from any third party, or that defects in the products sold by us, regardless of whether we are responsible for such defects, would not adversely affect our standing and reputation in the marketplace and customer relationships, result in monetary losses and have a material adverse effect on our business, financial condition and results of operations.

29. We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, suspension of further drawdowns, which may adversely affect our business, results of operations and financial condition.

As of June 30, 2022 our total outstanding borrowings amounted to ₹3,122.73 million. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have significant consequences, including, without limitation, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditures, acquisitions, and strategic investments; reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions; and limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions, share repurchases, or other general corporate and other purposes.

Our financing arrangements include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Certain of the corporate actions that require prior consents from certain lenders of our

Company and Subsidiaries include, amongst others, changes to the shareholding pattern of our Company, changes or dilution below prescribed limits in the shareholding of our Promoters, transacting with any bank other than the lender, changes in the Board of Directors, constitution of our Company or in the management control of our Company, issuing corporate guarantees, diversification into non-core business areas, extension of any loan or making investments in our Subsidiaries, changes to the capital structure of our Company and changes in the MoA and AoA of our Company. While we have obtained consents in relation to the Offer from the lenders of our Company under the existing financing agreements, we are yet to receive a consent from a lender of one of our Material Subsidiaries, ATSPL, for changes to the constitution of its board of directors undertaken to comply with the requirements of the SEBI Listing Regulations to appoint one of our Company's independent directors on the board of our Material Subsidiaries. Further, while we have not yet faced any instances of non-compliance of our financing agreements in the past, any failure to comply with such covenants in the future may restrict or delay certain actions or initiatives that we may propose to take from time to time.

Further, during the COVID-19 period, the Government of India has provided certain moratoriums on interest payments and we have obtained such moratoriums under certain of our borrowings. Further, in the previous two fiscal years, we have obtained loans in relation to COVID-19 assistance under the Paycheck Protection Program in the United States. While we have not faced any instances of defaults in payment of loans or rescheduling of loans in the past, there is no assurance that such instances will not occur in the future.

A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, suspension of further access/ withdrawals, either in whole or in part, for the use of the facility and/or restructuring of our debt.

30. Our dependence on our Subsidiaries exposes us to significant risks.

We currently conduct a significant portion of our operations through our Subsidiaries. We rely on Sienna for expanding our market share and business in the United States, and consequently our revenues, cash flows, investment income, financing proceeds, dividends and other permitted payments. Further, a significant diminution in the value of our investment in our Subsidiaries may have an adverse effect on our financial condition, results of operations and prospects.

As our subsidiaries are separate and distinct legal entities, they have no obligation to pay dividends and may be restricted from doing so by law or contract, including applicable laws, charter provisions and the terms of its financing arrangements. We cannot assure you that our Subsidiaries will generate sufficient profits and cash flows, or otherwise be able to pay dividends to us in the future. In addition, our financial condition may be adversely affected, if our equity stake in our Subsidiaries is diluted or if they cease to be our Subsidiaries.

31. Our operational flexibility may be limited in certain respects on account of our obligations under some of our major customer agreements and purchase orders.

We have entered into among others, customer agreements, master service level agreements, tooling agreements, quality assurance agreement, non-disclosure agreements, stocking agreements, component liability agreements and purchase orders with our customers. Due to committed delivery schedules at a pre-agreed price, we may not be able to adequately adjust our inventory and raw material costs in the event of an unanticipated change or cancellation in orders from our customers and we may, therefore, in certain events, incur additional costs that we are unable to pass through to our customers or be required to write off certain expenses.

While various terms of our customer agreements and purchase orders with customers generally allow us a right of consultation as to difficulties faced by us or provide for certain decisions or adjustments to be made as per mutual agreement, our customers are generally permitted under the terms of such agreements to exercise a high level of discretion. For instance, our customers reserve the right at any time to direct changes, or cause us to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by our contracts and purchase orders. Price and time for performance resulting from such changes are equitably adjusted by our customers based on supply of documentation in such form and detail as required by our customer. Consequently, we are exposed to the risk that our submissions or requests as to price adjustments or delivery schedules or otherwise may not be agreed to by our customers or our customers may not accede to provide consents sought by us. Any such significant operational constraint may adversely affect our business, financial condition, results of operations and cash flows.

32. We and our customers may not be able to anticipate and adapt to technological changes which may have an adverse effect on our business, financial condition and results of our operations.

Our industry is characterized by rapid technological changes, evolving industry standards such as evolution of clean energy, and the frequent introduction of new products and enhancements. Our ability to continue using our technology resources to improve our production efficiency depends on factors both within and outside our control and may be constrained by the distinct characteristics and production requirements of individual products or specific customers. While we have not faced any major technological disruptions in the past, we cannot assure you that such disruptions will not occur in the future. Further, if our customers are unable to anticipate and rapidly adapt to technological changes, our business and results of operations will be materially and adversely affected.

33. Our operating results may fluctuate from period to period, which may affect our business and financial condition.

There is a risk that our operating results may fluctuate. Some of the principal factors affecting our operating results include:

- our customers' sales and future business prospect, purchasing patterns and inventory adjustments;
- terms and conditions of the contractual arrangements entered into with customers;
- the mix of the types of products we supply to our customers;
- our effectiveness in managing manufacturing processes, inventory management, making optimal use of available manufacturing capacity;
- breakdown, failure, or substandard performance of equipment and our ability to repair them thereby reducing the impact on manufacturing process;
- timing of new technology development and requirement of our qualification in this technology by our customers;
- new product introductions and delays in developing the capability to produce new products;
- our ability to manage the timing of our component purchases so that components are available when needed for production, while avoiding the risks of purchasing such components in excess of immediate production needs;
- our ability to obtain financing in a timely manner; and
- local conditions and events that may affect our production volumes, such as labor conditions and political instability.

The occurrence of any such or other problems could materially and adversely affect our business, financial condition, and results of operation. Thus, it is possible that in some future period our operating results or growth rate may be below the expectations of investors.

34. We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by a bank or a financial institution.

We intend to use the net proceeds of the Offer for the purposes described in the section titled "*Objects of the Offer*" on page 101. The objects of the Offer comprise prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSPL, funding the working capital requirements of our Company and general corporate purposes. Our Company and ATSPL will attract prepayment penalties on account of such repayment or repayment of all or portion of their respective outstanding borrowings. The objects of the Offer and our funding requirement is based on management estimates. However, other than our statutory auditors, as applicable, our Objects of the Offer have not been appraised by any bank or financial institution. These are based on current conditions, internal management estimates, estimates received from the third party agencies and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1939. We may, however, require consents from certain third parties, including our lenders under our financing agreements, in order to utilize the net proceeds of the Offer towards the above-mentioned objects of Offer. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, financial condition, results of operations and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds. Further, pursuant to Section 27 of the Companies Act, any variation in the Objects of the Offer would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who not agree to such proposal to vary the Objects of the Offer, in accordance with applicable law.

We will appoint a monitoring agency for monitoring the utilization of Net Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

Further, the application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section “Risk Factors”, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

35. If we are unable to protect our intellectual property or if we infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected.

While we have obtained trade mark registration for our old corporate logo, we do not own any registered intellectual property such as trademarks, including trademark registration of our current corporate logo “Avalon” as of the date of the Draft Red Herring Prospectus, we often use the intellectual property of our customers for whom we undertake manufacturing and are subject to confidentiality provisions typically under non-disclosure agreements that we execute with such customers. While we have not faced any breach or alleged breach of such confidentiality provisions in the last three years, any such breach or alleged breach in the future could have an adverse impact on our financial condition and results of operations. Further, while applications under classes 6, 7 and 9 for registration of our current corporate logo have been made and published in the Trade Mark Journal under section 20(1) of the Trade Marks Act, our application for registration of our current corporate logo under class 40 has been objected by the Trade Mark Registry, Chennai, under the provisions of the Trade Marks Act and the Trade Mark Rules, 2002. We may also be required to negotiate licenses or sub-licenses from third parties, which may not be available on favorable terms, or at all. Failure to obtain the right to use third party intellectual property, or to use such intellectual property on commercially acceptable terms, could preclude us from selling or manufacturing certain products leading to a loss of market share and competitive presence, which may have an adverse impact on our financial condition and results of operations.

The defense of intellectual property suits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. We may not achieve a favorable outcome in any such litigation. While we have not experienced any instances of infringement of intellectual property or related litigation in the past three years, there is no assurance that such instances will not occur in the future and if any claim is adversely determined against us in any of such potential litigation or proceedings, we could be subject to significant liability to third parties. As a result, we may be required to pay ongoing royalties, or redesign our manufacturing, production and design processes and services. We could further be subject to injunctions prohibiting the production or sale of our products or the use of our technologies. Protracted litigation could also result in our existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. Regardless of their merits, such claims could materially and adversely affect our relationships with current or future customers, result in costly litigation, delay or disrupt supply of products, divert management’s attention and resources, subject us to significant liabilities, or require us to cease certain activities.

36. Our Promoters and members of our Promoter Group will continue to retain significant shareholding in our Company after the Offer, which will allow them to exercise significant influence over us.

After the completion of the Offer, our Promoters and members of our Promoter Group will collectively hold a minimum of 20% of our outstanding Equity Shares. Accordingly, our Promoters and members of our Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders’ approval, including the composition of our Board of Directors, 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. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. The interests of our Promoters and Promoter Group, as our Company's significant shareholders, could be different from the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other Shareholders. Further, any differences or disagreements among our Promoters may adversely affect the business and management of our Company.

37. Our failure to comply with trade restrictions such as economic sanctions and export controls could negatively impact our reputation and results of operations.

We may be subject to trade restrictions, including economic sanctions and export controls, imposed by governments around the world with jurisdiction over our operations, which prohibit or restrict transactions involving certain designated persons and certain designated countries or territories. Our failure to successfully comply with these laws and regulations may expose us to reputational harm as well as significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts, and other remedial measures. Investigations of alleged violations can be expensive and disruptive. As part of our business, we may, from time to time, engage in limited sales and transactions involving certain countries that are targets of economic sanctions, provided that such sales and transactions are authorized pursuant to applicable economic sanctions laws and regulations. However, we cannot predict the nature, scope, or effect of future regulatory requirements, including changes that may affect existing regulatory authorizations, and we cannot predict the manner in which existing laws and regulations might be administered or interpreted.

In addition, any perceived or actual breach of compliance by us with respect to applicable laws, rules, and regulations could have a significant impact on our reputation and could cause us to lose existing customers, prevent us from obtaining new customers, negatively impact investor sentiment about our Company, require us to expend significant funds to remedy problems caused by violations and to avert further violations, and expose us to legal risk and potential liability, all of which may have a material adverse effect on our reputation, business, financial condition, and results of operations.

38. Our manufacturing facilities and our Registered and Corporate Office are located on land parcels that are not owned by us and are held by us on a leasehold basis. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected.

As of the date of this Draft Red Herring Prospectus, all of our manufacturing facilities and offices, including our Registered and Corporate Office, are held on a leasehold basis. Our Registered and Corporate Office is located at B7, First Main Road, MEPZ, Tambaram, Chennai – 600045, Tamil Nadu, India and is leased to us by MEPZ, Ministry of Commerce and Industry until December 31, 2027 by way of a lease deed dated February 25, 2020. We operate our manufacturing facilities in the United States in Freemont, California and Atlanta, Georgia and in India in Chennai, Tamil Nadu and Bengaluru, Karnataka. For more information, see "*Our Business – Property*" on page 220.

We cannot assure you that we will be able to renew or register our leases on commercially acceptable terms, or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing facilities, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

In addition, any regulatory non-compliance by the lessor or us or adverse development relating to the lessors' title or ownership rights to such properties, may entail significant disruptions to our operations, especially if we are forced to vacate the leased spaces following such developments. If our sales do not increase in line with our rent and costs, including setup and interior design costs, our profitability and results of operations could be adversely affected.

39. Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.

Our operations may be subject to incidents of theft or damage to inventory. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. While we have not experienced any such instance in the past, there can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse or similar incidents in the future, which could adversely affect our results of operations and financial condition. Additionally, the insurance policies obtained by us may not be adequate and we cannot assure you that the losses due to theft, fire, breakage or damage caused by other casualties will recover any amounts lost, such losses, could adversely affect our results of operations and financial condition.

40. We engage contract workers for carrying out certain functions of our business operations. In the event of non-availability of such contract workers at reasonable cost, any adverse regulatory orders or any default on payments to them by the agencies could lead to disruption of the manufacturing facilities and our business operations.

We engage independent contractors through whom we engage contract workers for performance of certain functions at our manufacturing units and at our offices. While we have not faced any breach of agreements executed with such independent contractors as of March 31, 2022, there is no assurance that such breach will not occur in the future. As at June 30, 2022, we engaged a total of 281 contract workers/ temporary employees. Although we do not engage these contract workers directly, we are responsible for any wage payments to be made to such laborers in the event of default by their respective independent contractors. Any requirement to fund such defaulted wage requirements may have an adverse impact on our results of operations and our financial condition.

Our industry is labor intensive and our dependence on contract labor may result in significant risks for our operations, relating to the cost, availability and skill of such contract laborers in India and the United States, as well as contingencies affecting availability of such contract labor during peak periods in labor intensive sectors such as ours. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. Any increase in the cost of labor or failure to procure availability of labor due to any other reason, in India and the United States, will adversely affect our business, financial condition, result of operations and cash flows.

41. Cyber risk and the failure to maintain the integrity of our operational or security systems or infrastructure, or those of third parties with which we conduct business, could have a material adverse effect on our business, consolidated financial condition and consolidated results of operations.

Cyber threats are rapidly evolving and are becoming increasingly sophisticated. Our Company expects to continue to experience cyber threats from time to time, which pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we have not faced any such disruption in the last three years, any disruption or failure in the future in the physical infrastructure or operating systems that support our businesses and customers, or cyber-attacks or security breaches of our networks or systems, could result in the loss of customers and business opportunities, legal liability, regulatory fines, penalties or intervention, other litigation, regulatory and legal risks and the costs associated therewith, reputational damage, reimbursement or other compensatory costs, remediation costs, increased cybersecurity protection costs, additional compliance costs, increased insurance premiums, and lost revenues, damage to the Company's competitiveness, share price, and long-term shareholder value, any of which could materially adversely affect our business, financial condition and results of operations.

While we attempt to mitigate these risks, our systems, networks, products, solutions and services remain potentially vulnerable to advanced and persistent threats. We also maintain and have access to sensitive, confidential or personal data or information in certain of our businesses that is subject to privacy and security laws and regulations. Despite our efforts to protect such sensitive, confidential or personal data or information, our facilities and systems and those of our customers and third party service providers may be vulnerable to security breaches, theft, fraud, misplaced or lost data, Acts of God, programming and/or human errors that could lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, manufacturing downtimes and operational disruptions, which in turn could adversely affect our consolidated financial condition and consolidated results of operations.

42. Acquisitions, strategic investments, partnerships or alliances may be difficult to integrate, and may adversely affect our financial condition and results of operations.

We may, from time to time, look for opportunities to acquire businesses or enter into strategic partnerships or alliances. For instance, we acquired Sienna ECAD in Fiscal 2009. If we choose to grow through acquisitions, we may face risks including: (i) difficulties integrating the personnel, operations, technology, internal controls and financial reporting of companies we acquire into our operations; (ii) disruption of our ongoing business and diversion of the attention of our management; (iii) potential loss of skilled professionals and established customer relationships of the businesses we acquire; (iv) unforeseen or hidden liabilities or costs post-acquisition; (v) regulatory hurdles in closing an acquisition; and (vi) challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and alliances. In addition, acquisitions may result in impairment of goodwill and other intangible assets, adversely affecting our financial condition and results of operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. We may not be able to achieve the strategic purpose of such acquisition or operational integration or our targeted return on investment.

43. ***While our Company will receive proceeds from the Fresh Issue, it will not receive any proceeds from the Offer for Sale portion, and the Selling Shareholders, that include our Promoters, certain members of our Promoter Group and certain of our Directors, shall be entitled to the Offer Proceeds to the extent of the Equity Shares offered by them in the Offer for Sale. Our Promoters, certain members of our Promoter Group and certain of our Directors, are therefore interested in the Offer in connection with the Equity Shares offered by them in the Offer for Sale.***

In addition to the Fresh Issue from which our Company will receive proceeds, the Offer includes an Offer for Sale by the Selling Shareholders. The Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer Expenses) and our Company will not receive any part of such proceeds from the Offer for Sale. The Selling Shareholders include our Promoters namely, Kunhamed Bicha and Bhaskar Srinivasan, and members of our Promoter Group, namely, T P Imbichammad, Mariyam Bicha, and our Directors, namely Luquman Veedu Ediyanam and Saredey Seshu Kumar. The Selling Shareholders including our Promoters, certain members of our Promoter Group and certain of our Directors as indicated above, shall be paid in proportion to their respective portions of the Offered Shares, transferred pursuant to the Offer for Sale. For more information, see "*Capital Structure*" and "*Objects of the Offer*" on pages 84 and 101, respectively.

44. ***Our Company proposes to utilize part of the Net Proceeds for repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company and one of our Material Subsidiaries, ATSPL and accordingly, the utilization of that portion of the Net Proceeds will not result in creation of any tangible assets.***

Our Company intends to utilize a part of the Net Proceeds for repayment or pre-payment, in full or in part, of all or certain borrowings availed by our Company and one of our Material Subsidiaries, ATSPL. The details of the loans identified to be repaid or prepaid using the Net Proceeds have been disclosed in the section titled "*Objects of the Offer*" on page 101 of this Draft Red Herring Prospectus. However, the repayment of the loans identified by us are subject to various factors including, pre-payment penalty. While we believe that utilization of Net Proceeds for repayment of secured loans would help us to reduce our cost of debt and enable the utilization of our funds for further investment in business growth and expansion, the pre-payment of loans will not result in the creation of any tangible assets for our Company.

45. ***The objects of the Offer include funding working capital requirements of our Company, which is based on certain assumptions and estimates.***

The objects of the Offer include funding working capital requirements of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, please see "*Objects of the Offer*" on page 101.

Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

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

Our Promoters, certain of our Directors and Key Managerial Personnel are interested in our Company and Subsidiaries, in addition to regular remuneration or benefits and reimbursement of expenses from our Company and Subsidiaries, and such interests are to the extent of their shareholding and shareholding of their relatives in our Company, payment of dividend or distributions thereon. For the payments that are made by our Company to related parties including remuneration to our Directors and our Key Managerial Personnel, see "*Summary of the Offer Document – Summary of Related Party Transactions*" on page 22. Our Promoters, Kunhamed Bicha and Bhaskar Srinivasan have given personal guarantees under the working capital and term loan facilities sanctioned to our Company and our Subsidiary and may be considered to be interested, to the extent of such aforesaid guarantees are provided. For more information, see "*History and Certain Corporate Matters*" on page 236. As Shareholders of our Company, our Promoters, Directors or Key Managerial Personnel, may take actions with respect to our business which may conflict with the interests of the minority shareholders of our Company. For more information, see "*Our Management*" and "*Our Promoters and Promoter Group*" on pages 246 and 268, respectively.

47. We have issued Equity Shares during the preceding 12 months at prices that may be lower than the Offer Price.

We have, in the 12 months preceding the filing of this Draft Red Herring Prospectus, issued Equity Shares at prices that may be lower than the Offer Price. For more information, see "*Capital Structure - Share Capital History of our Company*" on page 85. The price at which our Company has issued the Equity Shares in the past is not indicative of the price at which they will be issued or traded.

48. 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.

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. For more information, see "*Dividend Policy*" on page 272. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and 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. 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.

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

As of March 31, 2022, our contingent liabilities that have not been accounted for in the Restated Consolidated Financial Information were as follows:

Particulars	**Amount (₹ million)**
Income tax demand	29.24
Provident fund demand	6.57
Total	**35.81**

Our contingent liabilities may become actual liabilities. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition, results of operations and cash flows. Further, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. For more information, see "*Financial Statements - Restated Consolidated Financial Information*" on page 280.

50. This Draft Red Herring Prospectus contains information from industry sources including the commissioned industry report from F&S.

We have availed the services of an independent third party research agency Frost & Sullivan (India) Private Limited ("**F&S**") to prepare the report titled "Market Assessment for India EMS Industry" (the "**F&S Report**"), for purposes of inclusion of such information in this Draft Red Herring Prospectus to understand the industry in which we operate pursuant to an engagement agreement. The F&S Report has been exclusively commissioned and paid for by our Company. Certain information in "*Industry Overview*," "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 131, 186 and 368, respectively, have been derived from the F&S Report. Furthermore, the F&S Report is prepared based on information as of specific dates, which may no longer be current or reflect current trends. The Report may also base its opinion on estimates, projections, forecasts and assumptions that may prove to be incorrect. According to the engagement terms and the F&S Report, F&S states that while it has taken reasonable care to ensure the accuracy and completeness of the F&S Report, which is based on information obtained from primary and secondary research, and publicly available sources, including official publications and research reports (the "**Data**"). It does not guarantee the accuracy, adequacy or completeness of the Data and disclaims responsibility for any errors or omissions in the Data or for the results obtained from the use of the Data/F&S Report. The F&S Report also highlights certain industry, peer and market data, which may be subject to assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely amongst different industry sources. Furthermore, such assumptions may change based on various factors. The F&S Report is a paid report and is subject to various limitations and based upon certain assumptions that are subjective in nature. In addition, 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.

51. The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price.

The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price. The details of the average cost of acquisition of Equity Shares held by our Selling Shareholders as at the date of the DRHP is set out below.

Name of persons	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)*#
Promoters / Promoter Selling Shareholders		
Kunhamed Bicha	21,647,500	2.15
Bhaskar Srinivasan	18,554,550	2.33
Promoter Group Selling Shareholders		
T P Imbichammad	1,316,700	3.87
Mariyam Bicha	482,650	3.79
Other Selling Shareholders		
Anand Kumar	4,399,500	23.90
Sareday Seshu Kumar	3,896,900	0.01
Luquman Veedu Ediyanam	5,585,650	61.59

** Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants*
 # Computed based on the equity shares acquired/allotted/purchased (including acquisition pursuant to transfer. However, the equity shares disposed of have not been considered while computing number of Equity Shares held.

For more details regarding weighted average cost of acquisition of Equity Shares by our Selling Shareholders and build-up of Equity Shares by our Selling Shareholders in our Company, see "*Capital Structure*" beginning on page 84.

52. Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and our future production and capacity may vary.

For details of our installed capacity and utilization capacity for various product verticals, see "*Our Business – Our Capabilities*" on page 202. Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions, estimates and production measures and formula used in calculating such measures of our management, and by V. Krishnan, independent chartered engineer certifying the installed capacity and capacity utilization. Such production measures and formula thereof relate to our business lines including PCBA and box build, cables, sheet metal fabrication, magnetics, powder coating and injection molded plastics. Actual production volumes and capacity utilization rates may differ from the estimated production capacities and historical capacity utilization of our manufacturing facilities. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facilities included in this Draft Red Herring Prospectus.

53. *We have had negative cash flows from operating activities in the past and may continue to have negative cash flows in the future.*

Our Company and certain of our Subsidiaries have had negative cash flows from operating activities in the past. For instance, while our Company and Sienna ECAD had negative cash flows from operating activities in Fiscal 2022, ATSPL and Sienna had negative cash flows from operating activities in Fiscal 2021.

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect our ability to operate our business and implement our growth plans. For more information, see "*Financial Information – Restated Consolidated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 280 and 368, respectively. Further, under Ind AS, any grant of any stock options under the ESOP Scheme results in a charge to our profit and loss statement based on the fair value of the ESOPs at the date when the grant is made and such expenses reduce our profitability to that extent for the relevant fiscal year. For details of our outstanding ESOPs, see "*Capital Structure - Employee Stock Option Scheme*" on page 92.

54. *We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.*

We have in the past entered into transactions with certain of our related parties and are likely to do so in the future. For more information, see "*Summary of the Offer Document – Summary Related Party Transactions*" on page 22. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we could not have obtained more favorable terms had such transactions been entered into with unrelated parties. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholders' approval, as necessary under the Companies Act and the Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

55. *One of our Subsidiaries has availed certain unsecured loans which may be recalled by the lender at any time.*

As on June 30, 2022, Sienna, one of our Material Subsidiaries, had an outstanding balance of ₹38.88 million of unsecured loans. In the event that the lender seeks repayment of such unsecured loan, our Subsidiary would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all and therefore such recall may adversely affect our financial condition. For further information, see "*Financial Indebtedness*" on page 393.

EXTERNAL RISKS

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

The regulatory and policy environment in which we operate is evolving and subject to change. Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Our business, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Any political instability in the countries in which we operate, such as corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The GoI has passed new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020 ("**Social Security Code**"), the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations, were to take effect from April 1, 2021 (collectively, the "**Labour Codes**"). The GoI has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been finalized, as an immediate consequence, the coming into force of these codes could increase the financial burden on our Company, which may adversely impact our profitability. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund.

Further, the application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by the Ministry of Finance, GoI, effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, 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 to the concessional regime may affect our other benefits such as loss of minimum alternate tax carry forward, exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, 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 orders passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. We have had instances where orders by courts and tribunals have had an effect on our profitability.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

57. Political, economic or any other factors beyond our control may have an adverse effect on our business and results of operations.

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. 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, cash flows 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.

As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. The following external risks may have an adverse impact on our business and results of operations, should any of them materialize:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in government or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- instability in other countries and adverse changes in geopolitical situations;

- 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;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers or other service providers;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or war;
- India has experienced epidemics and natural calamities such as earthquakes, tsunamis, floods and drought in recent years, instability in the financial markets and volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- epidemics or any other public health emergency in India or in countries in the region or globally, including in India's various neighboring countries;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins;
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region;
- downgrading of India's sovereign debt rating by rating agencies; and
- international business practices that may conflict with other customs or legal requirements to which we are subject to, including anti-bribery and anti-corruption laws; being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations, cash flows and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate. Moreover, we are dependent on the various policies, initiatives and schemes proposed or implemented in India, however, there can be no assurance that such policies, initiatives and schemes will yield the desired results or benefits which we anticipate and rely upon for our growth.

58. Our business may be adversely affected by adverse application or interpretation of competition laws in India.

The Competition Act, 2002, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition ("**AAEC**") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Furthermore, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services, including by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an AAEC on competition in India. The Competition Act also includes provisions in relation to combinations which require any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, be mandatorily notified to and pre-approved by the Competition Commission of India ("**CCI**"). While certain agreements entered into by us could be within the purview of the Competition Act, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition and results of operations.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may have a material adverse impact on our business, financial condition, results of operations and prospects.

59. A slowdown in economic growth in India or political instability could adversely affect our business.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, have an impact on the growth of the Indian economy. 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 adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns and economic volatility and uncertainty could have a material adverse impact on our business, financial condition, results of operations and prospects.

60. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have a material adverse effect on the trading price of, and returns on, our Equity Shares, independent of our operating results.

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

61. 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. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. 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. 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 India. 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 remains significant uncertainty as to 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. Risks resulting from a relapse in the Eurozone crisis or any future debt crisis in Europe or any similar crisis could have a detrimental impact on consumer confidence levels and global economic recovery. The ongoing Ukraine-Russia conflict, has contributed to rising rates of inflation in the current financial year, including in India. It is affecting global trade and the price of oil and gas and has also added to the growth risks for markets globally. These factors may also result in a slowdown in India's export growth. 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, cash flows and results of operation.

Since December 2019, the ongoing outbreak of COVID-19 has affected countries globally, with the World Health Organization declaring the outbreak as a pandemic in March 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such an outbreak of an infectious disease together with the resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets has resulted in a global slowdown and crisis. In particular, the COVID-19 outbreak has caused stock markets worldwide to fluctuate significantly in value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 and 2021 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and 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.

62. Any adverse revision to India's debt rating by a domestic or international rating agency could adversely affect our business.

India's sovereign debt rating could be adversely affected due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. India's sovereign rating by DBRS decreased from BBB to BBB "low" in May 2021, and the rating by S&P was BBB- with a "stable" outlook in July 2021. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

RISKS RELATING TO THE OFFER AND INVESTMENTS IN OUR EQUITY SHARES

63. An investment in the Equity Shares is subject to general risks related to investments in Indian companies.

We are incorporated in India and a majority of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

64. The trading volume and market price of the Equity Shares may be volatile following the Offer.

Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, does not guarantee the liquidity of such market for the Equity Shares. The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- conditions in financial markets, including those outside India;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, new products, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

65. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus. In addition, our Restated Consolidated Financial Information may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

66. The requirements of being a publicly listed company may strain our resources.

We are not a listed company and have historically not been subjected to the compliance requirements and increased scrutiny of our affairs associated with being a listed company by shareholders, regulators and the public at large. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations or cash flows as promptly as other listed companies.

Furthermore, as a listed company, we will be required to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition, results of operations and cash flows. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

67. Any future issuance of our Equity Shares or convertible securities or other equity linked instruments by our Company may dilute prospective investors' shareholding, and sales of our Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity that we issue, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in us. Any future issuances of Equity Shares or the disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, 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 the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or encumber their Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

68. The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" beginning on page 118 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue prices. For more information, see "*Other Regulatory and Statutory Disclosures – Past Price information of past issues handled by the BRLMs*" on page 419. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

69. 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 pay 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, adverse events affecting the investors' decision to invest in the Equity Shares may arise between the date of submission of the Bid and Allotment. 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 at any stage after the submission of their bids.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional equity interests in us may be reduced.

71. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

72. Investors may have difficulty enforcing foreign judgments in India against us or our management.

Certain of our directors and executive officers are residents of India and most of our assets are located in India. As a result, it may not be possible for investors to effect service of process on us or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities on us or such directors and executive officers under laws other than Indian Law.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom; however, no reciprocity has been established with the United States. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The Civil Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings of execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on 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 or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, the party in whose favor such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Generally, there are considerable delays in the disposal of suits by Indian courts.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was 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. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

73. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the

Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares cannot be ensured. The Offer Price of the Equity Shares will be determined by our Company in consultation with the BRLMs through a book-building process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 118 and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions, strategic actions by us or our competitors, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications and changes in economic, legal and other regulatory factors. There is no assurance that investors in the Equity Shares will be able to resell their Equity Shares at or above the Offer Price.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly because of market volatility. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

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

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and 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. The Finance Act, 2020, has, among others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, that such dividends not be exempt in the hands of the shareholders, both resident as well as non-resident, and that such dividends likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

More recently, with the Finance Bill, 2022 introduced in the Lok Sabha pursuant to the budget session of the Indian Parliament, we cannot predict whether any amendments made pursuant to the Finance Act 2022 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Unfavorable 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.

Further, we 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 business, financial condition, results of operations and cash flows.

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

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA and the rules thereunder. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements under applicable law. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior regulatory approval will be required.

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. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, or at all.

Further, in accordance with 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 Non-debt Instruments Rules, all investments under the foreign direct investment route by entities of a country which share a 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 of India as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Any such approval(s) would be subject to the discretion of the regulatory authorities. 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 of India. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involve certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Restrictions on foreign investment activities and impact on our ability to attract foreign investors may cause uncertainty and delays in our future investment plans and initiatives. We cannot assure you that any required approval from the relevant governmental agencies can be obtained on any particular terms or at all. Further, if our Company ceases to be "owned and controlled" by resident Indian entities, we will be subject to additional investment and exit restrictions under the FDI Policy and the FEMA.

76. Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Draft Red Herring Prospectus.

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, other than India. As such, the Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

77. 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 including the crediting of the Investors' "demat" accounts within the timeline specified under applicable law. Furthermore, in accordance with Indian law, permission for listing of the Equity Shares will not be granted until after the Equity Shares in this Offer have been Allotted and submission of all other relevant documents authorizing the issuing of the Equity Shares. 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 prescribed time periods or at all. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

78. Rights of shareholders of companies under Indian law may be different compared to 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 widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as a shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

SECTION III: INTRODUCTION

THE OFFER

The following table summarises the details of the Offer:

Equity Shares offered	
Offer of Equity Shares[(1)]	Up to [●] Equity Shares, aggregating up to ₹10,250.00 million
of which:	
Fresh Issue [(1)(&)(4)]	Up to [●] Equity Shares, aggregating up to ₹4,000.00 million
Offer for Sale [(2)]	Up to [●] Equity Shares, aggregating up to ₹6250.00 million
The Offer comprises of:	
A) QIB Portion [(3)(4)(6)]	Not less than [●] Equity Shares
of which:	
a. Anchor Investor Portion	Up to [●] Equity Shares
b. Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
of which:	
(a) Mutual Fund Portion (5% of the Net QIB Portion) [(5)]	Up to [●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	Up to [●] Equity Shares
B) Non-Institutional Portion [(4)(6)(7)]	Not more than [●] Equity Shares
of which:	
One-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000	Up to [●] Equity Shares
Two-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹1,000,000	Up to [●] Equity Shares
C) Retail Portion [(4)(6)]	Not more than [●] Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer (prior to conversion of the outstanding Preference Shares)	55,883,450 Equity Shares[#]
Equity Shares outstanding prior to the Offer (post conversion of the outstanding Preference Shares)	55,981,246 Equity Shares[#]
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Net Proceeds	See "*Objects of the Offer*" on page 101 for information about the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale

 # Assuming conversion of 350,000 Preference Shares to a maximum of 97,796 Equity Shares. 233,281 Preference Shares are currently held by M A Murugappan Holdings Private Limited and 116,719 Preference Shares are currently held by M A Arunachalam, and will convert into a maximum of 65,197 Equity Shares and 32,599 Equity Shares, respectively, prior to the filing of the Red Herring Prospectus with the RoC. For details, see "Capital Structure" on page 84.

[&]A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.

Notes:

(1) The Offer has been authorised by a resolution passed by our Board of Directors in their meeting held on August 2, 2022. Our Shareholders vide a special resolution passed in their extraordinary general meeting held on August 2, 2022, authorised the Fresh Issue.

(2) Each of the Selling Shareholder, have consented to participate in the Offer for Sale. The details of their respective Offered Shares are as follows:

Sr. No.	Name of the Selling Shareholder	Offer for Sale (₹ in million)	Date of the consent letter to participate in the Offer for Sale
1.	Kunhamed Bicha	up to ₹1,297.48 million	August 2, 2022
2.	Bhaskar Srinivasan	up to ₹2,100.00 million	August 2, 2022
3.	T P Imbichammad	up to ₹341.86 million	August 2, 2022

Sr. No.	Name of the Selling Shareholder	Offer for Sale (₹ in million)	Date of the consent letter to participate in the Offer for Sale
4.	Mariyam Bicha	up to ₹125.31 million	August 2, 2022
5.	Anand Kumar	up to ₹795.11 million	August 2, 2022
6.	Sareday Seshu Kumar	up to ₹795.11 million	August 2, 2022
7.	Luquman Veedu Ediyanam	up to ₹795.11 million	August 2, 2022

Each of the Selling Shareholders have specifically confirmed that their respective portion of the Offered Shares, have been held by each one of them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, and are accordingly eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations. In accordance with Regulation 8A of the SEBI ICDR Regulations; (i) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 50% of their respective pre-Offer shareholding (on a fully- diluted basis) and (ii) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, less than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 10% of the pre-Offer shareholding of our Company (on a fully- diluted basis).

(3) If at least 75% of the Offer cannot be Allotted to QIBs, the entire application money will be refunded forthwith. Our Company and the Promoter Selling Shareholders may, in consultation with the Book Running Lead Managers, 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 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 (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Offer Procedure" beginning on page 440.

(4) Subject to valid Bids being received at or above the Offer Price, undersubscription in any portion except the QIB Portion, would be allowed to be met with spill over from any other category, or combination of categories, as applicable, at the discretion of our Company, and the Promoter Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue, prior to the Offered Shares. However, after receipt of minimum subscription of 90% of the Fresh Issue, the Offered Shares, shall be allocated prior to the Equity Shares offered pursuant to the Fresh Issue. For further details, see "Offer Procedure" on page 440.

(5) Subject to valid Bids being received at, or above, the Offer Price.

(6) Allocation to Bidders in all categories, except Anchor Investors, if any, Non-Institutional Investors and Retail Individual Investors, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For details, see "Offer Procedure" on page 440. Further, (a) 1/3rd of the portion available to Non-Institutional Investors shall be reserved for applicants with application size of more than ₹0.20 million and up to ₹1.00 million and (b) 2/3rd of the portion available to Non-Institutional Investors shall be reserved for applicants with application size of more than ₹1.00 million. Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of Non-Institutional Investors. The allocation to each Non-Institutional Investor shall not be less than the minimum Non-Institutional Investor application size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations.

(7) SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹200,000 and up to ₹500,000, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

For details in relation to the terms of the Offer, see "*Terms of the Offer*" on page 428. For details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure*" and "*Offer Procedure*" on pages 435 and 440, respectively.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with the Restated Consolidated Financial Information, the notes thereto, and "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 273 and 368, respectively.

[*The remainder of this page has intentionally been left blank*]

(All amounts are in Million Indian Rupees unless otherwise stated)

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

S.No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A.	**ASSETS**			
	Non-Current Assets			
	(a) Property, plant and equipment	893.99	832.39	719.53
	(b) Capital Work in Progress	19.65	-	26.69
	(c) Right-of-Use assets	222.34	200.30	259.84
	(d) Intangible Assets	6.28	8.17	7.33
	(e) Financial Assets			
	(i) Investments	-	-	23.50
	(ii) Other financial assets	52.80	43.46	44.06
	(f) Deferred Tax Asset (Net)	163.54	232.41	262.47
	(g) Tax assets (Net)	17.32	7.98	17.99
	(h) Other Non Current Assets	0.84	4.02	8.50
	Total non-current assets	**1,376.76**	**1,328.73**	**1,369.91**
	Current Assets			
	(a) Inventories	2,330.22	1,457.77	1,552.62
	(b) Financial Assets			
	(i) Trade Receivables	1,773.73	1,818.88	1,137.85
	(ii) Cash and Cash Equivalents	77.59	313.38	245.93
	(iii) Bank Balances other than (ii) above	23.80	21.87	20.03
	(iv) Other Financial Assets	13.18	14.37	9.07
	(c) Other Current Assets	284.34	169.84	161.08
	Total current assets	**4,502.86**	**3,796.11**	**3,126.58**
	TOTAL ASSETS	**5,879.62**	**5,124.84**	**4,496.49**
B.	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	15.97	15.97	15.30
	(b) Other Equity	855.94	583.48	450.43
	(c) Non-Controlling Interests	-	(317.37)	(431.27)
	Total equity	**871.91**	**282.08**	**34.46**
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	i. Borrowings	741.83	811.77	495.75
	ii. Lease Liabilities	170.01	155.90	205.16
	iii. Other Financial Liabilities	-	-	-
	(b) Provisions	86.08	77.40	71.73
	(c) Deferred Tax Liabilities (Net)	-	-	-
	(d) Other non-current liabilities	19.65	6.02	19.49
	Total non-current liabilities	**1,017.57**	**1,051.09**	**792.13**
	Current Liabilities			
	(a) Financial Liabilities			
	i. Borrowings	2,198.70	2,141.55	1,989.06
	ii. Lease Liabilities	65.96	53.62	53.36
	iii. Trade Payables			
	a) Micro and small enterprises	11.89	3.44	7.11
	b) Others	1,173.01	1,271.15	1,350.67
	iv. Other Financial Liabilities	69.87	85.82	63.35
	(b) Other Current Liabilities	416.28	175.07	143.88
	(c) Provisions	11.13	12.38	13.06
	(d) Current tax Liabilities (Net)	43.30	48.64	49.41
	Total current liabilities	**3,990.14**	**3,791.67**	**3,669.90**
	Total Liabilities	**5,007.71**	**4,842.76**	**4,462.03**
	TOTAL EQUITY AND LIABILITIES	**5,879.62**	**5,124.84**	**4,496.49**

(All amounts are in Million Indian Rupees unless otherwise stated)

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

S.No.	Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
I	Revenues from Operations	8,407.18	6,904.71	6,418.67
II	Other Income	109.32	54.26	112.81
III	**Total Income (I+II)**	**8,516.50**	**6,958.97**	**6,531.48**
IV	**Expenses:**			
	Cost of raw materials consumed	5,608.04	4,356.22	4,289.84
	Purchases of Stock-in-Trade	-	-	-
	Changes in Inventories of finished goods, work-in-progress	(66.71)	203.77	(177.32)
	Employee benefits expense	1,313.53	1,192.08	1,162.12
	Finance costs	248.47	269.94	449.57
	Depreciation and amortisation expenses	171.93	157.47	155.08
	Other expenses	576.83	491.20	499.24
	Total Expenses	**7,852.09**	**6,670.68**	**6,378.53**
V	**Restated Profit before tax (Before Exceptional items) (III-IV)**	**664.41**	**288.29**	**152.95**
VI	Exceptional items	199.90	-	-
VII	**Restated Profit before tax (After Exceptional items) (V+VI)**	**864.31**	**288.29**	**152.95**
VIII	**Tax Expense:**			
	(1) Current Tax	138.72	33.90	21.72
	(2) Tax of earlier years	(16.13)	-	-
	(3) Deferred Tax	60.08	23.57	7.97
		182.67	**57.47**	**29.69**
IX	**Restated Profit for the year (VII - VIII)**	**681.64**	**230.82**	**123.26**
X	**Restated Other Comprehensive Income**			
	A. i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans - Gratuity	5.02	4.39	(3.63)
	ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans	(1.41)	(1.24)	1.04
	B. i) Items that may be reclassified to profit or loss			
	a) Exchange differences in translating the financial statements of foreign operations	(27.92)	47.37	(139.55)
	Restated Total other comprehensive income A(i+ii)	**(24.31)**	**50.52**	**(142.14)**
XI	**Restated Total Comprehensive Income for the period (IX+X)**	**657.33**	**281.34**	**(18.88)**
XII	**Restated Profit for the year**			
	Attributable to:			
	Equity holders of the parent	631.63	214.93	115.40
	Non-controlling interests	50.01	15.89	7.86
XIII	**Restated Other comprehensive income/(loss) for the year**			
	Attributable to:			
	Equity holders of the parent	(19.67)	38.92	(106.72)
	Non-controlling interests	(4.64)	11.60	(35.42)
XIV	**Restated total comprehensive income for the year**			
	Attributable to:			
	Equity holders of the parent	611.96	253.85	8.68
	Non-controlling interests	45.37	27.49	(27.56)
XV	**Restated Earnings Per Equity Share of ₹2 each, attributable to equity holders of the parent:**			
	(a) Basic (In ₹)	11.30	4.01	2.21
	(b) Diluted (In ₹)	11.30	4.01	2.21

(All amounts are in Million Indian Rupees unless otherwise stated)

RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
A. Cash flow from operating activities			
Profit for the year	**864.31**	**288.29**	**152.95**
Adjustments for :			
Finance costs recognised in profit or loss	209.06	229.36	440.49
Interest Income recognised in profit or loss	(5.01)	(7.34)	(6.41)
(Gain) / Loss on disposal of property, plant and equipment	(0.80)	(6.16)	-
Allowance for Expected Credit Loss	15.99	(7.80)	27.76
Depreciation and Amortisation	171.93	157.47	155.08
Provision for Gratuity	(1.96)	(2.23)	(2.00)
Provision for Leave Encashment	(3.88)	0.53	(1.20)
Preference Dividend	34.29	33.30	-
Loan Forgiveness - Payroll Protection Program	(199.90)	-	-
Loan Forgiveness - Other Debt	(8.94)	-	-
Amounts no longer payable written back	12.60	-	0.31
Net foreign exchange (gain) / loss - Unrealised	24.53	(34.45)	58.33
	1,112.22	**650.97**	**825.31**
Movements in working capital :			
(Increase) / decrease in trade and other receivables	63.50	(694.50)	576.75
(Increase) / decrease in inventories	(812.47)	91.01	(81.30)
(Increase) / decrease in other assets	(105.65)	83.34	(91.22)
Increase / (decrease) in trade payables	(14.51)	(48.69)	(301.05)
Increase / (decrease) in provisions	18.02	9.30	19.87
Increase / (decrease) in other liabilities	2.72	(0.94)	(244.18)
Cash generated from operations	**263.83**	**90.49**	**704.18**
Income Tax paid	(125.24)	(35.33)	(46.93)
Net cash generated by operating activities(A)	**138.59**	**55.16**	**657.25**
B. Cash flow from investing activities			
(Acquisition)/ Proceeds from Sale of Property, Plant & Equipment	(159.42)	(192.14)	(170.36)
Interest received	4.73	7.08	6.19
Proceeds from sale/(purchase) of Non-Current investments	-	28.87	(23.50)
Payments for Acquisition of Investments in Subsidiaries	(11.00)	(106.43)	(5.03)
Net cash used in investing activities(B)	**(165.69)**	**(262.62)**	**(192.70)**
C. Cash flow from financing activities			
Proceeds from issue of equity shares	-	72.71	-
Proceeds from issue of Preferred Stock	-	-	301.59
Buyback of Common Stock	(56.62)	-	-
Buyback of Preferred Stock	(11.18)	-	-
Dividends paid on preference shares	(37.79)	(36.80)	(3.50)
Proceeds from Non-Current borrowings	377.24	636.63	-
Repayment of Non-Current borrowings	(107.69)	(196.21)	(154.75)
Proceeds from / (Repayment) of Current borrowings	(111.24)	88.67	(77.59)
Repayment of Lease liability	(72.13)	(68.00)	(63.29)
Refund of share application money	(0.01)	-	-
Interest paid	(188.94)	(217.36)	(425.88)
Net cash (used in)/generated by financing activities (C)	**(208.36)**	**279.64**	**(423.42)**
Add: Effects of exchange differences on restatement of foreign currency cash and cash equivalents (D)	**(0.33)**	**(4.73)**	**0.88**
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)+(D)	**(235.79)**	**67.45**	**42.01**
Net increase in cash and cash equivalents	**-**	**-**	**-**
Cash and cash equivalents at the beginning of the year	313.38	245.93	203.92
Cash and Cash equivalents at the end of the year	**77.59**	**313.38**	**245.93**

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flows.

GENERAL INFORMATION

Our Company was incorporated as Avalon Technologies Private Limited, a private limited company, at Chennai under the Companies Act, 1956 on November 3, 1999, and was granted the certificate of incorporation by the RoC. Subsequently, the name of the Company was changed to Avalon Technologies Limited pursuant to a special resolution passed by the shareholders of the Company on July 6, 2022, and a fresh certificate of incorporation dated July 29, 2022 was issued by the RoC consequent upon change of name upon conversion into a public limited company under the Companies Act, 2013. For further details relating to the changes in registered office of our Company, see "*History and Certain Corporate Matters*" on page 236.

Registered and Corporate Office of our Company

The address and certain other details of our Registered and Corporate Office are as follows:

Avalon Technologies Limited
B – 7, First Main Road, MEPZ
Tambaram, Chennai – 600 045
Tamil Nadu, India

For details of the changes in our Registered and Corporate Office, see "*History and Certain Corporate Matters-Change in the Registered Office*" at page 236.

Company Registration Number and Corporate Identity Number

The registration number and corporate identity number of our Company are as follows:

a. **Registration number**: 043479

b. **Corporate identity number**: U30007TN1999PLC043479

The Registrar of Companies

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

Block #6, B Wing, 2nd Floor
Shastri Bhawan, 26, Haddows Road
Chennai – 600 034, Tamil Nadu, India

Board of Directors

The following table sets out the brief details of our Board as on the date of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Kunhamed Bicha	Chairman and Managing Director	00819707	Villa #95, Adarsh Palm Retreat, Bellandur, Devara Beesana Halli, Bengaluru – 560 103, Karnataka, India
Bhaskar Srinivasan	Non-executive Director	02561215	18320 Urbano DR, Pflugerville, Texas – 78660, USA
Luquman Veedu Ediyanam	Non-executive Director	06493214	PO Box 91300, Abu Dhabi, United Arab Emirates
Sareday Seshu Kumar	Non-executive Director	01646703	17281 LA Rinconada DR, Los Gatos, California – 95030, USA
Venkataramani Ananthramakrishnan	Independent Director	00277816	13/12, Boat Club Road, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
Chandar Pattabhiram	Independent Director	09606151	19336 Monte Vista DR, Saragota, California 95070
Byas Unnikrishnan Nambisan	Independent Director	01342141	Miraya Hotel and Residence, Apartment, 1101 100/6 Varthur

Name	Designation	DIN	Address
			Road, Ramagondanahalli, Whitefield Bengaluru – 560 066, Karnataka, India
Sabitha Rao	Independent Director	06908122	B-3 Shangrila apartments, No 136 Karpagam Avenue, Raja Annamalai Puram, Chennai – 600 028, Tamil Nadu, India

For further details of our Board of Directors, see "*Our Management* " on page 246.

Company Secretary and Compliance Officer

Dr. Rajesh V, is the Company Secretary, Compliance Officer and Legal Head of our Company. His contact details are as follows:

Dr. Rajesh V
B – 7, First Main Road, MEPZ
Tambaram, Chennai – 600 045
Tamil Nadu, India
Tel.: +9144 42220 400
E-mail: investorsrelations@avalontec.com

Investor Grievances

Investors may contact the Company Secretary, Compliance Officer and Legal Head and or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including 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. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All Offer-related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary(ies) in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025, Maharashtra, India
Tel.: +91 22 6630 3030
E-mail: atl.ipo@jmfl.com
Investor Grievance ID: grievance.ibd@jmfl.com

DAM Capital Advisors Limited
One BKC, Tower C, 15th Floor, Unit No. 1511
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051, Maharashtra, India
Tel: +91 22 4202 2500
E-mail: avalon.ipo@damcapital.in
Investor Grievance ID: complaint@damcapital.in

Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No.: INM000010361

Website: www.damcapital.in
Contact Person: Chandresh Sharma
SEBI Registration No.: MB/INM000011336

IIFL Securities Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West)
Mumbai - 400 013
Maharashtra, India
Tel: +91 22 4646 4728
E-mail: avalon.ipo@iiflcap.com
Website: www.iiflcap.com
Investor Grievance ID: ig.ib@iiflcap.com
Contact Person: Yogesh Malpani / Pawan Jain
SEBI Registration No.: INM000010940

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018
Maharashtra, India
Tel: +91 22 4037 4037
E-mail: avalontechnologiesipo@nomura.com
Investor Grievance ID: investorgrievances-in@nomura.com
Website: www.nomuraholdings.com/company/group/asia/india /index.html
Contact Person: Vishal Kanjani / Kshitij Thakur
SEBI Registration No: INM000011419

Statement of *inter-se* allocation of responsibilities among the BRLMs

The responsibilities and coordination by the BRLMs for various activities in the Offer are as follows:

#	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management, legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and Application Form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	All BRLMs	JM Financial
2.	Positioning strategy, drafting of business section and industry section of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus	All BRLMs	JM Financial
3.	Drafting and approval of all statutory advertisement	All BRLMs	JM Financial
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	All BRLMs	DAM Capital
5.	Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of all agreements to be entered into with such intermediaries	All BRLMs	JM Financial
6.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	All BRLMs	IIFL
7.	Preparation of road show presentation and frequently asked questions	All BRLMs	Nomura
8.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	All BRLMs	Nomura
9.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and	All BRLMs	JM Financial

#	Activity	Responsibility	Coordinator
	• Finalizing road show and investor meeting schedule		
10.	Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Formulating strategies for marketing to Non-Institutional Investors • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and Finalising collection centres	All BRLMs	IIFL
11.	Non-institutional marketing of the Offer, which will cover, *inter alia*, • Formulating strategies for marketing to Non-Institutional Investors; • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences for brokers, etc	All BRLMs	DAM Capital
12.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	All BRLMs	IIFL
13.	Managing the book and finalization of pricing in consultation with the Company	All BRLMs	Nomura
14.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	All BRLMs	DAM Capital

Legal counsel to our Company as to Indian Law

Khaitan & Co
Embassy Quest
3rd Floor, 45/1 Magrath Road
Bengaluru – 560 025
Karnataka, India
Tel: +91 80 4339 7000

Legal counsel to the BRLMs as to Indian Law

AZB & Partners
AZB House
Plot No. A8, Sector-4
Noida 201 301
India

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
India

Tel: +91 120 417 9999 **Tel**: +91 22 6639 6880

International legal counsel to the BRLMs

Allen & Overy (Asia) Pte Ltd
50 Collyer Quay
09-01 OUE Bayfront
Singapore 049321
Tel.: +65 6671 6000

Legal Counsel to Selling Shareholders as to Indian Law

Harshit Khare Law Offices
Eccosphere, B-61, Block B
Sector 67, Noida, 201 301
Uttar Pradesh, India
Tel: +91 120 495 7611

Registrar to the Offer

Link Intime India Private Limited
C101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Investor Grievance Email: avalontec.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
E-mail: avalontec.ipo@linkintime.co.in
Tel.: +91 22 4918 6200
SEBI Registration No.: INR000004058

Banker(s) to the Offer

[●]

Syndicate Members

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://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. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a UPI Bidder), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, CRTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs eligible as Issuer Banks for UPI Mechanism

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, and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders may apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted 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 at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35, as updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the stock exchange, i.e., through the Registered Brokers at the Broker Centres. 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 Stock Exchanges at www.bseindia.com and www.nseindia.com, 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 the 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 their name and contact details, is provided on the websites of the 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.

Experts

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

Our Company has received the written consent dated August 9, 2022 from Varma & Varma, 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 August 2, 2022 on our Restated Consolidated Financial Information; and (ii) their report dated August 9, 2022 on the statement of possible special tax benefits available to the Company, its Material Subsidiaries and its shareholders, 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.

Our Company has received written consent dated August 9, 2022 from Mohan & Venkataraman, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) 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 Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company.

In addition, our Company has received written consent dated August 9, 2022 from Protech Consultants, as chartered engineer to include their name under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of their certificate dated August 9, 2022 on our Company's and our Subsidiaries' manufacturing capacity and its utilization at certain manufacturing facilities, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Statutory Auditor to our Company

Varma & Varma, Chartered Accountants
Sreela Terrace, Level 4, Unit D
105, First Main Road
Gandhinagar, Adyar, Chennai – 600 020
Tamil Nadu, India
E-mail: chennai@varmaandvarma.com
Tel.: +91 44 2442 3496 / 2445 2239
Firm registration number: 004532S
Peer review number: 014223

Changes in Auditors

Except as disclosed below, there has been no change in our statutory auditors in the three years preceding the date of this Draft Red Herring Prospectus:

Particulars	Date of change	Reason for change
Varma & Varma, Chartered Accountants Sreela Terrace, Level 4, Unit D 105, First Main Road Gandhinagar, Adyar, Chennai – 600 020 Tamil Nadu, India **E-mail**: chennai@varmaandvarma.com **Tel.**: +91 44 2442 3496 / 2445 2239 **Firm registration number**: 004532S **Peer review number**: 014223	May 5, 2022	Appointment as the Statutory Auditors
Karpagam Krishnan and Natarajan Sreenivas #4 (old #21) Balaji Avenue, First Street T Nagar, Chennai – 600 017 Tamil Nadu, India **Tel.:** +91 44 2834 0969 / 2834 4816 **Email:** workdesk@kknca.com **Firm Registration Number:** 0001748S **Peer review number:** *Not yet peer reviewed*	May 5, 2022	Completion of the term of appointment of Karpagam Krishnan and Natarajan, Chartered Accountant as statutory auditors of the Company

Bankers to our Company

Bank of India
Mount Road Branch
827 Dhun Building
Anna Salai, Chennai – 600 002
Tamil Nadu, India
Tel: +91 44 2852 0565 / 91 44 2852 0664
Contact Person: Sundar N
Email: Mountroad.Chennai@bankofindia.co.in
Website: www.bankofindia.co.in

Indian Bank
MEPZ Branch, MEPZ Administrative Building
Ground Floor, Kadaperi Tambaram
Chennai-600 045, Tamil Nadu, India
Tel: +91 44 2262 1010 / +91 44 2262 2020
Contact Person: Dinesh Nayak V R
E-mail: mepz@indianbank.co.in
Website: www.indianbank.co.in

HDFC Bank Limited

No 115, 7th Floor, R K Salai
Mylapore, Chennai
Tamil Nadu, India
Tel: +91 44 24847 7088 / 9380045312
Contact Person: N Prabhakaran
E-mail: n.prabhakaran@hdfcbank.com
Website: www.hdfcbank.com

Standard Chartered Bank
No 19 Rajaji Salai
Chennai – 600 001
Tamil Nadu, India
Tel: +91 99 6221 6143
Contact Person: L Gokulakrishnan
E-mail: Gokulakrishnan.L1@sc.com
Website: www.sc.com/in

Grading of the Offer

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

Appraising Entity

No appraising entity has been appointed in relation to the Offer. For further information, see "*Risk Factors – We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by a bank or a financial institution*" on page 50.

Monitoring Agency

Our Company shall in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a monitoring agency for monitoring the utilization of the Net Proceeds from the Fresh Issue prior to the filing of the Red Herring Prospectus. For details in relation to the proposed utilisation of the Net Proceeds, see the section titled "*Objects of the Offer*" on page 101.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Debenture Trustee

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

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing

A copy of this Draft Red Herring Prospectus is being filed electronically on the SEBI's online portal at https://siportal.sebi.gov.in in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and at cfddil@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 would be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms. The Price Band will be decided by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. The Offer Price shall be determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders, other than UPI Bidders and Anchor Investors, shall only participate through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs. UPI Bidders shall participate through the ASBA process using 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 Investors are not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors) will be on a proportionate basis while allocation to Anchor Investors will be on a discretionary basis. For further details, see "*Terms of the Offer*" and "*Offer Procedure*" beginning on pages 428 and 440, respectively.

The Book Building Process and the Bidding process are subject to change from time to time, and the Bidders are advised to make their own judgment about investment through the aforesaid processes prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to (i) filing of the Prospectus by our Company with the RoC; and (ii) our Company obtaining final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, an illustration of the Book Building Process and the price discovery process see "*Offer Procedure*" and "*Terms of the Offer*" beginning on pages 440 and 428, respectively.

Underwriting Agreement

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 Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus. This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

(₹ in million)

Name, address, telephone and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned underwriting commitment is indicative and will be finalized after determination of the Offer Price and Basis of Allotment and will be subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under

Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/IPO Committee, at its meeting held on [●], 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 commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them.

Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus is as set forth below:

(in ₹, except share data or indicated otherwise)

		Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL**		
	85,000,000 Equity Shares	170,000,000	-
	500,000 Preference Shares	50,000,000	-
	Total	**220,000,000**	-
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER (PRIOR TO CONVERSION OF PREFERENCE SHARES)**		
	55,883,450 Equity Shares	111,766,900	-
	350,000# Preference Shares	35,000,000	-
	Total	**146,766,900**	-
C	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER (AFTER CONVERSION OF PREFERENCE SHARES)**		
	55,981,246 Equity Shares	**111,962,492**	
D	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares aggregating up to ₹ 10,250. 00 million (1) comprising of:	[●]	[●]
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹4,000.00 million (3)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹6,250.00 million by the Selling Shareholders (1) (2)	[●]	[●]
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
F	**SECURITIES PREMIUM**		
	Before the Offer		438,214,406
	After the Offer		[●]

* *To be updated upon finalization of the Offer Price.*

(1) *The Offer has been authorized by a resolution of our Board dated August 2, 2022 and the Fresh Issue has been authorised by a resolution of our Shareholders dated August 2, 2022. Further, our Board has taken on record the consents of the Selling Shareholders by a resolution dated August 2, 2022. The Selling Shareholders have consented to participate in the Offer for Sale pursuant to their respective consent letters. For further details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 411.*

(2) *Each of the Selling Shareholders confirms that the Equity Shares being offered by it are eligible for being offered for sale pursuant to the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. For further details of consents received for the Offer, see "Other Regulatory and Statutory Disclosures" on page 411. In accordance with Regulation 8A of the SEBI ICDR Regulations; (i) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 50% of their respective pre-Offer shareholding (on a fully- diluted basis) and (ii) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, less than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 10% of the pre-Offer shareholding of our Company (on a fully- diluted basis). For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" on page 411.*

(3) *In the event that the Company is in need of funds for its business, a Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and will be completed at any opportune time 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 the Offer complying with Rule 19(2)(b) of the SCRR.*

 # 233,281 Preference Shares are currently held by M A Murugappan Holdings Private Limited and 116,719 Preference Shares are currently held by M A Arunachalam, and will convert into a maximum of 65,197 Equity Shares and 32,599 Equity Shares, respectively, prior to the filing of the Red Herring Prospectus. For details, see "– Terms of conversion of Preference Shares" on page 88. Upon conversion of the outstanding Preference Shares and consequent issuance of Equity Shares, the number of Equity Shares outstanding prior to the Offer will stand increased accordingly.

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Notes to the Capital Structure

1. **Share Capital history of our Company**

a. Equity Share Capital

The following table sets forth the history of the Equity Share capital of our Company.

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Details of allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
November 5, 1999	20	100.00	100.00	Cash	Subscription to the MoA	T P Imbichammad – 10 equity shares Mariyam Bicha – 10 equity shares	20	2,000
March 15, 2001	980	100.00	366.94	Cash	Private placement	T P Imbichammad – 490 equity shares Sareday Seshu Kumar – 90 equity shares Bhaskar Srinivasan – 400 equity shares*	1,000	100,000
December 22, 2003	24,000	100.00	NA	NA	Bonus issue(1)	T P Imbichammad – 12,000 equity shares Mariyam Bicha – 240 equity shares Bhaskar Srinivasan – 9,600 equity shares Sareday Seshu Kumar – 2,160 equity shares	25,000	2,500,000
March 31, 2006	640	100.00	15,775.00	Cash	Private placement	Anand Kumar – 640 equity shares	25,640	2,564,000
March 1, 2007	390	100.00	28,997.00	Cash	Private placement	Anand Kumar – 390 equity shares*	26,030	2,603,000
March 29, 2007	104,120	100.00	NA	NA	Bonus issue(2)	T P Imbichammad – 50,000 equity shares Mariyam Bicha – 1,000 equity shares Bhaskar Srinivasan – 40,000 equity shares*	130,150	13,015,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Details of allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
						Sareday Seshu Kumar – 9,000 equity shares Anand Kumar – 4,120 equity shares*		
April 23, 2016	6,592	100.00	20,750.00	Cash	Rights issue	Luquman Veedu Ediyanam – 6,592 equity shares	136,742	13,674,200
June 9, 2016	4,480	100.00	22,100.00	Cash	Rights issue	Luquman Veedu Ediyanam – 4,480 equity shares	141,222	14,122,200
June 14, 2016	2,270	100.00	29,633.00	Cash	Rights issue	Luquman Veedu Ediyanam – 2,270 equity shares*	143,492	14,349,200
October 17, 2016	1,119	100.00	29,615.00	Cash	Rights issue	Luquman Veedu Ediyanam – 1,119 equity shares*	144,611	14,461,100
September 25, 2019	8,386	100.00	12,699.95	Other than cash	Acquisition of Avalon Technology and Services Private Limited by our Company (3)	T P Imbichammad – 1,302 equity shares Mariyam Bicha – 144 equity shares Kunhamed Bicha – 3,675 equity shares Bhaskar Srinivasan – 2,384 equity shares* Anand Kumar – 881 equity shares*	152,997	15,299,700
March 26, 2021	6,670	100.00	10,900.00	Cash	Rights issue	Anand Kumar – 6,670 equity shares	159,667	15,966,700
Pursuant to a resolution of our Board passed in their meeting held on June 24, 2022, and a resolution of our Shareholders passed in their extraordinary general meeting held on June 27, 2022, each fully paid - up equity share of our Company of face value ₹100 was split into 50 equity shares of ₹2 each, and accordingly, 159,667 equity shares of our Company of ₹100 each were split into 7,983,350 Equity Shares.								
June 27, 2022	47,900,100	2.00	NA	NA	Bonus issue(4)	Kunhamed Bicha – 18,555,000 Equity Shares Bhaskar Srinivasan – 15,903,900 Equity Shares Luquman Veedu Ediyanam –	55,883,450	111,766,900

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Details of allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
						4,787,700 Equity Shares Anand Kumar – 3,771,000 Equity Shares Sareday Seshu Kumar – 3,340,200 Equity Shares T P Imbichammad – 1,128,600 Equity Shares Mariyam Bicha – 413,700 Equity Shares		

** Our Company has filed a compounding application with the RBI for delay in filing of Form FCGPRs with respect to these allotments. For details, please see "Risk Factors – We have in the past been in non-compliance with certain reporting requirements under FEMA, within the prescribed period." and "Outstanding Litigation and Material Developments" on pages 47 and 396, respectively.*

(1) Bonus issue of equity shares in the ratio 24:1 authorised by a resolution of our Board dated December 11, 2003 and a resolution of our Shareholders dated December 22, 2003

(2) Bonus issue of equity shares in the ratio 4:1 authorised by a resolution of our Board dated March 1, 2007 and a resolution of our Shareholders dated March 24, 2007

*(3) Pursuant to the share purchase agreement dated September 25, 2019 amongst Avalon Technology Services Private Limited ("**ATSPL**"), T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan, Anand Kumar, and our Company, 8,386 equity shares of face value ₹100 of our Company were allotted to the shareholders of ATSPL as consideration for the purchase of 100% of the equity share capital of ATSPL. For details, see "History and Certain Corporate Matters" on page 236.*

(4) Bonus issue of Equity Shares in the ratio 6:1 authorised by a resolution of our Board dated June 24, 2022 and a resolution of our Shareholders dated June 27, 2022

b. Preference Share Capital

The following table sets forth the history of the Preference Share capital of our Company.

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Issue price per Preference Share (₹)	Nature of consideration	Nature of allotment	Details of allottees	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (₹)
March 15, 2018	350,000	100.00	100.00	Cash	Further issue	M A Murugappan Holdings Private Limited – 233,281 Preference Shares M A Arunachalam – 116,719 Preference Shares	350,000	35,000,000

Terms of Conversion of Preference Shares:

Our Company has a total of 350,000 Preference Shares outstanding as on the date of this Draft Red Herring Prospectus.

Under the terms of the Preference Shares and in accordance with our Articles of Association, the holders of the Preference Shares have an option to convert the Preference Shares held by them into Equity Shares at any time but must compulsorily convert the Preference Shares held by them prior to the filing of the draft of the Red Herring Prospectus ("**UDRHP**") with SEBI or any other authority as may be required in connection with the Offer. Further, no additional consideration is payable by the holders of the Preference Shares at the time of conversion of the Preference Shares into Equity Shares.

In accordance with the terms of the Preference Shares, the Preference Shares will convert into a maximum of 97,796 Equity Shares prior to filing of the UDRHP by our Company with SEBI.

2. **Issue of shares for consideration other than cash or by way of bonus issue or out of revaluation reserves**

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

   b) Except as stated below, our Company has not issued any Equity Shares for consideration other than cash or by way of bonus issue, as on the date of this Draft Red Herring Prospectus:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Reason for allotment	Benefits accrued to our Company	Names of allottees
December 22, 2003	24,000	100.00	NA	Bonus issue of equity shares in the ratio 24: 1	-	T P Imbichammad Mariyam Bicha Bhaskar Srinivasan Sareday Seshu Kumar
March 29, 2007	104,120	100.00	NA	Bonus issue of equity shares in the ratio 4: 1	-	T P Imbichammad Mariyam Bicha Bhaskar Srinivasan Sareday Seshu Kumar Anand Kumar
September 25, 2019	8,386	100.00	12,699.95	Acquisition of Avalon Technology and Services Private Limited by our Company[1]	Acquisition of Avalon Technology and Services Private Limited as a subsidiary, leading to better synergies	T P Imbichammad Mariyam Bicha Kunhamed Bicha Bhaskar Srinivasan Anand Kumar
June 27, 2022	47,900,100	2.00	NA	Bonus issue of Equity Shares in the ratio 6: 1	-	Kunhamed Bicha Bhaskar Srinivasan Luquman Veedu Ediyanam Anand Kumar Sareday Seshu Kumar T P Imbichammad Mariyam Bicha

1. *Pursuant to the share purchase agreement dated September 25, 2019 amongst Avalon Technology Services Private Limited ("**ATSPL**"), T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan, Anand Kumar, and our Company, 8,386 equity shares of face value ₹100 of our Company were allotted to the shareholders of ATSPL as consideration for the purchase of 100% of the equity share capital of ATSPL. For details, see "History and Certain Corporate Matters" on page 236*

For further details, please see "- *Share Capital History of our Company*" and "*History and Certain Corporate Matters*" on pages 85 and 236, respectively.

3. **Issue of shares at a price lower than the Offer Price in the last year**

Except as disclosed in "*Capital Structure – Share capital history of our Company*" on page 85, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year**.**

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. **Build-up of Promoters' shareholding, Minimum Promoter's Contribution and lock-in**

As on the date of this Draft Red Herring Prospectus, Kunhamed Bicha and Bhaskar Srinivasan hold 21,647,500 Equity Shares and 18,554,550 Equity Shares, respectively, equivalent to 38.67% and 33.14%, respectively, of the Equity Share capital of our Company on a fully diluted basis. For further details, see "*Our Promoters and Promoter Group*" on page 268. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment / acquisition of such Equity Shares.

Build-up of the Equity Shareholding of our Promoters in our Company

The details regarding the build-up of the Equity Shares held by Kunhamed Bicha in our Company since incorporation is set forth in the table below:

Date of transfer/ allotment of equity Shares	Number of equity shares allotted/ transferred	Nature of transaction	Nature of consideration	Face Value per equity share (₹)	Transfer price/ issue price per equity share (₹)	Percentage of the pre-Offer capital on a fully diluted basis (%)	Percentage of the post-Offer capital (%)*
November 17, 2017	60,000	Gift from T P Imbichammad	NA	100.00	NA	5.36	[●]
September 25, 2019	3,675	Acquisition of Avalon Technology and Services Private Limited by our Company(1)	Other than cash	100.00	12,699.95	0.33	[●]
July 1, 2021	(1,181)	Transfer to Bhaskar Srinivasan	Cash	100.00	10,900.00	(0.11)	[●]
March 30, 2022	(644)	Transfer to Luquman Veedu Ediyanam	Cash	100.00	5,230.88	(0.06)	[●]
Pursuant to a resolution of our Board passed in their meeting held on June 24, 2022 and a resolution of our Shareholders passed in their extraordinary general meeting held on June 27, 2022, each fully paid - up equity share of our Company of face value ₹100 was split into 50 equity shares of ₹2 each, and accordingly, 61,850 equity shares of our Company of face value ₹100 each held by Kunhamed Bicha were split into 3,092,500 Equity Shares							
June 27, 2022	18,555,000	Bonus issue	NA	2.00	NA	33.15	[●]
Total	**21,647,500**					38.67	[●]

* *Subject to finalisation of the Basis of Allotment*

1. *Pursuant to the share purchase agreement dated September 25, 2019 amongst Avalon Technology Services Private Limited ("**ATSPL**"), T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan, Anand Kumar, and our Company, 8,386 equity shares of face value ₹100 of our Company were allotted to the shareholders of ATSPL as consideration for the purchase of 100% of the equity share capital of ATSPL. For details, see "History and Certain Corporate Matters" on page 236.*

The details regarding the build-up of the Equity Shares held by Bhaskar Srinivasan in our Company since incorporation is set forth in the table below:

Date of transfer/ allotment of equity Shares	Number of equity shares allotted/ transferred	Nature of transaction	Nature of consideration	Face Value per equity share (₹)	Transfer price/ issue price per equity share (₹)	Percentage of the pre-Offer capital on a fully diluted basis (%)	Percentage of the post-Offer capital (%)*
March 15, 2001	400	Private placement	Cash	100.00	366.94	0.04	[●]
December 22, 2003	9,600	Bonus issue	Cash	100.00	NA	0.86	[●]
March 29, 2007	40,000	Bonus issue	Cash	100.00	NA	3.57	[●]
September 25, 2019	2,384	Acquisition of Avalon Technology and Services Private Limited by our Company(1)	Other than cash	100.00	12,699.95	0.21	[●]
July 1, 2021	1,181	Transfer from Kunhamed Bicha	Cash	100.00	10,900.00	0.11	[●]
March 30, 2022	(552)	Transfer to Luquman Veedu Ediyanam	Cash	100.00	5,230.88	(0.05)	[●]
Pursuant to a resolution of our Board passed in their meeting held on June 24, 2022 and a resolution of our Shareholders passed in their extraordinary general meeting held on June 27, 2022, each fully paid - up equity share of our Company of face value ₹100 was split into 50 equity shares of ₹2 each, and accordingly, 53,013 equity shares of our Company of face value ₹100 each held by Bhaskar Srinivasan were split into 2,650,650 Equity Shares							
June 27, 2022	15,903,900	Bonus issue	Cash	2.00	NA	28.41	[●]
Total	**18,554,550**					**33.14**	**[●]**

* *Subject to finalisation of the Basis of Allotment*

1. *Pursuant to the share purchase agreement dated September 25, 2019 amongst Avalon Technology Services Private Limited ("**ATSPL**"), T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan, Anand Kumar, and our Company, 8,386 equity shares of face value ₹100 of our Company were allotted to the shareholders of ATSPL as consideration for the purchase of 100% of the equity share capital of ATSPL. For details, see "History and Certain Corporate Matters" on page 236.*

Build-up of the Preference Shareholding of our Promoters in our Company

Our Promoters do not hold any Preference Shares.

6. As on date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

7. *Equity shareholding of our Promoters and Promoter Group*

Set forth below is the equity shareholding of our Promoters and Promoter Group in our Company as on the date of this Draft Red Herring Prospectus, on a fully diluted basis:

Sr. No.	Name of shareholder	Pre-Offer		Post-Offer*	
		Number of Equity Shares	Percentage of Equity Share capital (%) on a fully diluted basis	Number of Equity Shares	Percentage of Equity Share capital (%)
(A) Promoters					
1.	Kunhamed Bicha	21,647,500	38.67	[●]	[●]
2.	Bhaskar Srinivasan	18,554,550	33.14	[●]	[●]
Total (A)		**40,202,050**	**71.81**	[●]	[●]
(B) Promoter Group					
3.	T P Imbichammad	1,316,700	2.35	[●]	[●]

Sr. No.	Name of shareholder	Pre-Offer		Post-Offer*	
		Number of Equity Shares	Percentage of Equity Share capital (%) on a fully diluted basis	Number of Equity Shares	Percentage of Equity Share capital (%)
4.	Mariyam Bicha	482,650	0.86	[●]	[●]
Total (B)		**1,799,350**	**3.21**	[●]	[●]
Total (A+B)		**42,001,400**	**75.02**	[●]	[●]

** Subject to finalisation of Basis of Allotment*

8. Details of Promoters' contribution and lock-in for 18 months

(a) Pursuant to Regulations 14 and 16(1) 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 18 months as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**"), and the Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked-in for a period of six months from the date of Allotment.

(b) Details of the Equity Shares to be locked-in for 18 months from the date of Allotment as Promoters' Contribution are set forth in the table below.

Name of the Promoter	Date of allotment of the Equity Shares	Nature of transaction	No. of Equity Shares**	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in*	Percentage of the post-Offer paid-up capital * (%)	Date up to which the Equity Shares are subject to lock-in*
Kunhamed Bicha	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Bhaskar Srinivasan	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total						[●]	[●]	

** Subject to finalisation of Basis of Allotment.*
*** All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

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

(d) Our Company undertakes that the Equity Shares that shall be locked-in are not and will not be ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' Contribution do not include equity shares acquired in the three immediately preceding years (a) for consideration other than cash involving revaluation of assets or capitalisation of intangible assets; or (b) resulting from a bonus issue of Equity Shares out of revaluation reserves or unrealized profits of our Company or from a bonus issuance of equity shares against Equity Shares, which are otherwise ineligible for computation of Promoters' Contribution;

(ii) The Promoters' 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;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and

(iv) The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge.

9. **Details of Equity Shares locked- in for six months**

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company (other than the Promoter's Contribution) will be locked-in for a period of six months from the date of Allotment except for (i) the Promoters' Contribution which shall be locked for a period of 18 months as detailed above; and (ii) the Equity Shares offered pursuant to the Offer for Sale.

Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

10. **Lock-in of Equity Shares Allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in the following manner: There shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to the Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares Allotted to the Anchor Investors from the date of Allotment.

11. **Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

12. **Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

(a) With respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.

(b) With respect to the Equity Shares locked-in as Promoters' Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period and compliance with provisions of the Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoters prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in with the transferee and compliance with the provisions of the Takeover Regulations.

13. **Employee Stock Option Scheme**

Pursuant to resolutions adopted by our Board of Directors and Shareholders both dated July 7, 2022, our Company has instituted the ESOP Scheme. The ESOP Scheme has been instituted to grant stock options exercisable into Equity Shares to eligible employees of our Company. In terms of the ESOP Scheme, grants to eligible employees will be made by the Nomination and Remuneration Committee or the Board, based on the determination of a criteria described under ESOP Scheme.

The ESOP Scheme has been instituted in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Shareholders, through their resolution dated July 7, 2022, have approved a maximum of 3,000,000 options, exercisable into 3,000,000 Equity Shares under the ESOP Scheme. The vesting period under the ESOP Scheme shall be a minimum of one and a maximum of seven years, and the specific vesting schedule applicable to each employee will be as mentioned in the letter of grant issued to such employee.

As on the date of this Draft Red Herring Prospectus, 1,779,750 options have been granted under the ESOP Scheme and none of these options have been vested or exercised.

The following table sets forth the particulars of the ESOP Scheme, including options granted as on the date of this Draft Red Herring Prospectus:

Particulars	Details for period after April 1, 2022
Options granted	1,779,750
No. of employees to whom options were granted	141
Options outstanding	1,779,750
Exercise price of options	₹20
Vesting period (from date of grant)	For the reward category: (i) 50 percent of the options granted are to vest one year from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later; and (ii) 50 percent of the options granted are to vest two years from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later. For the retention category: (i) 25 percent of the options granted are to vest one year from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later; (ii) 25 percent of the options granted are to vest two years from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later; (iii) 25 percent of the options granted are to vest three years from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later; and (iv) 25 percent of the options granted are to vest four years from the date of grant or three months from the date of listing of the Equity Shares on the Stock Exchanges, whichever is later.
Options vested (excluding options that have been exercised)	NIL
Options exercised	NIL
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	1,779,750
Options forfeited/lapsed/cancelled	NIL
Variation in terms of options	NIL
Money realised by exercise of options	NIL
Total no. of options in force	1,779,750
Employee wise details of options granted to	
(i) Key management personnel	**Sl no.** / **Name** / **Number of options granted** 1. Kesavan P — 132,300 2. Arjun Balakrishnan — 65,800 3. R M Subramanian — 132,300 4. O J Satish — 65,800 5. Savita R Ganjigatti — 44,100 6. Michael Raj A — 5,600 7. Dr. Rajesh V — 3,150 8. Michael Robinson — 132,300 9. Harold Frederick Schilb III — 8,750

<table>
<tr><th>Particulars</th><th>Details for period after April 1, 2022</th></tr>
<tr><td></td><td><table><tr><td>Total</td><td>590,100</td></tr></table></td></tr>
<tr><td>(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td><table>
<tr><th>Sl no.</th><th>Name</th><th>Number of options granted</th></tr>
<tr><td>1.</td><td>Muruganandham</td><td>109,900</td></tr>
<tr><td>2.</td><td>T M Narasimhan</td><td>109,900</td></tr>
<tr><td>3.</td><td>Harry Paramenter</td><td>109,900</td></tr>
<tr><td>Total</td><td></td><td>329,700</td></tr>
</table></td></tr>
<tr><td>(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td><table>
<tr><th>Name of employee</th><th>Total no. of options granted</th></tr>
<tr><td>NIL</td><td>Nil</td></tr>
<tr><td></td><td></td></tr>
</table></td></tr>
<tr><td>Fully diluted EPS on a pre-Offer basis on exercise of options calculated in accordance with the applicable accounting standard ‘Earning Per Share’</td><td><table>
<tr><th>Financial Year/Period</th><th>Reported Diluted EPS as per Restated Consolidated Financial Information</th><th>Reported Diluted EPS as per Restated Standalone Financial Information</th></tr>
<tr><td>Financial Year ended 2020</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Financial Year ended 2021</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Financial Year ended 2022</td><td>Nil</td><td>Nil</td></tr>
<tr><td>From April 1, 2022 till the date of filing of the Draft Red Herring Prospectus</td><td>NA</td><td>NA</td></tr>
</table></td></tr>
<tr><td>Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company for the last three fiscals</td><td>NA</td></tr>
<tr><td>Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><td>Pricing formula: The fair value of the options are estimated using Black Scholes Model. Detailed description of the pricing methodology, weighted average information namely Risk-free interest rate, Expected Volatility, Expected dividends, Expected Life and the Weighted Average Price per Share as on the date of grant of the options are given in Valuation report dated 9th August 2022. The same is tabulated below;

For Financial Year 2020<table>
<tr><th>Particulars</th><th>Grant</th></tr>
<tr><td>Weighted Average Price per Share</td><td>NA</td></tr>
<tr><td>Expected Volatility</td><td>NA</td></tr>
<tr><td>Expected Life</td><td>NA</td></tr>
<tr><td>Risk-free interest rate</td><td>NA</td></tr>
<tr><td>Expected dividends</td><td>NA</td></tr>
</table>
For Financial Year 2021<table>
<tr><th>Particulars</th><th>Grant</th></tr>
<tr><td>Weighted Average Price per Share</td><td>NA</td></tr>
<tr><td>Expected Volatility</td><td>NA</td></tr>
<tr><td>Expected Life</td><td>NA</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details for period after April 1, 2022</th></tr>
<tr><td></td><td>
<table>
<tr><td>Risk-free interest rate</td><td>NA</td></tr>
<tr><td>Expected dividends</td><td>NA</td></tr>
</table>
For Financial Year 2022
<table>
<tr><th>Particulars</th><th>Grant</th></tr>
<tr><td>Weighted Average Price per Share</td><td>NA</td></tr>
<tr><td>Expected Volatility</td><td>NA</td></tr>
<tr><td>Expected Life</td><td>NA</td></tr>
<tr><td>Risk-free interest rate</td><td>NA</td></tr>
<tr><td>Expected dividends</td><td>NA</td></tr>
</table>
<table>
<tr><th colspan="2">For options vesting on July 19, 2023</th></tr>
<tr><td>Stock Price (₹)</td><td>15.12</td></tr>
<tr><td>Strike/ Exercise Price (₹.)</td><td>20</td></tr>
<tr><td>Expected Life of options (no. of years)</td><td>2.50</td></tr>
<tr><td>Risk free rate of interest (%)</td><td>6.86%</td></tr>
<tr><td>Implied Volatility factor (%)</td><td>40.02%</td></tr>
<tr><td>Fair value per Option at year end (₹)</td><td>3.16</td></tr>
</table>
<table>
<tr><th colspan="2">For options vesting on July 19, 2024</th></tr>
<tr><td>Stock Price (₹)</td><td>15.12</td></tr>
<tr><td>Strike/ Exercise Price (₹.)</td><td>20.00</td></tr>
<tr><td>Expected Life of options (no. of years)</td><td>3.50</td></tr>
<tr><td>Risk free rate of interest (%)</td><td>7.07%</td></tr>
<tr><td>Implied Volatility factor (%)</td><td>40.02%</td></tr>
<tr><td>Fair value per Option at year end (₹)</td><td>4.24</td></tr>
</table>
<table>
<tr><th colspan="2">For options vesting on July 19, 2025</th></tr>
<tr><td>Stock Price (₹)</td><td>15.12</td></tr>
<tr><td>Strike/ Exercise Price (₹.)</td><td>20.00</td></tr>
<tr><td>Expected Life of options (no. of years)</td><td>4.50</td></tr>
<tr><td>Risk free rate of interest (%)</td><td>7.19%</td></tr>
<tr><td>Implied Volatility factor (%)</td><td>40.02%</td></tr>
<tr><td>Fair value per Option at year end (₹)</td><td>5.19</td></tr>
</table>
<table>
<tr><th colspan="2">For options vesting on July 19, 2026</th></tr>
<tr><td>Stock Price (₹)</td><td>15.12</td></tr>
<tr><td>Strike/ Exercise Price (₹.)</td><td>20.00</td></tr>
<tr><td>Expected Life of options (no. of years)</td><td>5.50</td></tr>
<tr><td>Risk free rate of interest (%)</td><td>7.31%</td></tr>
<tr><td>Implied Volatility factor (%)</td><td>40.02%</td></tr>
<tr><td>Fair value per Option at year end (₹)</td><td>6.06</td></tr>
</table>
</td></tr>
<tr><td>Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the ESOP Regulations in respect of options granted in the last three years</td><td>NA</td></tr>
<tr><td>Intention of the holders of Equity Shares allotted on exercise of options granted to sell their shares within three months after the date of listing of Equity Shares pursuant to the Offer</td><td>NA</td></tr>
<tr><td>Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the</td><td>NA</td></tr>
</table>

Particulars	Details for period after April 1, 2022
listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

14. **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)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number 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)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)							
								Class eg: Equity Shares	Class eg: Others	Total				Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
(A)	**Promoter and Promoter Group**	4	42,001,400	-	-	42,001,400	75.16	42,001,400	-	42,001,400	75.16	-	75.03	-	-	-	-	42,001,400
(B)	**Public**	5*	13,882,050	-	-	13,882,050	24.84	13,882,050	-	13,882,050	24.84	97,796	24.97	-	-	-	-	13,882,050
(C)	**Non Promoter-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**9**	**55,883,450**	**-**	**-**	**55,883,450**	**100.00**	**55,883,450**	**-**	**55,883,450**	**100.00**	**97,796**	**100.00**	-	-	-	-	**55,883,450**

**Including two shareholders who hold Preference Shares as on the date of this Draft Red Herring Prospectus*

15. **Other details of Shareholding of our Company**

(a) As on the date of the filing of this Draft Red Herring Prospectus, our Company has 7 Shareholders who hold Equity Shares, and 2 Shareholders who hold only Preference Shares.

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company, as on the date of filing of this Draft Red Herring Prospectus:

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Kunhamed Bicha	21,647,500	38.74	38.67
2.	Bhaskar Srinivasan	18,554,550	33.20	33.14
3.	Luquman Veedu Ediyanam	5,585,650	10.00	9.98
4.	Anand Kumar	4,399,500	7.87	7.86
5.	Sareday Seshu Kumar	3,896,900	6.97	6.96
6.	T P Imbichammad	1,316,700	2.36	2.35
Total		**55,400,800**	**99.14**	**98.96**

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company, as of 10 days prior to the date of filing of this Draft Red Herring Prospectus:

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Kunhamed Bicha	21,647,500	38.74	38.67
2.	Bhaskar Srinivasan	18,554,550	33.20	33.14
3.	Luquman Veedu Ediyanam	5,585,650	10.00	9.98
4.	Anand Kumar	4,399,500	7.87	7.86
5.	Sareday Seshu Kumar	3,896,900	6.97	6.96
6.	T P Imbichammad	1,316,700	2.36	2.35
Total		**55,400,800**	**99.14**	**98.96**

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company, as of one year prior to the date of filing of this Draft Red Herring Prospectus.

No.	Name of the Shareholder	No. of equity shares of face value ₹100	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Kunhamed Bicha	62,494	39.14	39.07
2.	Bhaskar Srinivasan	53,565	33.55	33.49
3.	Luquman Veedu Ediyanaum	14,461	9.06	9.04
4.	Anand Kumar	12,701	7.95	7.94
5.	Sareday Seshu Kumar	11,250	7.05	7.03
6.	T P Imbichammad	3,802	2.38	2.38
Total		**158,273**	**99.13**	**98.95**

(e) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company, as of two years prior to the date of filing of this Draft Red Herring Prospectus.

No.	Name of the Shareholder	No. of equity shares of face value ₹100	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)
1.	Kunhamed Bicha	63,675	41.62	41.54
2.	Bhaskar Srinivasan	52,384	34.24	34.18
3.	Luquman Veedu Ediyanaum	14,461	9.45	9.43

No.	Name of the Shareholder	No. of equity shares of face value ₹100	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)
4.	Sareday Seshu Kumar	11,250	7.35	7.34
5.	Anand Kumar	6,031	3.94	3.93
6.	T P Imbichammad	3,802	2.49	2.48
Total		**151,603**	**99.09**	**98.91**

16. Except for the allotment of Equity Shares pursuant to the Fresh Issue and any grants of any employee stock options and allotment of Equity Shares that may be made under the ESOP Scheme, 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 bonus issue of Equity Shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise.

17. Except for the Preference Shares and employee stock options to be issued under the ESOP Scheme, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Red Herring Prospectus.

18. All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

19. As on the date of this Draft Red Herring Prospectus, except for Kunhamed Bicha, Bhaskar Srinivasan, Sareday Seshu Kumar, and Luquman Veedu Ediyanam, none of our other Directors or Key Management Personnel hold any Equity Shares of our Company. For further details, please see "*Our Management*" on page 246. For details of the employee stock options granted to some of our Key Management Personnel, please see "– *Employee Stock Option Scheme*" on page 92.

20. Except as disclosed below, none of the members of the Promoter Group, the Promoters, or the Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus:

Date of transfer	Name of transferor	Name of transferee	No. of equity shares of face value ₹100	Face Value per Equity Share (₹)	Transfer price/ issue price per Equity Share (₹)
March 30, 2022	T P Imbichammad	Luquman Veedu Ediyanam	40	100.00	5,230.88
	Mariyam Bicha		15		5,230.88
	Kunhamed Bicha		644		5,230.88
	Bhaskar Srinivasan		552		5,230.88
	Sareday Seshu Kumar		116		5,230.88
	Anand Kumar		131		5,230.88

21. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

22. Our Company, the Promoters, the Directors and the BRLMs have no existing buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

23. All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

24. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 do not hold any Equity Shares of our Company. The BRLMs 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.

25. None of the Promoters or other members of our Promoter Group will participate in the Offer except to the extent of their participation in the Offer for Sale.

26. Except for issuance of Equity Shares upon conversion of the Preference Shares, issuance of Equity Shares upon exercise of the ESOP options, and issuance of shares pursuant to the Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares are listed on the Stock Exchanges pursuant to the Offer or all application monies have been refunded, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be.

27. Our Company shall ensure that any transaction in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

28. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Promoter, members of our Promoter Group or Group Company, shall offer or make payment of any incentive, whether direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.

29. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹4,000.00 million by our Company and an Offer for Sale of up to [●] Equity Shares, aggregating up to ₹6,250.00 million by the Selling Shareholders.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The proceeds of the Offer for Sale shall be received by the Selling Shareholders and will not form part of the Net Proceeds. Each Selling Shareholder will be entitled to its respective portion of the proceeds of the Offer for Sale after deducting its respective proportion of the Offer expenses and relevant taxes thereon. For further details, please see " – *Offer Expenses*" on page 114.

Fresh Issue

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

Particulars	Estimated amount (in ₹ million)
Gross proceeds of the Fresh Issue[1]	Up to 4,000.00
(Less) Offer expenses in relation to the Fresh Issue[2]	[●]
Net Proceeds[1] [3]	[●]

[1] *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company may utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

[2] *For details with respect to sharing of fees and expenses amongst our Company and the Selling Shareholders, please refer to "- Offer Expenses" on page 114.*

[3] *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Requirement of funds

Our Company proposes to utilise the Net Proceeds towards funding the following objects (collectively referred to as the "**Objects**"):

1. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, i.e. Avalon Technology and Services Private Limited ("**ATSPL**");

2. Funding the working capital requirements of our Company; and

3. General corporate purposes.

In addition, we expect to achieve the benefits of listing of the Equity Shares on the Stock Exchanges which will result in the enhancement of our brand name and creation of a public market for our Equity Shares in India.

The main objects clause and the objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables us: (i) to undertake our existing business activities; (ii) to undertake the activities proposed to be funded from the Net Proceeds (including the activities for which the funds earmarked towards general corporate purposes shall be used); (iii) to undertake the activities for which the relevant loans were raised, which are proposed to be prepaid or repaid from the Net Proceeds. The main objects and objects incidental and ancillary to the main objects of the respective memorandum of association of ATSPL enables it: (i) to undertake its existing business activities; and (ii) to undertake the activities for which the relevant loans were raised, which are proposed to be prepaid or repaid from the Net Proceeds.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the manner set forth below:

Particulars	Estimated amount[1] (in ₹ million)
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSPL	1,500.00

Particulars	Estimated amount[(1)] (in ₹ million)
Funding the working capital requirements of our Company	1,500.00
General corporate purposes [(2)]	[●]
Total [(2)]	**[●]**

(1) *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company may utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

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

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds as follows:

(in ₹ million)

Particulars	Total estimated amount [(2)]	Estimated deployment of the Net Proceeds	
		Fiscal 2023	Fiscal 2024
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSPL	1,500.00	1,500.00	-
Funding the working capital requirements of our Company	1,500.00	523.50	976.50
General corporate purposes [(1)]	[●]	[●]	[●]
Total[(1)(2)]	[●]	[●]	[●]

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

(2) *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company may utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

The fund requirements, deployment of funds and the intended use of the Net Proceeds as described in this Draft Red Herring Prospectus are based on our current business plan, management estimates, prevailing market conditions and other commercial considerations. However, such fund requirements and deployment of funds have not been appraised by any external agency or any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, our business and growth strategies, competitive landscape, general factors affecting our results of operations, financial condition and access to capital and other external factors such as changes in the business environment or regulatory climate and interest or exchange rate fluctuations, 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 further information on factors that may affect our internal management estimates, see "*Risk Factors – We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by a bank or a financial institution"* on page 50.

Our Company proposes to deploy the entire Net Proceeds towards the Objects as per the schedule provided above. In the event that the estimated utilization is not completed as per the aforementioned schedule, due to the reasons stated above, such funds shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable law. Depending upon such factors, we may have to reduce or extend the utilisation period for any of the stated Objects beyond the estimated time period, at the discretion of our management, in accordance with applicable law. Further, such factors could also require us to advance the utilisation before the scheduled deployment as disclosed above towards any particular or all Objects. Subject to compliance with applicable laws, in case the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used for funding other existing Objects, if necessary and/or towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes does not exceed 25% of the gross proceeds of the Fresh Issue.

Means of Finance

The entire fund requirements for our Objects are proposed to be funded from the Net Proceeds and internal accruals. Accordingly, we confirm that there are no requirements to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, in addition to the Net Proceeds, under Regulation 7(1)(e) of the SEBI ICDR Regulations and Paragraph 9(C)(1) of Part A of Schedule VI of the SEBI ICDR Regulations. Subject to applicable laws, in case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals and/or seeking additional debt from existing and/or other lenders.

Details of the Objects

1. Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSPL

Our Company and ATSPL have entered into various financing arrangements from time to time, with various lenders. The financing arrangements availed by our Company and ATSPL include, inter alia, term loans and working capital facilities. For further details, please refer "*Financial Indebtedness*" on page 393.

As at June 30, 2022, our total outstanding borrowings amounted to ₹3,122.73 million, on a consolidated basis. Our Company proposes to utilise an estimated amount of up to ₹1,500.00 million from the Net Proceeds towards pre- payment or scheduled repayment of all or a portion of certain term loans and working capital facilities availed by our Company and ATSPL.

We believe that the pre-payment or scheduled repayment will help reduce our existing borrowings, assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion.

The following table provides details of loans and facilities availed by our Company and ATSPL, as at June 30, 2022, out of which we propose to pre-pay or repay, in part either all or a portion of the below mentioned loans and/or facilities, up to an amount aggregating to ₹1,500.00 million from the Net Proceeds:

[*Remainder of the page is intentionally left blank*]

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
Borrowings of our Company									
1.	Hewlett – Packard Financial Services (India) Private Limited	Master rental and financial agreement: March 21, 2020	Term loan	For the purchase of equipment	63.01	17.54	10.81	36 monthly instalments from March 2020 to February 2023	NA
2.	Hewlett – Packard Financial Services (India) Private Limited	Master rental and financial agreement: March 24, 2020	Term loan	For the purchase of equipment	8.34	2.32	10.82	36 monthly instalments from April 2020 to March 2023	NA
3.	Hewlett – Packard Financial Services (India) Private Limited	Master rental and financial agreement April 23, 2021	Term loan	For the purchase of equipment	19.69	8.94	10.82	12 quarterly instalments from April 2021 to January 2024	NA
4.	Hewlett – Packard Financial Services (India) Private Limited	Master rental and financial agreement January 5, 2021	Term loan	For the purchase of software license	1.03	0.41	10.66	12 quarterly instalments from February 2021 to January 2024	NA
5.	Hewlett – Packard Financial Services (India) Private Limited	Master rental and financial agreement April 23, 2021	Term loan	For the purchase of equipment	6.75	3.07	10.82	12 quarterly instalments from May 2021 to April 2024	NA
6.	Indian Bank	Sanction letter: April 30, 2020 Loan agreement: April 30, 2020	Covid loan as IND-COVID emergency credit line	To improve general liquidity position and augment working capital	30.00	13.07	1 year MCLR Present rate: 7.40	30 equal monthly instalments from April 2021 to September 2023 after a moratorium of six months	Prepayment penalty applicable on the drawing limit or the amount outstanding whichever is higher, as per the bank's guidelines that vary from time to time

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
7.	Indian Bank	Sanction letter: March 29, 2021 Term loan agreement: March 29, 2021	Working capital term loan under the guaranteed emergency credit line scheme	General business purpose	59.80	60.25**	Repo (4.0) + Spread Present Rate- 9.20	12 month holiday period from August 2021 to July 2022. 48 monthly instalments from August 2022 to July 2026	Prepayment penalty is applicable on the drawing limit or the amount outstanding, whichever is higher, as per the bank's guidelines at the time of prepayment
8.	HDFC Bank Limited	Sanction letter: January 31, 2022 Facility cum hypothecation agreement: February 3, 2022	Guaranteed emergency credit line by way of working capital term loan	To augment working capital requirement to enable business unit to meet operating liabilities and restart r increase operations	79.50	79.50	EBLR (6.50) + Spread Present Rate - 7.40	Payment holiday for 12 months (1 year) from April 2022 to March 2023; 48 monthly instalments from March 2023 to March 2027	No prepayment penalty applicable
9.	HDFC Bank Limited	Sanction letter: January 31, 2022 Facility cum hypothecation agreement: February 3, 2022	Guaranteed emergency credit line by way of working capital term loan	To augment working capital requirement to enable business unit to meet operating liabilities and restart r increase operations	39.75	39.75	EBLR (6.50) + Spread Present Rate - 7.40	Payment holiday for 24 months (2 years) from April 2022 to March 2024; 48 monthly instalments from March 2024 to March 2028	No prepayment penalty applicable

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
10.	Indian Bank	Sanction letter: December 29, 2021 Loan agreement: December 31, 2021	Working capital term loan Product Code (IND GECLS 2.0_Extn-Repo)	To meet the working capital requirement of the unit	29.00	29.07**	EBLR (6.50) + Spread Present Rate - 7.40	24 month holiday period from June 2022 to May 2024. 48 monthly instalments from June 2024 to May 2028	Prepayment penalty applicable on the drawing limit or the amount outstanding whichever is higher, as per the bank's guidelines that vary from time to time
11.	HDFC Bank	Sanction letter: June 8, 2022 Loan agreement: June 17, 2022	Term loan	For the purchase of factory, and building	103.00[1]	NIL[1]	8.00 linked to 3 months T – bill	60 monthly equal instalments	Foreclosure charges of 1%
12.	Bank of India	Sanction letter: February 20, 2021 Hypothecation cum loan agreement: February 26, 2021	Export packing credit, cash credit	To meet working capital requirements	Export packing credit: 200.00[2] Working capital cash credit: 30.00[3]	Export packing credit: 200.14# ** Working capital cash credit: 29.91#	Export packing credit: 6.85 + business strategy spread Working capital cash credit: 6.85 + credit premium spread	Export packing credit: 180 days from date of availment Working capital cash credit: Repayable on demand	NA
13.	Indian Bank	Sanction letter: March 29, 2021	Packing credit	To meet working capital requirements	300.00[4]	264.90# **	Marginal cost of funds based lending + spread	12 months from the date of availment	Prepayment penalty of 2.30% on the drawing limit or the amount outstanding, whichever is higher

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
14.	HDFC Bank Limited	Sanction letter: September 18, 2021 Deed of Hypothecation dated October 29, 2021	Export packing credit, cash credit and working capital demand loan	To meet the working capital requirements	Pre / post shipment finance: 485.00[5] Working capital demand loan: 160.00** Cash credit: 16.00[6]	Pre / post shipment finance: 216.31# Working capital demand loan: 186.25# Cash credit: 13.62	Pre / post shipment finance: 7.50 (linked to 3 month repo) Working capital demand loan: 7.50 (linked to 3 month repo) Cash credit: 8.00 (linked to 3 month repo)	Pre / post shipment finance: 270 days from the date of availment Working capital demand loan: 180 days from the date of availment Cash credit: Repayable on demand	NA
15.	Standard Chartered Bank	Sanction letter: November 2, 2018, read with supplemental facility letter: February 16, 2021	Packing credit foreign currency and working capital demand loan	To meet the working capital requirements	264.46(8) #	249.85#	Packing credit foreign currency: LIBOR + spread Working capital demand loan: 8.75	180 days from the date of availment	NA
		Sub-total (A)				**1,414.90**			
Borrowings of ATSPL									

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
1.	Indian Bank	Sanction letter: October 29, 2020 Loan agreement dated: October 29, 2020	Working capital term loan as IND-COVID emergency credit line	For business purposes	78.00	63.63	Repo + spread Present rate- 8.40	Payment holiday for 12 months from December 2020 to November 2021; 36 monthly instalments from December 2021 to November 2024	Prepayment penalty of 2.30% on the drawing limit or the amount outstanding, whichever is higher
2.	Indian Bank	Sanction letter: December 29, 2021 Loan agreement: December 31, 2021	Working capital term loan as IND-COVID emergency credit line	For business purposes	32.00	32.02**	0.70 + repo + spread Present rate- 8.40	Payment holiday for 24 months (2 years) from January 2022 to January 2024; 36 monthly instalments commencing from January 2024 to January 2027	NA

Sr. No.	Name of the lender	Date of sanction letter / loan agreement	Nature of borrowing	Purpose	Amount sanctioned (in ₹ million unless specified otherwise)	Outstanding amount (including interest) as on June 30, 2022 (in ₹ million)(2)	Interest rate (% p.a.)	Repayment schedule	Prepayment conditions/penalty
3.	Indian Bank	Sanction letter: December 29, 2021 Agreement for open cash credit dated October 29, 2020	Packing credit / Pre – shipment credit in foreign currency Cash credit	For business purposes	Export packing credit / Packing credit foreign currency: 200.00*(9) Cash credit: 200.00(10)	Export packing credit / Packing credit foreign currency: 189.55# ** Cash credit: 173.83	Export packing credit / Packing credit foreign currency :3 month marginal cost of funding based lending + spread Cash credit: Repo + total spread	Export packing credit / Packing credit foreign currency: 270 days from the date of availment Cash credit: Repayable on demand	NA
4.	Cholamandalam Investment and Finance Company Limited	Sanction letter: January 14, 2020 Loan agreement: January 30, 2020	Term loan	Purchase of new domestic equipment and import of machinery	9.19	2.97	13.00	36 monthly instalments from March 2020 to July 2023	Prepayment charges of 4% on the principal outstanding
	Sub-total (B)					**462.00**			
	Total (A+B)					**1,876.90**			

 # Converted at the exchange rate prevailing on June 30, 2022

**Converted at the exchange rate prevailing on the date of availment*

*** The outstanding balance as on June 30, 2022 is inclusive of interest charged for the month of June 2022, leading to an amount outstanding as on June 30, 2022 which is higher than the sanctioned amount*

1. *While the sanction letter sanctions an amount of ₹103.00 million, the amount is to be drawn down in two tranches of ₹54.00 million and ₹49.00 million, of which ₹47.47 million out of the first tranche of ₹54.00 million, was drawn down in the month of July, 2022.*
2. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹193.12 million. The amount availed has been converted at the exchange rate prevailing on the date of availment*
3. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹29.91 million*
4. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹253.57 million. The amount availed has been converted at the exchange rate prevailing on the date of availment*

5. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹238.62 million. The amount availed has been converted at the exchange rate prevailing on the date of availment*
6. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹13.62 million*
7. *The amount outstanding as of June 30, 2022 has been certified by the Statutory Auditors, by way of their certificate dated August 9, 2022.*
8. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹242.55 million*
9. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹180.73 million*
10. *Amount availed by our Company as on date of this Draft Red Herring Prospectus is ₹ 173.83 million*

In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purposed availed, our Company has obtained the requisite certificate dated August 9, 2022 for the loans to be prepaid by our Company as well as for the loans to be prepaid by ATSPL.

For further details in relation to our borrowings, please see "*Financial Indebtedness*" on page 393.

The selection of borrowings proposed to be prepaid or repaid out of the borrowings provided in the table above, shall be based on various factors including (i) any condition (including prepayment related conditions) attached to the borrowings restricting our ability to prepay the borrowings; (ii) other commercial considerations including, among others, the interest rate on the loans and/or facilities, the amount of the loan outstanding and the remaining tenor of the loan; (iii) receipt of consents for prepayment from the respective lenders and terms and conditions of such consents and waivers and (iv) levy of any prepayment penalties/premium and the quantum thereof and other related costs; and (v) nature and/or repayment schedule of borrowings. Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Payment of additional interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the internal accruals or out of the Net Proceeds as may be decided by our Company.

Given the nature of the above-mentioned borrowings and the terms of repayment, the aggregate outstanding borrowing amounts which we propose to repay may vary from time to time. In light of the above, if at the time of filing this Draft Red Herring Prospectus or after that date, any of the above – mentioned loans or facilities may be repaid in part or full or refinanced and our Company may also avail additional borrowings and/or draw down further funds under existing loans from time to time. 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 part or full, will not exceed ₹1,500.00 million. Accordingly, the table above shall be suitably revised to reflect the revised amounts or loans as the case may be which have been availed by our Company or ATSPL.

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are prepaid, repaid, redeemed (earlier or scheduled), refinanced or further drawn down prior to the completion of the Offer, we may utilize Net Proceeds towards prepayment and/or repayment of such additional indebtedness availed by us, details of which shall be provided in the Red Herring Prospectus.

For the purposes of the Offer, our Company has intimated and has obtained necessary consent from its lenders, as is respectively required under the relevant facility documentation for undertaking activities in relation to this Offer and for the deployment of the Net Proceeds towards the objects set out in this section.

Our Company shall deploy a portion of the Net Proceeds by investing in ATSPL, for the purpose of prepayment or repayment of all or a portion of the abovementioned borrowings availed by ATSPL. The form of infusion of such investment will be by way of equity, debt, or through any other manner, which shall be determined by our Board after considering certain commercial and financial factors at the time of investment.

2. Funding the working capital requirements of our Company

Our Company proposes to utilise ₹1,500.00 million from the Net Proceeds towards funding its working capital requirements in Fiscal 2023 and Fiscal 2024.

We have significant working capital requirements, and we fund our working capital requirements in the ordinary course of business from our internal accruals/equity and financing facilities from various banks, financial institutions and non-banking financial companies. Our Company requires additional working capital for funding future growth requirements of our Company. As of March 31, 2022, the aggregate amount sanctioned by the banks to our Company under the fund based working capital facilities amounted to ₹1,265.00 million on a standalone basis. For details of the working capital facilities availed by us, see "*Financial Indebtedness*" on page 393.

Basis of estimation of working capital requirement

The details of our Company's working capital as at March 31, 2020, March 31 2021 and March 31 2022, and the source of funding, derived from the standalone financial statements of our Company, as certified by Mohan & Venkataraman, Chartered Accountants through their certificate dated August 9, 2022 are provided in the table below:

(₹ million)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2021	As at March 31, 2022
(A)	**Current assets**			
(a)	Inventories	920.66	749.79	1,143.22
(b)	Financial assets			
	(i) Trade receivables	2,181.84	1,651.01	1,410.55
(c)	Other current assets	167.32	105.28	328.07
	Total current assets (A)	**3,269.82**	**2,506.08**	**2,881.84**
(B)	**Current liabilities**			
(a)	Financial liabilities			
	(i) Trade payables	698.31	661.84	568.01
(b)	Provisions, other current liabilities and current tax liabilities (net	119.67	113.65	91.91
	Total current liabilities (B)	**817.98**	**775.49**	**659.92**
(C)	**Total working capital requirements (C = A – B)**	**2,451.84**	**1,730.58**	**2,221.92**
(D)	**Funding pattern**			
(a)	Working capital funding from banks (including metal gold loans)	1,209.85	1,239.10	1,186.90
(b)	Internal accruals and Equity	1,242.00	491.48	1,035.02
	Total	**2,451.84**	**1,730.58**	**2,221.92**

Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants.

On the basis of the existing and estimated working capital requirement of our Company on a standalone basis, and assumptions for such working capital requirements, our Board pursuant to its resolution dated August 2, 2022, has approved the estimated working capital requirements for Fiscals 2023 and 2024 as set forth below:

(₹ million)

S. No.	Particulars	March 31, 2023 (*Estimated*)	March 31, 2024 (*Estimated*)
(A)	**Current assets**		
(a)	Inventories	1,357.76	1,619.52
(b)	Financial assets		
	Trade receivables	1,675.54	1,998.55
(c)	Other current assets	390.00	465.18
	Total current assets (A)	**3,423.30**	**4,083.25**
(B)	**Current liabilities**		
(a)	Financial liabilities		
	Trade payables	678.88	809.76
(b)	Provisions, other current liabilities and current tax liabilities (net)	115.55	137.83
	Total current liabilities (B)	**794.44**	**947.59**
(C)	**Total working capital requirements (C = A – B)**	**2,628.86**	**3,135.66**
(D)	**Funding pattern**		
(a)	Proceeds from the Offer	523.50	976.50
(b)	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) or internal accruals	2,105.36	2,159.16
	Total	**2,628.86**	**3,135.66**

Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants

Assumptions for our estimated working capital requirements

The table below sets forth the details of holding levels (in days) for Fiscal 2020, Fiscal 2021 and Fiscal 2022 as well as estimated holding levels (in days) for Fiscal 2023 and Fiscal 2024:

Days	Fiscal 2020 (Actual)	Fiscal 2021 (Actual)	Fiscal 2022 (Actual)	Fiscal 2023 *(Estimated)*	Fiscal 2024 *(Estimated)*
Inventories	101	74	94	94	94
Trade receivables	239	163	116	116	116
Other current assets	18	10	27	27	27
Total current assets (A)	**358**	**247**	**237**	**237**	**237**
Trade payables	76	65	47	47	47
Provisions, other current liabilities, current tax liabilities (net)	13	11	8	8	8
Total current liabilities (B)	**89**	**76**	**55**	**55**	**55**
Net working capital days	**269**	**171**	**182**	**182**	**182**

Note: The above details of holding levels as well as projections has been certified by Mohan & Venkataraman, Chartered Accountants, pursuant to their certificate dated August 9, 2022.

Notes:

1. *Holding period (in days) is calculated as respective current asset or current liability divided by total income multiplied by number of days (see note 2 below). Estimated holding days for Fiscal 2023 and Fiscal 2024 have been rounded to the nearest number.*
2. *The holding period has been computed over 365 days for each fiscal year*.

Key assumptions for working capital requirements

Our Company's estimated working capital requirements on a standalone basis are based on the following key assumptions:

S. No.	Particulars	Assumptions
Current Assets		
1	Trade Receivables	The holding levels of trade receivables were 239 days in Fiscal 2020 and 163 days in Fiscal 2021 respectively. The business operations during the said periods were impacted by Covid-19. However, the holding level was reduced to 116 days in Fiscal 2022, due to business returning to its normalcy. We expect the holding level to stay in line with Fiscal 2022 for Fiscal 2023 and Fiscal 2024.
2	Inventories	Inventory levels generally tend to be more volatile depending on the factors such as order book status, delivery schedules, component shortage crisis etc. In the past, the holding levels of inventories were reduced from 101 days in Fiscal 2020 to 74 days in Fiscal 2021. However, the holding level of inventory increased to 94 days in Fiscal 2022 due to existing global component shortage crisis which is expected to continue in the near future. Hence, we consider the holding period in Fiscal 2022 to continue for Fiscal 2023 and Fiscal 2024.
3	Other current assets	The key items under this head are advances paid to suppliers, prepaid expenses, balance with statutory authorities, advances to employees etc. Other current assets holding period was 18 days in Fiscal 2020 and 10 days in Fiscal 2021. In Fiscal 2022, it was increased to 27 days due to higher advances paid to suppliers amidst the existing component shortage crisis vis-a-vis the previous fiscals. We expect the holding level to stay in line with Fiscal 2022 for Fiscal 2023 and Fiscal 2024.
Current Liabilities		
1	Trade Payables	Due to the impact caused by Covid-19 outbreak, the holding levels of trade payables were 76 days in Fiscal 2020 and 65 days in Fiscal 2021. However, the holding level was reduced to 47 days in Fiscal 2022, as the business returned to its normalcy. We expect the holding level to stay in line with Fiscal 2022 for Fiscal 2023 and Fiscal 2024.
2	Provisions, Other current liabilities, Current tax liabilities (net)	In the past, the holding levels were 13 days in Fiscal 2020 and 11 days in Fiscal 2021, which further improved to 8 days in Fiscal 2022 driven by lower customer advances and the payment of income tax dues outstanding in the past. We expect the holding level to stay in line with Fiscal 2022 for Fiscal 2023 and Fiscal 2024.

Note: Pursuant to the certificate dated August 9, 2022, issued by Mohan & Venkataraman, Chartered Accountants.

3. General corporate purposes

We propose to utilise upto ₹[●] million of the Net Proceeds towards general corporate purposes and the business requirements of our Company as approved by the Board, from time to time, subject to such utilisation for general corporate purposes not exceeding 25% of the gross proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise the Net Proceeds include, without limitation, strategic initiatives, funding growth opportunities, strengthening marketing capabilities and brand building exercises, meeting ongoing general corporate contingencies, expenses incurred in ordinary course of business, meeting our business requirements, payment of lease liabilities, payment of commission and/or fees to consultants, acquisition of fixed assets, capital expenditure in the ordinary course of business, business development initiatives, employee welfare activities, any of the other Objects, other expenses including salaries and wages, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. In the event our Company is unable to utilise the Net Proceeds towards any of the objects of the Offer for any of the reasons as aforementioned, our Company may utilise such Net Proceeds towards general corporate purposes, provided that the aggregate amount deployed towards general corporate purposes shall not exceed 25% of the gross proceeds from the Fresh Issue.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount 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(s) in the subsequent Fiscals.

Offer Expenses

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

Other than (i) the listing fees which shall be solely borne by the Company; and (ii) fees and expenses in relation to the counsel to the Selling Shareholders, if any, which shall be solely borne by the respective Selling Shareholders; all costs, fees and expenses that are associated with and incurred in connection with the Offer shall be borne by the Company and each of the Selling Shareholders solely based on the following: (i) by the Company in relation to the Equity Shares issued and allotted by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Offered Shares sold and transferred in the Offer for Sale, in accordance with Applicable Law, including section 28(3) of Companies Act, 2013. All estimated Offer related expenses to be proportionately borne by the Selling Shareholders shall be deducted from the proceeds of the Offer for Sale, and subsequently, the balance amount from the Offer for Sale will be paid to the Selling Shareholders. In the event, any expense is paid by our Company on behalf of the Selling Shareholders in the first instance, it will be reimbursed to our Company, by the Selling Shareholders to the extent of its respective proportion of Offer related expenses, directly from the Public Offer Account.

The break-up of the estimated Offer expenses are set forth below:

(in ₹ million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs. Brokerage, underwriting commission and selling commission	[●]	[●]	[●]

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
and bidding charges for Members of the Syndicate, Registered Brokers, CRTAs and CDPs(1)(2)(3)(4)			
Advertising and marketing expenses	[●]	[●]	[●]
Fee payable to auditors, consultants and market research firms	[●]	[●]	[●]
Others (i) Listing fees, SEBI, BSE and NSE processing fees, book building software fees and other regulatory expenses; (ii) Printing and distribution of stationery; (iii) Fees payable to legal counsel; and (iv) Miscellaneous.	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

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

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

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

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

(2) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/CRTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

Portion for Retail Individual Investors	*₹[●] per valid application (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹[●] per valid application (plus applicable taxes)*

(3) *The processing fees for applications made by UPI Bidders would be as follows:*

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 remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable law*

(4) *Selling commission on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs would be as follows:*

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

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

Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes). The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022

Interim use of funds

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits only with one or more scheduled commercial banks included in the second schedule of the

Reserve Bank of India Act, 1934, as amended. 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 shares of any other listed company or for any investment in the equity markets.

Bridge loan

Our Company has not raised any bridge loans from any banks or financial institutions, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or finance institutions.

Monitoring of utilisation of funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilization of Net Proceeds prior to the filing of the Red Herring Prospectus, as the Fresh Issue size exceeds ₹1,000 million. Our Audit Committee and the Monitoring Agency will monitor the utilization 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 utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such 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 utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will 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 the 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 SEBI 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 as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the Objects 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, 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders and such variation will be in accordance with the applicable laws including the Companies Act, 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Tamil, being the regional language of Tamil Nadu, where our Registered and Corporate Office is situated in accordance with the Companies Act, 2013 and applicable rules. Our Promoters 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 Section 13(8) and other applicable provisions of the Companies Act, our Articles of Association, and the SEBI ICDR Regulations.

Other confirmations

Except to the extent of the proceeds received by the Selling Shareholders pursuant to the Offer for Sale portion, none of our Promoters or members of the Promoter Group, Group Companies, Directors or Key Managerial

Personnel will receive any portion of the Offer Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, 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 ₹2 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", "Management's Discussion and Analysis of Financial Condition and Results of Operations" "Financial Statements" and "Summary of Financial Information"* on pages 186, 30, 368, 273 and 70, respectively, to have an informed view before making an investment decision.

Qualitative Factors

- End – to – end integrated solutions, providing a "One Stop Shop" for electronics and electro – mechanical design and manufacturing services.
- High entry barriers to business through our collective cross-industry experience, customer engagement capabilities and leading position in the high mix flexible volume product manufacturing segment.
- Well-diversified business leading to strong growth avenues
- Established relationships with marquee customer base
- Global delivery footprint with high quality standards and advanced manufacturing and assembly capabilities
- Strong financial performance, stable cash flows and visible growth profile

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Consolidated Financial Information. For details, see "*Financial Statements*" on page 273.

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

Basic and Diluted Earnings per Share ("EPS")

Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2020	2.21	2.21	1
March 31, 2021	4.01	4.01	2
March 31, 2022	11.30	11.30	3
Weighted Average	**7.36**	**7.36**	

Notes:

• Basic earnings per share (₹) = Restated consolidated profit for the year attributable to equity holders of the parent / Weighted average number of equity shares in calculating basic EPS

• Diluted earnings per share (₹) = Restated consolidated profit for the year attributable to equity holders of the parent / Weighted average number of equity shares in calculating diluted EPS

• Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended)

• Weighted Average Number of Equity Shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor

• Pursuant to resolutions passed in extra-ordinary general meeting held on 27th June, 2022, shareholders have approved subdivision of each equity share of face value of Rs. 100 each into fifty equity shares of face value of Rs. 2 each and issue of bonus equity shares of face value of Rs.2 each in the ratio of 6:1. As required under Ind AS 33 "Earning per share", the above sub-division and Bonus shares are retrospectively considered for the computation of weighted average number of equity shares outstanding during the period, in accordance with Ind AS 33.

Price/Earning ("P/E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Year ended	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2022	[●]	[●]
Based on diluted EPS for Fiscal 2022	[●]	[●]

Industry P/E ratio

Particulars	Face value of equity shares (in ₹)
Highest	119.91
Lowest	73.52
Industry Composite	96.72

Return on Net Worth ("RoNW")

Year ended	RoNW (%)	Weight
March 31, 2020	25.19	1
March 31, 2021	40.36	2
March 31, 2022	85.86	3
Weighted Average	**60.58**	

Return on Networth is calculated as Restated Profit for the year attributable to the equity shareholders of the Company divided by average net worth (excluding non-controlling interest). For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation each as applicable for the Company on a consolidated restated basis. Net worth represents equity attributable to owners of the holding company and does not include amounts attributable to non-controlling interests.

Net Asset Value ("NAV") per share

(₹ in million)

Year ended	Particulars	
NAV as on March 31, 2022	15.60	
	At the Floor Price	**At the Cap Price**
NAV after the completion of the Offer	[●]	[●]

Notes:

- *Offer Price per equity share will be determined on conclusion of the Book Building Process.*
- *Net asset value per equity share represents restated net worth attributable to equity shareholders of the Company (excluding non-controlling interest) at the end of the year divided by weighted average numbers of equity share outstanding during the respective year.*
- *Pursuant to resolutions passed in extra-ordinary general meeting held on 27th June, 2022, shareholders have approved subdivision of each equity share of face value of Rs. 100 each into fifty equity shares of face value of Rs. 2 each and issue of bonus equity shares of face value of Rs.2 each in the ratio of 6:1. As required under Ind AS 33 "Earning per share", the above sub-division and Bonus shares are retrospectively considered for the computation of weighted average number of equity shares outstanding during the period, in accordance with Ind AS 33.*

Comparison with Listed Industry Peers

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price on August 4, 2022 (₹)	Revenue from Operations (in ₹ million)	EPS (₹) FISCAL 2022		NAV (₹ per share)	P/E	RoNW (%)
					Basic	Diluted			
Avalon Technologies Limited*	Consolidated	2.00	[●]	8,407.18	11.30	11.30	15.60	[●]	85.86%
PEER GROUP									
Dixon Technologies Limited	Consolidated	2.00	3,837.15	106,970.80	32.31	32.00	167.73	119.91	19.08%
Amber Enterprises Limited	Consolidated	10.00	2,382.55	42,063.97	32.41	32.41	514.70	73.52	6.28%

** Financial information for our Company is derived from the Restated Consolidated Financial Information as at and for the financial year ended March 31, 2022.*

#All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2022.

Notes for listed peers:

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 04, 2022 divided by the Diluted EPS provided.*
3. *Return on net worth ("**RoNW**") is computed as total profit/ (loss) for the year attributable to equity shareholders of the parent divided by average net worth (excluding non-controlling interest) , as at March 31, 2022.*
4. *Net asset value per share is calculated by dividing net worth (excluding non-controlling interest) by weighted average number of equity shares outstanding as at March 31, 2022.*

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

The Offer Price of ₹[●] has been determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 30, 186, 368 and 273, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of Possible Special Tax Benefits

Date: August 9, 2022

To,

The Board of Directors
Avalon Technologies Limited
B-7 First Main Road,
MEPZ-SEZ, Tambaram
Chennai– 600 045,
Tamil Nadu, India.

Re: Proposed initial public offering of equity shares of ₹ 2 each (the "Equity Shares") of Avalon Technologies Limited (the "Company" and such offer, the "Offer")

Dear Sir/ Madam

We, Varma & Varma, Chartered Accountants, (Firm Registration Number: 004532S), Statutory Auditor of the Company, report that the enclosed statement in the **Annexure**, states the possible special tax benefits, available to the Company, its shareholders and to its material subsidiaries namely Avalon Technology and Services (P) Limited, India and ABV Electronics Incorporated , USA ("Material Subsidiaries") , under the direct and indirect tax laws presently in force in India and under the tax laws of the country of residence in respect of the Material Subsidiary incorporated outside India, as on the date of this certificate. Several of these benefits are dependent on the Company its shareholders and its Material Subsidiaries, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders or its Material Subsidiaries to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company or its shareholders or its Material Subsidiaries face in the future, the Company and its shareholders or its Material Subsidiaries may or may not choose to fulfill.

We confirm that Avalon Technology and Services (P) Limited, India and ABV Electronics Incorporated , USA are material subsidiaries, of the Company, in terms of the Regulation 16, Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and in terms of the 'Policy on Material Subsidiary Companies' of the Company issued on.

With respect to the possible special tax benefits mentioned in the Annexure to this Statement in the case of the Material Subsidiary in United States of America, we have placed reliance on the confirmation of special tax benefits provided by M/s Forrestall CPAs, LLC ("the Other Auditor") vide their Statement on Special Tax Benefits dated 28th July, 2022 and our work relating to statement of possible special tax benefits available to the Material Subsidiary is solely based on the statement issued by the Other Auditor.

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

Our views are based on the existing provisions of tax law and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue which may have a material effect on the discussions herein.

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

(i) the Company and its shareholders and its Material Subsidiaries will continue to obtain these benefits in future; or

(ii) the conditions prescribed for availing the benefits have been/would be met with.

(iii) The revenue authorities/ courts will concur with the views expressed herein.

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

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

We confirm that the information in this certificate is true, fair and correct, and is in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

This certificate is for information and for inclusion (in part or full) in the Offer Documents or any other Offer-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to the submission of this certificate as may be necessary to SEBI, the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers until the date when the Equity Shares commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Managers and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Offer. All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

For and on behalf of Varma & Varma, Chartered Accountants

P.R.Prasanna Varma
Partner
Membership No.: 025854
Firm Registration No: 004532S
UDIN: 22025854AOQXBB3362
Date: August 9, 2022

Encl: As above

ANNEXURE

LIST OF MATERIAL SUBSIDIARIES CONSIDERED AS PART OF THE STATEMENT

1. Avalon Technology and Services Private Limited ('Material Subsidiary')
2. ABV Electronics, Inc. (Sienna Corporation) ('Material Subsidiary')

Note 1: Material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose income or net worth in the immediately preceding year (i.e., March 31, 2022) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiaries in the immediate preceding year.

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES UNDER THE APPLICABLE DIRECT TAX LAWS

We have outlined hereunder certain possible special tax benefits which may be available to **Avalon Technologies Limited** (the "Company") and its shareholders and its material subsidiaries under the Income-tax Act, 1961 (read with Income Tax Rules, Circulars, Notifications) as amended by the Finance Act, 2022 (hereafter referred to as "Indian Income Tax Regulations"):

I. Possible Special tax benefits available to the company under the applicable Direct Tax Laws in India

1. **Lower Corporate tax rate under Section 115BAA of the Act**

   As per section 115BAA of the Act inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act,2019) w.e.f. April 1, 2020 i.e., A.Y.2020-21 an option is granted to the domestic companies to compute corporate tax at a reduced rate of 22%, provided the taxpayer does not avail specified exemptions/incentives and complies with other conditions specified in section 115BAA of the Act. Further, the taxpayer availing such option will not be required to pay Minimum Alternate Tax ("MAT") on its book profits under section 115JB.

   However, such company will not be eligible to avail specified exemptions/incentives under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Also, if a company opts for section 115BAA of the Act, the tax credit (under section 115JAA of the Act), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

   The company has represented to us that they have not opted for section 115BAA of the Act for the Assessment Year 2022-23(F.Y.2021-22).

2. As per provisions of Section 32(1)(iia) of the Act, a company engaged in a specified business can avail additional depreciation equal to 20% of the actual cost of eligible new plant and machinery acquired and installed by it. The Company being engaged in a specified business claims additional depreciation on eligible assets. The company cannot avail this benefit if it chooses to opt lower corporate tax rate as specified above.

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

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

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

4. **Deduction under section 80JJAA of the Act**

As per the provisions of Section 80JJAA of the Act, where the gross total income of an assessee to whom provisions of section 44AB applies, includes any profit and gains derived from business, then such assessee shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

II. Possible Special tax benefits available to Avalon Technology and Services Private Limited, one of the Material Subsidiaries, under the applicable Direct Tax Laws in India

1. **Deduction under section 10AA of the Income-tax Act, 1961 ('the Act') is available after fulfilling conditions as per the respective provisions of the relevant tax laws.**

Section 10AA of the Act provides that an assessee being a manufacturer or provider of services from a Special Economic Zone ('SEZ'), during the previous year commencing on or after the 1st day of April 2006, in computing his total income can claim a deduction of hundred per cent of profits and gains derived from the export, of such articles or things or from services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the Unit begins to manufacture or produce such articles or things or provide services, as the case may be, and fifty per cent of such profits and gains for further five assessment years and thereafter. Further, the assessee can avail fifty percent of the profits as deduction for the next five consecutive assessment years provided the deduction is credited to a reserve account and utilized for the purposes specified therein. The deduction is available in respect of profits of the business, in the proportion in which the export turnover bears to the total turnover of the business carried out by the Company. In order to avail a tax holiday under section 10AA of the Act, inter alia, the following conditions must be fulfilled:

- An undertaking must have been set up in a SEZ, which begins to manufacture or produce articles or provide services on or after 01 April 2006;
- The undertaking should not be formed by the transfer to a new business of machinery or plant previously used for any purpose. This condition is relaxed where the used plant and machinery does not constitute more than 20 per cent of the total value of the machinery or plant used in the new business ('the 80:20 test'); and
- The undertaking should not be formed by splitting up or reconstruction, of an existing business ('splitting up and reconstruction test').
- The Company, being an entrepreneur as referred in clause (j) of section 2 of the Special Economic Zones Act, 2005 has set-up 2 units in the Special Economic Zone ('SEZ'). Details are tabulated below:

SEZ unit	Approval reference number	Date of Approval of the unit	Year of 10AA Claim (as of March 31, 2022)*

Unit-I	8/132/2009/SEZ	13-01-2009	10th
Unit-II	8/175/2013/SEZ	31-01-2014	8th

**from the year of commencement of production*

The company cannot avail this benefit if it chooses to opt for lower corporate tax rate u/s.115BAA

2. As per provisions of Section 32(1)(iia) of the Act, a company engaged in a specified business can avail additional depreciation equal to 20% of the actual cost of eligible new plant and machinery acquired and installed by it. The Subsidiary being engaged in a specified business claims additional depreciation on eligible assets. The company cannot avail this benefit if it chooses to opt for lower corporate tax rate u/s.115BAA.

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

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

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

4. **Deduction under section 80JJAA of the Act**

   As per the provisions of Section 80JJAA of the Act, where the gross total income of an assessee to whom provisions of section 44AB applies, includes any profit and gains derived from business, then such assessee shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

III. Possible Special tax benefits available to ABV Electronics, Inc.(Sienna Corporation), one of the Material Subsidiaries, under the Applicable Laws in the United States of America

<u>Utilization of net loss carry forward to reduce future taxable income under Section 172 of the Internal Revenue Code</u>

Section 172 of the Internal Revenue Code allows a deduction for the taxable year an amount equal to the aggregate of the net operating loss carryovers to such year up to the taxable income computed without regard to the deductions this section and sections 199A and 250.

The Company's net operating losses can be carried forward for a period of 20 years from the net operating loss was incurred. The Company's net operating losses are set to begin expiring in 2034 if they are not utilized before that time.

IV. Special direct tax benefits available to the Shareholders of the Company under the applicable Direct Tax Laws in India

(1) Dividend income is taxable for the shareholders in their hands as per the applicable tax rates. However, in case of a domestic corporate shareholder, deduction under Section 80M of the Act would be available subject to fulfilment of conditions mentioned in Section 80M of the Act (as mentioned above). Further, in case of shareholders who are Individuals, Hindu Undivided Family, Association of Persons and Body of Individuals (whether incorporated or not) and every Artificial Juridical Person, surcharge would be restricted to 15%, irrespective of the amount of dividend received during the year. The shareholders would also be entitled to take credit of the Tax Deducted at Source by the Company against the taxes payable by them.

(2) As per Section 112A of the Act, long-term capital gains arising from transfer of an equity share for which securities transaction tax ("STT") is paid at the time of acquisition and sale, shall be taxed at 10% (without indexation) plus applicable surcharge and cess of such capital gains. This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 1,00,000/- in a year.

Further, the Finance Act 2022 has restricted surcharge to 15% in respect of long-term capital gain arising from any capital asset.

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

(4) As per Section 90(2) of the Act, non-resident shareholders will be eligible to take the benefit of beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), If any applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

(5) Further, any income by way of capital gains payable to non-residents may be subject to withholding tax in accordance with the provisions of the Act or under the relevant DTAA, whichever is beneficial to such non-resident unless such non-resident has obtained a lower withholding tax certificate from the tax authorities.

(6) The non-resident shareholders can also avail credit of withholding taxes or any taxes paid by them directly to the Indian Revenue Authorities, subject to DTAA provisions and local laws of the country in which such shareholder is resident.

(7) In cases where the gains arising on the transfer of shares of the company are included as business income of a shareholder as 'Profits and Gains of Business or Profession' and Securities Transaction Tax ("**STT**") is paid on such transfer, the shareholders are entitled to a deduction of such STT from the business income as per the provisions of Section 36(1)(xv) of the Act.

Notes:

1. These special direct tax benefits are dependent on the Company, its shareholders and its Material Subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Income Tax regulations of the respective tax jurisdictions. Hence, the ability of the Company, its shareholders, and its Material Subsidiaries to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company, its shareholders or its Material Subsidiaries may or may not choose to fulfil.

2. The special direct tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, 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 issue.

3. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be issuing equity shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

i. the Company, its shareholders and its material subsidiaries will continue to obtain these benefits in future;

ii. the conditions prescribed for availing the benefits have been/ would be met with; and

iii. the revenue authorities/courts will concur with the view expressed herein.

5. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.

6. In respect of non-resident shareholders, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

For **Avalon Technologies Limited**

R M Subramanian
Chief Financial Officer

Place: Chennai
Date: August 9, 2022

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES OF THE COMPANY UNDER THE APPLICABLE INDIRECT TAX LAWS

Outlined below are the Possible Special Indirect Tax benefits available to **Avalon Technologies Limited** (the "Company"), its Shareholders and its material subsidiaries under the applicable Indirect tax laws.

I. Possible Special tax benefits available to the company under the applicable Indirect Tax Laws in India

1. **Benefits under GST Law:**

The company has export of goods or services which are not taxable under GST being Zero rated supplies under IGST Act,2017.

The company for their SEZ units is currently availing and also would be availing zero rating benefit on their procurements from Domestic Tariff Area ('DTA') for the purpose of authorized operations i.e., good or services are procured without payment of GST.

2. **Benefits under Customs Law:**

The company for their SEZ units, is currently availing and also would be availing benefits by way of duty-free Import under the Customs Act, 1962 subject to fulfilment of prescribed criteria under the Customs Law.

II. Possible Special tax benefits available to Avalon Technology and Services Private Limited under the applicable Indirect Tax Laws in India

1. **Benefits under GST Law:**

The company has export of goods or services which are not taxable under GST being Zero rated supplies under IGST Act,2017.

The company for their SEZ units is currently availing and also would be availing zero rating benefit on their procurements from Domestic Tariff Area ('DTA') for the purpose of authorized operations i.e., good or services are procured without payment of GST.

2. **Benefits under Customs Law:**

The company for their SEZ units, is currently availing and also would be availing benefits by way of duty-free Import under the Customs Act, 1962 subject to fulfilment of prescribed criteria under the Customs Law.

III. Possible Special tax benefits available to ABV Electronics, Inc.(Sienna Corporation) under the Applicable Laws in the United States of America

There are no special tax benefits available to ABV Electronics, Inc. (Sienna Corporation).

IV. Special Tax Benefits available to the Shareholders of the Company under the applicable Indirect Tax Laws in India

There are no special tax benefits available to shareholders for investing in the shares of the Company.

Note:

1. These special tax benefits are dependent on the Company, its shareholders and its Material Subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company, its shareholders and its Material Subsidiaries to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its Material Subsidiaries or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences aid the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

3. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
i. The Company, its shareholders and its material subsidiaries will continue to obtain these benefits in future;

ii. The conditions prescribed for availing the benefits have been / would be met with; and

iii. The revenue authorities / courts will concur with the view expressed herein.

5. This Annexure covers only certain relevant indirect tax law benefits and does not cover any direct tax law benefits or benefits under any other law.

6. The above views are basis the existing provisions of law and its interpretation, which are subject to change from time to time.

For **Avalon Technologies Limited**

RM Subramanian
Chief Financial Officer

Place: Chennai
Date: August 9, 2022

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Market Assessment for India EMS Industry" dated August 4, 2022 (the "**F&S Report**"), prepared exclusively for the Offer and released by Frost & Sullivan, and commissioned and paid for by us for the purposes of confirming our understanding of the industry, exclusively in connection with the Offer. The data included herein includes excerpts from the F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that have been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors - This Draft Red Herring Prospectus contains information from industry sources including the commissioned industry report from Frost & Sullivan." on page 55. Please also see "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 14. 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. A copy of the F&S Report is available on the website of our Company at https://www.avalontec.com/investors/ until the Bid/Offer Closing Date.*

Macroeconomic Overview

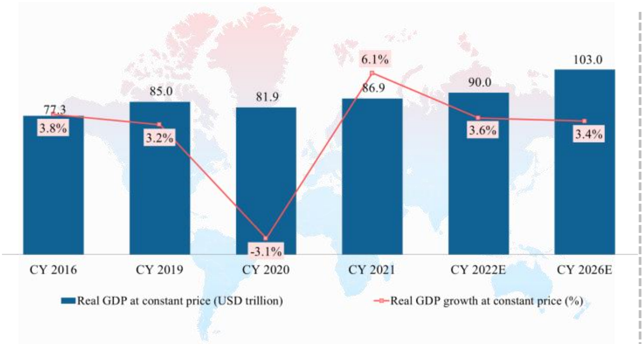
Global macroeconomic overview

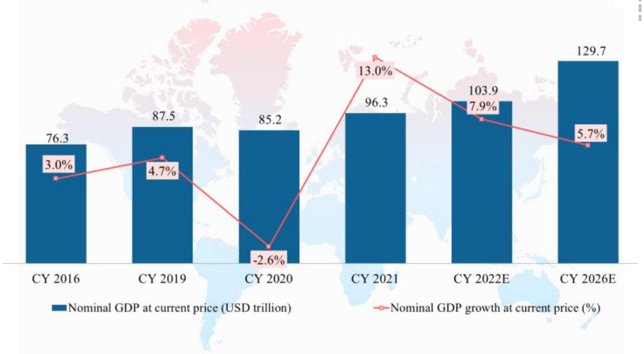
After a year and a half of slowdown, most major economies registered strong growth in CY2021 and are now on a path of stabilization and growth. Since the early months of CY2022, the global economy has been in a reasonably strong position, and the major economies—the United States, China, and Europe—have all managed to regain their pre-pandemic levels. Pent-up demand has resulted in a robust post-recession recovery.

While global economic conditions are improving and sentiment remains largely positive, concerns regarding rising inflation remain widespread, as Russia invaded Ukraine at the start of CY2022 after relations between the two countries became hostile following the revolution in 2014. One of the most important effects of this war has been on commodity prices and the war is also expected to spike global fuel inflation.

Global real GDP and nominal GDP

Chart 1.1 and 1.2: Global real and nominal GDP and real and nominal GDP growth (annual percentage change), (value in USD trillion, growth in %, CY2016-CY2026E



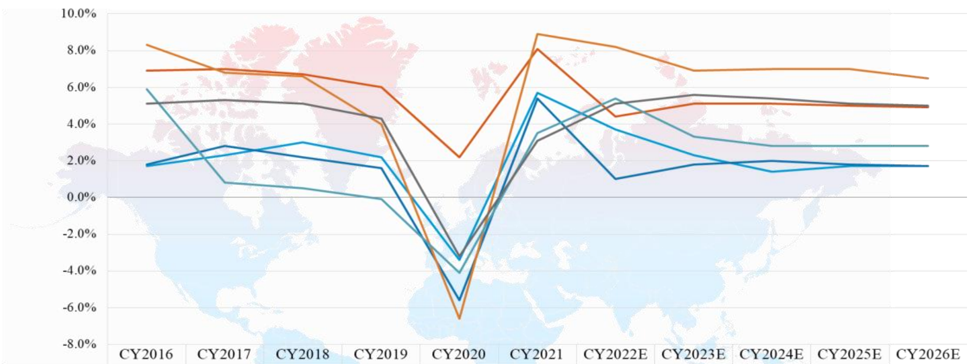


Note: E refers to Estimate

Source: IMF, World Economic Outlook, June 2022; World Bank; Frost & Sullivan Analysis

Global economic powerhouses such as the World Bank, the IMF and others have projected a stable growth outlook for the global economy up to CY2026. Global GDP is expected to grow at a CAGR of 3.5% (real GDP) and 6.1% (nominal GDP) by CY2026. The above two charts highlight growth in real GDP and nominal GDP.

Chart 1.3: Real GDP and real GDP growth (annual percentage change) in key economies (U.S., Europe, China, India, Middle East, South East Asia), growth in %, CY2016-CY2026E



	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022E	CY2023E	CY2024E	CY2025E	CY2026E
USA (%)	1.7%	2.3%	3.0%	2.2%	-3.4%	5.7%	3.7%	2.3%	1.4%	1.7%	1.7%
Europe (%)	1.8%	2.8%	2.2%	1.6%	-5.6%	5.4%	1.0%	1.8%	2.0%	1.8%	1.7%
China (%)	6.9%	7.0%	6.7%	6.0%	2.2%	8.1%	4.4%	5.1%	5.1%	5.0%	4.9%
India (%)	8.3%	6.8%	6.6%	4.0%	-6.6%	8.9%	8.2%	6.9%	7.0%	7.0%	6.5%
Middle East (%)	5.9%	0.8%	0.5%	-0.1%	-4.1%	3.5%	5.4%	3.3%	2.8%	2.8%	2.8%
South East Asia (%)	5.1%	5.3%	5.1%	4.3%	-3.2%	3.1%	5.1%	5.6%	5.4%	5.1%	5.0%

Note: E refers to Estimate

Source: IMF, World Economic Outlook, June 2022; World Bank; Frost & Sullivan Analysis

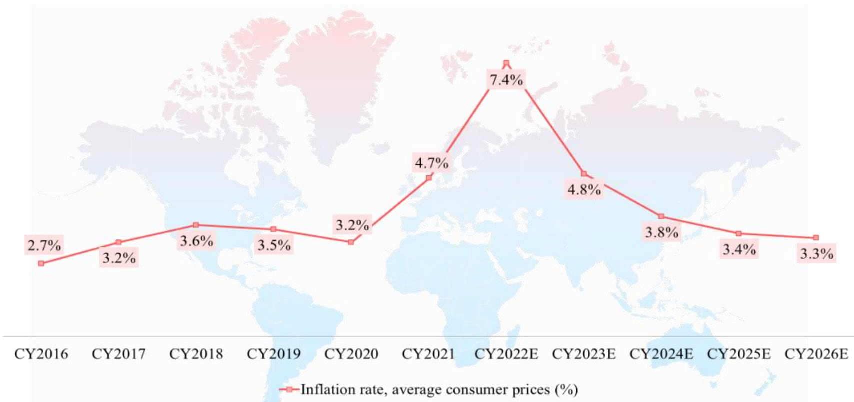
The global economic situation that occurred due to the COVID-19 pandemic improved in CY2021, and recovered strongly. In CY2021, the global economy grew by 6.1% (by real GDP) and 13.0% (by nominal GDP), owing largely to the inherent strength of major economies such as the United States, China, Japan, Germany, United Kingdom, and India. The world, which has just recovered from the pandemic, has now seen volatility from the Russia-Ukraine war, which is causing some economic disruption worldwide. The on-going war, which began in February 2022, is now having an impact on the global economy, with shortages of essential goods from Russia and Ukraine and sharply rising commodity prices being the most immediate economic consequences.

In CY2021, real GDP in the U.S. witnessed a positive recovery of 5.7% after a slow period of growth. The Federal

Reserve's role is largely to promote employment, stable prices, and stable interest rates. However, the economic impact of Russia's invasion of Ukraine contributed to a slowdown in U.S. activity in the first half of the year. The European Union (EU) experienced a recovery of 5.4% in 2021. Companies across Europe are embracing innovative business models and redesigning production to continue doing business. China was the only large economy to register a positive GDP growth, of 2.2%, in CY2020, and showed its resilience during the pandemic, and registered 8.1% GDP growth in CY2021. Indian GDP grew by 8.9% in CY2021 and is expected to grow by 8.2% in CY2022, owing to strong macroeconomic fundamentals such as the implementation of key structural reforms, and improved fiscal and monetary policies.

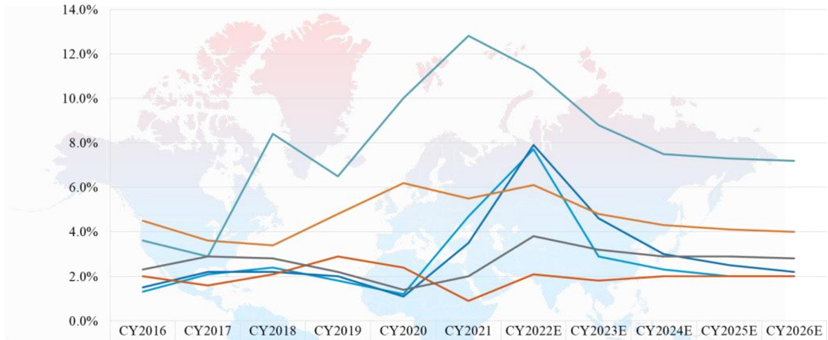
<u>Global inflation</u>

Chart 1.4: Global inflation rate, average consumer prices (annual percentage change), growth in %, CY2016-CY2026E



Note: E refers to Estimate   Source: IMF, World Economic Outlook, June 2022; World Bank; Frost & Sullivan Analysis

Chart 1.5: Inflation rate, average consumer prices (annual percentage change) in key economies (U.S., Europe, China, India, Middle East, South East Asia), growth in %, CY2016-CY2026E



	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022E	CY2023E	CY2024E	CY2025E	CY2026E
USA (%)	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	7.7%	2.9%	2.3%	2.0%	2.0%
Europe (%)	1.5%	2.2%	2.2%	2.0%	1.1%	3.5%	7.9%	4.6%	3.0%	2.5%	2.2%
China (%)	2.0%	1.6%	2.1%	2.9%	2.4%	0.9%	2.1%	1.8%	2.0%	2.0%	2.0%
India (%)	4.5%	3.6%	3.4%	4.8%	6.2%	5.5%	6.1%	4.8%	4.3%	4.1%	4.0%
Middle East (%)	3.6%	2.9%	8.4%	6.5%	10.0%	12.8%	11.3%	8.8%	7.5%	7.3%	7.2%
South East Asia (%)	2.3%	2.9%	2.8%	2.2%	1.4%	2.0%	3.8%	3.2%	2.9%	2.9%	2.8%

Note: E refers to Estimate   Source: IMF, World Economic Outlook, June 2022; World Bank; Frost & Sullivan Analysis

Inflation increased worldwide due to the on-going Russia-Ukraine war, as well as China's extensive lockdown, which is having an impact on the global market, where inflation is expected to be high in CY2022. Supply chain disruptions, strict labor markets in some countries, and especially soaring commodity prices, are some of the key reasons. Prices for oil and natural gas have risen as a result of concerns that Russia, the world's largest oil exporter, may be unable to supply oil or gas in the event of the conflict. On top of that, global demand is on the rise as the global economy recovers from the economic downturn. As per IMF estimates, global inflation was around 4.7% and 7.4% in CY2021 and CY2022. Inflation is expected to slow down in CY2023; however, it may not reach pre-pandemic levels. However, supply disruptions are slowly improving, but may take more time to ease fully. The short-term economic impact of the war is affecting commodity prices, which is pressuring higher inflation. The extent of the impact will also depend on how long elevated price pressures last and on how policymakers respond to anchored long-run inflation.

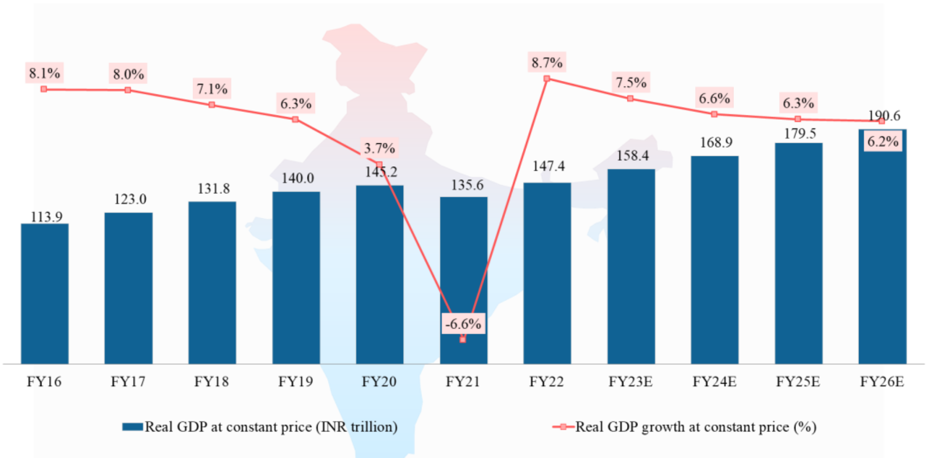
India macroeconomic overview

Indian economic growth struck a positive note in FY22, outperforming many other major economies, as the pandemic faded. The government has been promoting structural reforms (as part of the FY22 budget), such as a focus on disinvestment and higher FDI limits, while also working on a national logistics policy. These reforms are critical for accelerating the post-pandemic economic recovery.

In 2019, the Indian government set a target of becoming a USD 5 trillion economy and a global powerhouse by FY25. As a result of the COVID pandemic, the government revised the original timeline by 18-24 months. In a realistic scenario, the target is achievable with a GDP of 8-8.5%.

A. <u>India real GDP, nominal GDP and quarterly GDP</u>

Chart 1.6: India - Real GDP and real GDP growth (annual percentage change), value in INR trillion, growth in %, FY16-FY26E

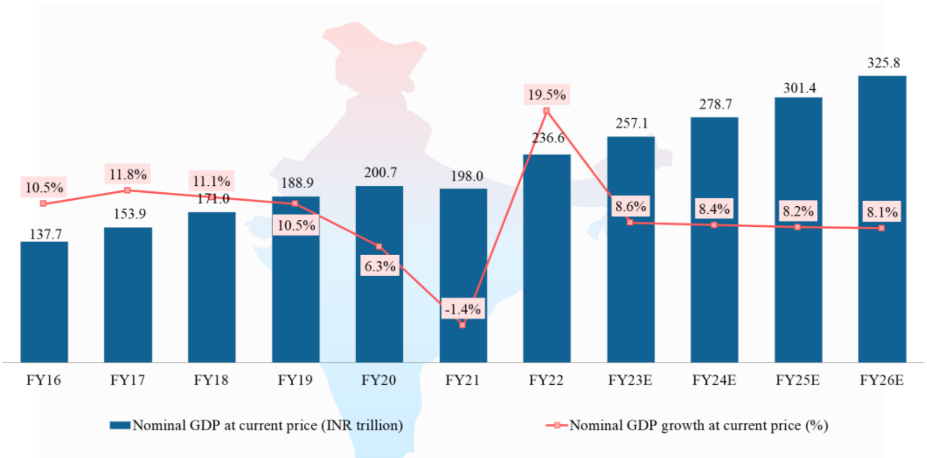


Note: E refers to Estimate Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), RBI, IMF; Frost & Sullivan Analysis

Since FY10, India's GDP growth has oscillated back and forth between the trends that continued until FY20. Prior to the pandemic, real GDP growth was strong, and fundamentals were stable. During the pandemic in FY21, the government implemented corrective measures, and the effect was visible in FY22. India's successful vaccination campaign, combined with relevant revisions to its strategy, proved useful in the third wave, which had less of an economic impact. FY22 ended on a high note, with the Indian economy growing by 8.7% (real GDP), and 19.5% (nominal GDP) for the year.

The outlook for FY23 is also positive, with the Indian economy expected to grow by 7.5% (real GDP) and 8.6% (nominal GDP). The government has implemented a slew of measures to get the economy back on track. Through various policy initiatives such as Atmanirbhar Bharat, PLI schemes and so on, there is a strong emphasis on the growth of the domestic manufacturing sector. These initiatives will assist the economy in achieving medium-term stable growth (CAGR) of approx. 6.6% (real GDP) and 8.3% (nominal GDP) by FY26.

Chart 1.7: India - Nominal GDP and nominal GDP growth (annual percentage change), value in INR trillion, growth in %, FY16-FY26E

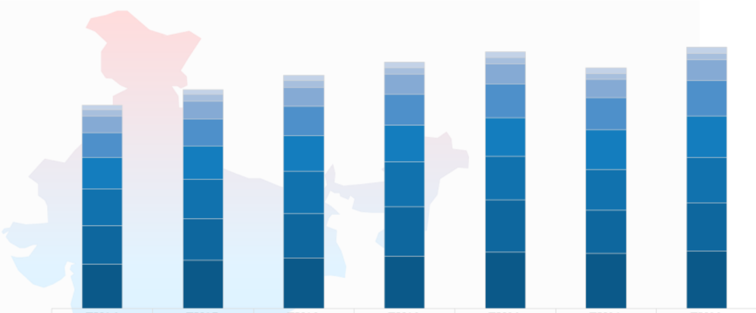


Note: E refers to Estimate Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), RBI, IMF; Frost & Sullivan Analysis

The government has also indicated that, eventually, privatization will take place across all industries, barring a few strategic segments. The announcement in the FY22 budget on the privatization of a few public sector undertakings is expected to boost private sector participation in the industry. Favorable business environment, liberal FDI norms, constantly improving 'Ease of Doing Business' rankings, enormous consumer base and rapidly improving digital infrastructure are some of the key factors that will drive investment in India in the coming years.

Sectorial share of Gross Value Added (GVA)

Chart 1.8: India - Gross Value Added (GVA) at basic price by economic activity, value in INR trillion, FY16-FY22



	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Electricity, Gas, Water supply & Other utility	2.2	2.5	2.7	2.9	3.0	3.1	3.3
Mining & Quarying	3.3	3.5	3.7	3.3	3.2	2.9	3.4
Construction	8.7	9.2	9.6	10.3	10.4	9.5	10.5
Public administration, Defence & Other services	12.8	13.9	15.3	16.2	17.6	16.8	18.6
Agriculture, Forestry & Fishing	16.2	17.2	18.3	18.9	19.7	20.4	21.2
Manufacturing	19.0	20.6	21.9	23.3	22.7	21.1	23.7
Trade, Hotels, Transport & Communication services	19.9	21.5	23.1	25.4	27.0	22.1	24.7
Financial, Real estate & Professional services	23.0	24.9	26.1	27.2	29.2	28.7	29.9

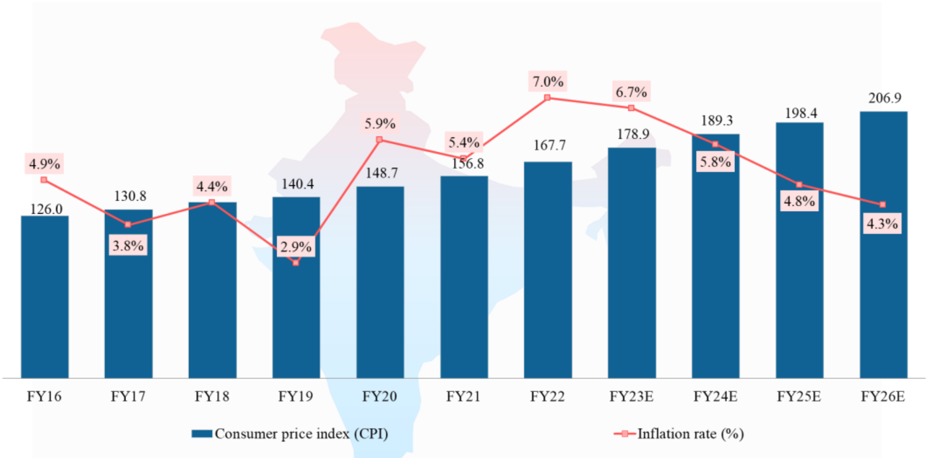
Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series); RBI (Reserve Bank of India); Frost & Sullivan Analysis

According to the most recent estimates, GVA increased by 8.6% in FY22 (compared to a decline of 6.2% in FY21). This performance is primarily attributed to improvements in the agricultural and manufacturing sectors. GVA in most sectors has surpassed pre-COVID levels in FY22 showing a double-digit growth.

In FY23, the Y-o-Y growth in real GVA at basic prices is expected to be around 8-8.5%. One of the key reasons for the anticipated growth of GVA in FY23 is the country's focus on the manufacturing sector. The Indian manufacturing sector's contribution has increased from 16% to 18% in the past 10 years, buoyed by initiatives like "Make In India" and sector-specific initiatives that aim to make India a global manufacturing destination.

B. Consumer Price Index (CPI) and inflation rate

Chart 1.9: India - Consumer price index (CPI) and inflation rate, index in numbers, rate in %, FY16-FY26E



Note: E refers to Estimate Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), RBI, IMF; Frost & Sullivan Analysis

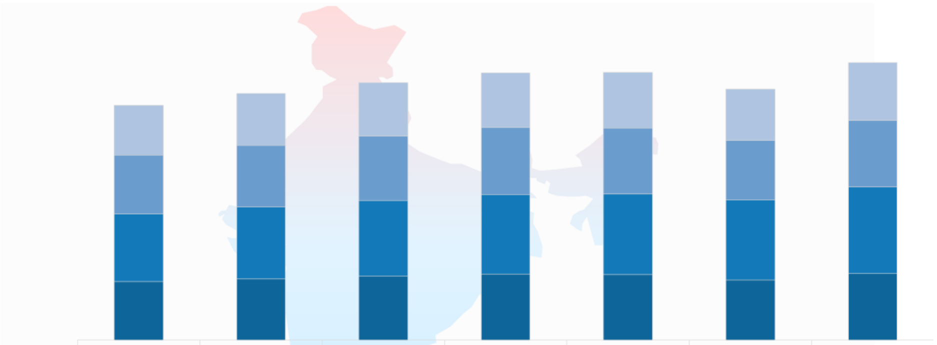
Inflation has been trending lower since FY17, a positive sign for the consumer economy as customers can then afford to purchase more products, providing the necessary fuel to the manufacturing sector. However, the inflation rate has since almost doubled. Rising inflation has been emerged as a key macroeconomic concern in recent months with prices of almost every commodity touching new heights. Going forward, the trajectory of inflation will be governed by multiple factors such as global commodity prices, crude oil prices etc.

In the face of weak consumer demand, the RBI has, as usual, struck a balance between managing growth and inflation. As the market is completely open, consumer spending had moved back to pre-pandemic levels, reducing demand for products and therefore relieving some inflationary pressure on the goods side. However, the Russia-Ukraine war, and increasing crude oil and food prices, have forced the RBI to revise its inflation estimates to 6.7% in FY23.

These levels remain above what the RBI's targeted inflation rate was to be. This rate is expected to go back to the RBI's anticipated range as the monsoon season progresses, and this will be essential in controlling food inflation. The weakening rupee continues to pose a threat to inflation in the near term. However, inflation is expected to be moderate, and in the medium to long term, it is expected to stabilize at around 4%.

C. Index of Industrial Production (IIP)

Chart 1.10: India - Index of industrial production based on sector, index in numbers, FY16-FY22



	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Mining	97.3	102.5	104.9	107.9	109.6	101.0	113.3
Manufacturing	115.9	121.0	126.6	131.0	129.6	116.9	130.9
Electricity	133.8	141.6	149.2	156.9	158.4	157.6	170.1
General	114.7	120.0	125.3	129.8	129.0	117.9	131.5

Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series); RBI (Reserve Bank of India); Frost & Sullivan Analysis

Investment activity was sluggish in FY21 due to the pandemic, with project completions being pushed back and industrial activity remaining sluggish during this period. In FY22, industrial output growth returned to positive growth, owing primarily to a low base effect and strong performances by the manufacturing, mining, and power sectors. The manufacturing sector accounts for roughly 77% of the IIP. Manufacturing firms reported increased output, order books, and employment in FY22. The availability of finance from banks, internal accruals, and foreign sources also improved during the fiscal. The subsequent relaxation of restrictions has also had an impact on growth. Since June 2021, there has been an increase in industrial activity, which continued to gain traction through FY22. Furthermore, there are signs of increased consumer activity on the ground.

Global Electronics and EMS Industry

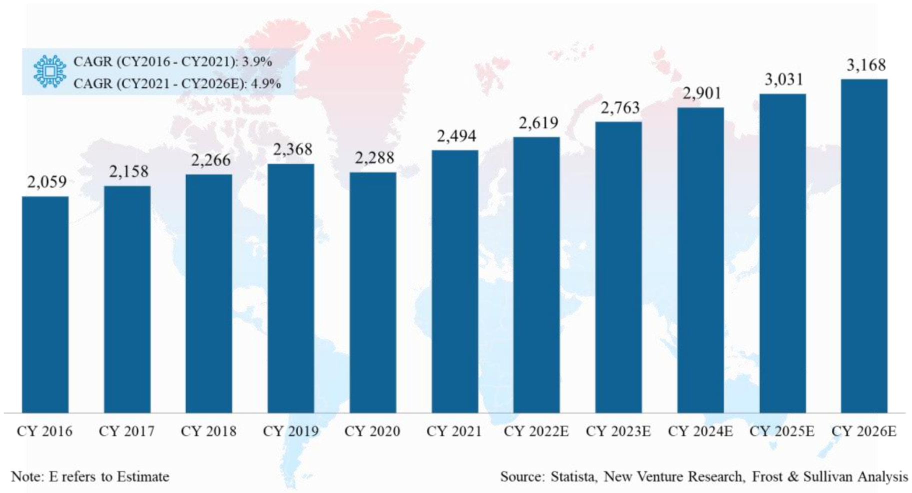
Global electronics industry

Overview of global electronics industry

The electronics market encompasses electronic products, electronic design, electronic components, and electronic manufacturing services. The electronics industry, which has historically been a high-growth sector, contracted by 3.4% in CY2020 due to the decline in private spending induced by COVID-19. The market rebounded in CY2021, as restrictions were lifted, and the market grew by 9%, exceeding pre-pandemic levels.

The global electronics industry was valued at USD 2,494 billion in CY2021. As per Frost & Sullivan's analysis, the industry is expected to grow at a CAGR of 4.9% to reach USD 3,168 billion by CY2026. Some of the critical factors driving this growth are increasing disposable income, higher internet penetration, inclination of the youth towards next generation technologies, the emergence of e-commerce etc.

Chart 2.1: Global electronics industry size, value in USD billion, growth in %, CY2016-CY2026E

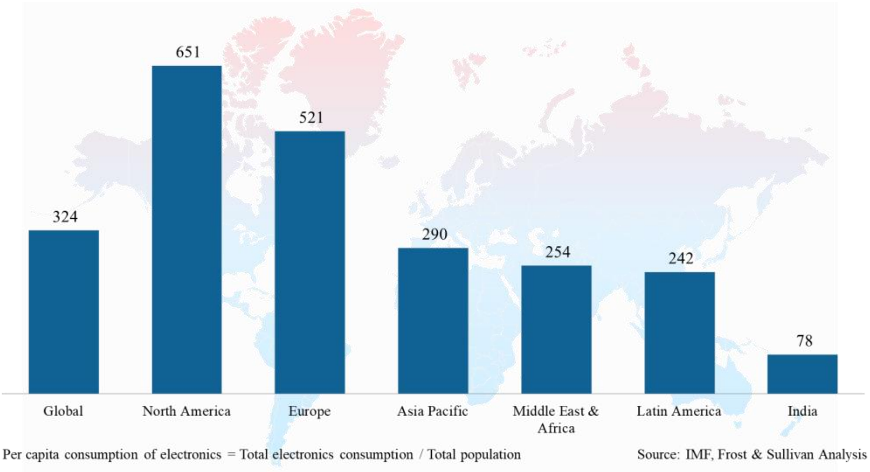


Per capita consumption of electronics in major economies

Globally, per capita electronics consumption is increasing and is currently at USD 324. Per capita consumption is highest in North America and Europe and increasing rapidly in major economies such as the U.S., Europe, China, and India, driven by the growing adoption of wireless connectivity for various electronic devices. An increase in investments in Research and Development (R&D) in consumer electronics and technological advancements, coupled with the growing popularity of wearable electronic devices, are also driving the market.

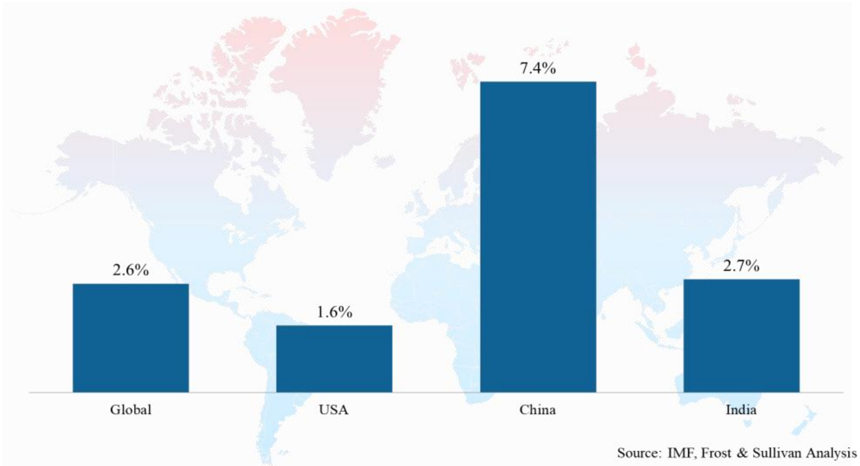
Per capita consumption of electronics in India is only USD 78, $1/4^{th}$ of the global average. Domestic electronics consumption is increasing rapidly because of urbanization and the adoption of electronic products in Tier 2 and Tier 3 cities. Also, factors such as the economy's stable growth outlook, the digital India program, rising disposable incomes, changing lifestyles, the emerging work-from-home culture, the expansion of organized retail to Tier 2 and Tier 3 cities, and improved electricity and internet infrastructure will provide additional impetus to the industry. Between FY16 and FY22, the country's electronics consumption grew by 14.5%.

Chart 2.2: Per capita consumption of electronics in major economies, value in USD, CY2021



Electronics manufacturing contribution to GDP for major countries

Chart 2.3: Electronics manufacturing contribution to GDP for major countries (U.S., China, India), contribution in %, CY2021

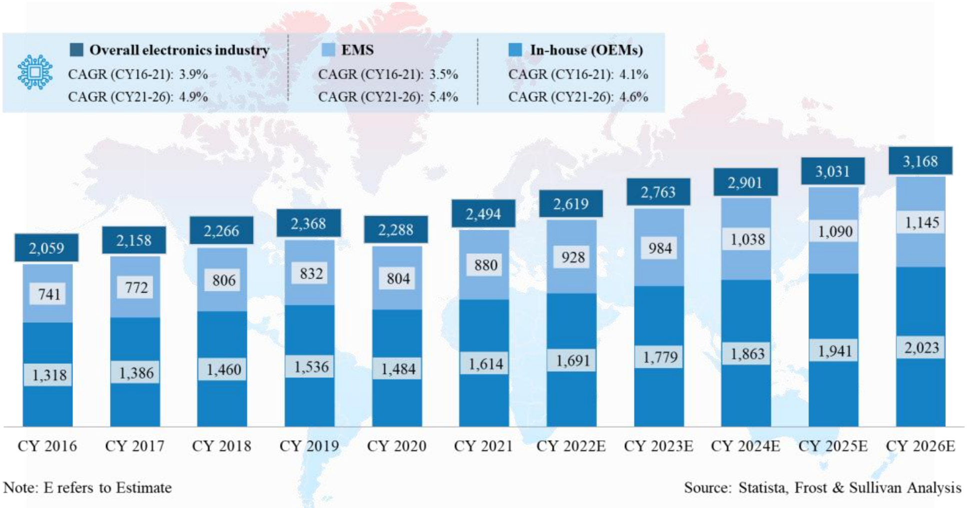


At present, China is the leading economy in the electronics manufacturing contribution to GDP at 7.4%, as many of the leading global manufacturers have a presence in China. However, issues like rising labor costs, and costs of electricity and natural gas have reduced China's competitive advantage. Consequently, it seems likely that a sizeable chunk of the electronics manufacturing industry in China may move to countries such as India, Vietnam, etc., which are relatively more conducive to manufacturing at present. In the United States, the electronics manufacturing industry is very important to the national economy, accounting for 1.6% of GDP and 0.7% of jobs. The electronics sector in India contributes to around 2.7% of GDP. With the increasing focus of the government on domestic manufacturing of electronic components in the country, the electronics sector will see its contribution to GDP increase to around 4.7% in 2026.

Electronics manufacturing split between in-house and EMS

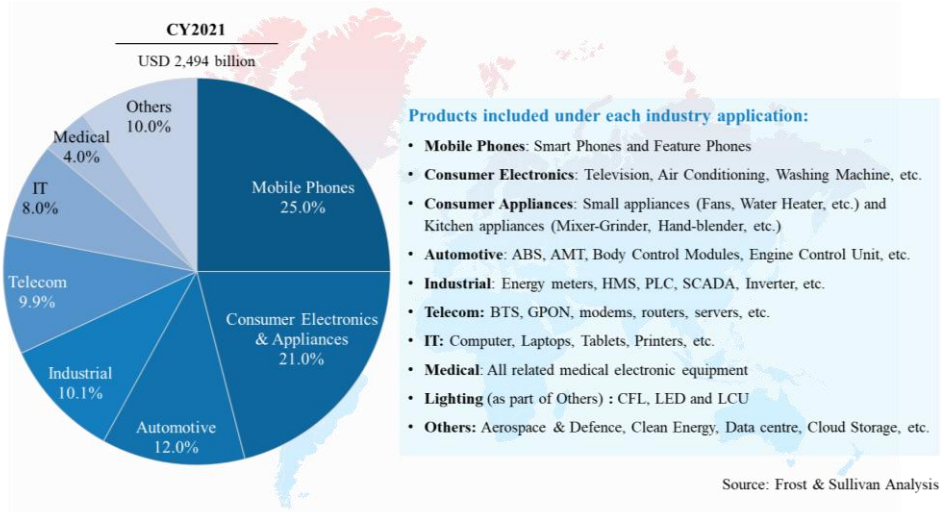
Electronics manufacturing has been divided into two categories: products that are produced in-house by OEMs and those that are produced by the EMS companies. Currently, in-house electronic manufacturers account for approximately 65% of the total electronics market, which is a significant contribution. However, in recent years, the involvement of EMS players has expanded significantly, making the job of OEMs easier to manage.

Chart 2.4: Global electronics manufacturing market - Split between in-house and EMS, value in USD billion, CY2016-CY2026E



<u>Electronics market segmentation by end-user industries</u>

Chart 2.5: Global electronics market - Segmentation by end-user industries, value in USD billion, split in %, CY2021



Mobile Phone – Mobile phones have emerged as an important commodity in today's world and the segment commands a market worth more than USD 600 billion in CY2021. Increased internet penetration and the expansion of the global economy have resulted in a greater use of smartphones. According to Frost & Sullivan, the potential new markets in Africa, Asia, and Latin America will be the future growth engines of the global mobile phone market, with a growing appetite for entry-level, low-cost, and medium-range smartphones.

Consumer Electronics and Appliances – This is the second largest segment in the electronics market, with a contribution of nearly 21% of the total market. The COVID-19 pandemic sparked a sharp increase in sales in many sectors of the consumer electronics market in CY2021. The upward trend in demand for consumer electronics is expected to continue in CY2022, fueled by the strong demand for devices with better features. OEMs are supplying to both premium and mid-range consumers appliances to meet rising demand and to increase revenue. In addition, there is a growing demand for advanced and innovative technologies in this category.

Automotive – This is the third largest sector in the end-user industry. Post-pandemic, manufacturers have shown more resilience, relying on new models, technology, and sustainable behaviors, especially in the electric vehicles (EVs) sector. New business models and investments in charging infrastructure have boosted the market's growth. In CY2021, new players and digital solutions had considerable impact on the existing ecosystem, changing how automobiles were bought and sold.

Industrial – Industrial electronics is another key segment that has influenced the market to a great extent. Sharp price rises, supply chain woes, and labor cost shortages have been putting the squeeze on numerous manufacturers and aggressively cutting down on their margins. For the majority, this could be the start of a period of rising pass-through costs, resulting in higher final product prices.

Telecom – The telecom and networking products industry is primarily comprised of telecom service providers, telecom equipment manufacturers and suppliers, and passive infrastructure providers. The advancement of 5G is expected to drive the market in the future. Furthermore, the work-from-home market has created a dependency for the telecom industry, which has become harder to predict.

IT hardware – The IT hardware market encompasses all physical components that include computing hardware (desktop PCs, notebook PCs, tablets, adaptors, and workstations), all substantially produced in China. As the pandemic began two years ago, it catapulted numerous organizations into new ways of working, rapidly fast-tracking digital transformation, with work environments transforming overnight as remote work became normal and market demand grew.

Medical – The digitalization of medical devices will continue, and OEMs are digitalizing their devices and operations (such as sales and marketing). This trend is also making a mark by pushing medtech to deliver value for providers and patients with devices and digital data. The adoption of minimally invasive surgery techniques, the rising adoption of surgical robots, and the gradual shift of some procedures to outpatient settings will continue to drive the uptake of some medical device categories, including consumables.

Aerospace and Defense (A&D) (as part of the others category) – Across the globe, A&D organizations are rapidly adopting various digital technologies. As a result of stringent regulatory standards, supportive government policies on the nation's security policies, and rising government spending, the defense electronics industry is experiencing revenue growth. Rising military spending and geopolitical tensions among countries are two major market trends driving demand for this market. Defense OEMs are aware of the upward trend and are expanding their product offerings through in-house development or strategic partnerships.

Clean Energy (as part of the others category) – As part of the UN Climate Change Conference (COP26), the EU and the U.S. announced their commitments to become carbon neutral by 2050, while China and India, the 1st and 3rd largest carbon emitters globally, have planned to become carbon neutral by 2060 and 2070, respectively. This has led to a growing need for the development of safer alternative and efficient energy solutions. Supporting the transition to a greener future, electronic manufacturers are providing customized solutions to clean energy (solar, wind and other renewables), especially in products such as battery management systems, solar inverters and chargers, etc.

Lighting (as part of the others category) – The lighting industry is booming globally as a result of the transition from traditional lighting to LED lighting, which can help users realize energy efficiency while also improving experience and comfort. As the Internet of Things (IoT) gains traction, lighting companies that have reached a revenue plateau are focusing on offering smart lighting.

Global semiconductor manufacturing market

Semiconductors is by far the largest segment and the bellwether of the wider components market. Semiconductors are a vital element in the modern-day electronics, being an essential component of many regularly used electronic devices, including smartphones, tablets, and PCs, that many of us are extremely dependent upon.

Some of the upcoming capex investments in semiconductors include:

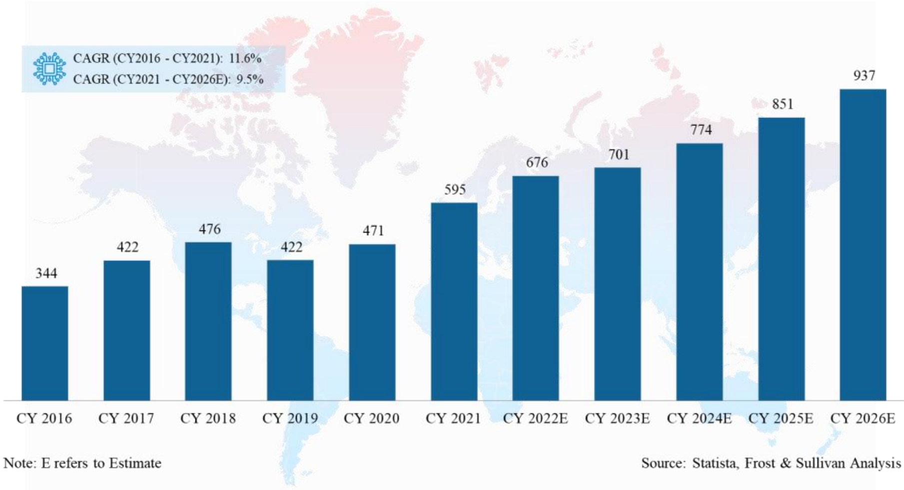
- In March 2022, Intel announced the first phase of plans to invest up to EUR 80 billion in the EU over the next decade across the entire semiconductor value chain. It announced plans to invest an initial EUR 17 billion in a front-line semiconductor fab mega-site in Germany, a new R&D and design hub in France, and R&D, manufacturing, and foundry services in Ireland, Poland, Italy, and Spain.
- In January 2022, Taiwan Semiconductor Manufacturing Company (TSMC) announced a capital spending plan of USD 40 to 44 billion for 2022, in respect of its huge new fab construction plans. According to TSMC, 70% to 80% of capex will be used for advanced node technologies (7nm and below), 10% to 20% for specialty technologies, and 10% for advanced packaging.
- In August 2021, Samsung Electronics announced USD 205 billion in capex spending to bolster its semiconductor and biotech business segments. Around USD 146 billion of the funding will go toward developing advanced process technology and expanding Samsung's foundry business to new applications in artificial intelligence and data centers.

In CY2021, revenue from the global semiconductor industry amounted to USD 595 billion. Looking ahead to CY2023, some of the key factors, such as strong consumer electronics demand, price increases, and product mix, are expected to stabilize as final demand growth normalizes and new production capacities come online at a rapid pace. The market is expected to grow at a CAGR of 9.5% to CY2026.

Semiconductor companies are typically concentrated in high-value-added, high-margin product markets. Taiwan, South Korea, China, Japan and Singapore are leading manufacturing hubs. In 2020, 81% of the semiconductor contract manufacturing was based in Taiwan or South Korea. Taiwan also has approximately 22% of global semiconductor wafer capacity.

Supply chain shortages hit virtually every industry, but it is the microchip shortage that had the biggest impact. During the pandemic shutdown, key chip production plants in Asia and ports became overwhelmed, and the ripple effect was felt across the globe. The European Union, the United States and China have all committed to increase their semiconductor fabricating capacity to avoid shortages and increase national security.

Chart 2.6: Global semiconductor market, value in USD billion, growth in %, CY2016-CY2026E

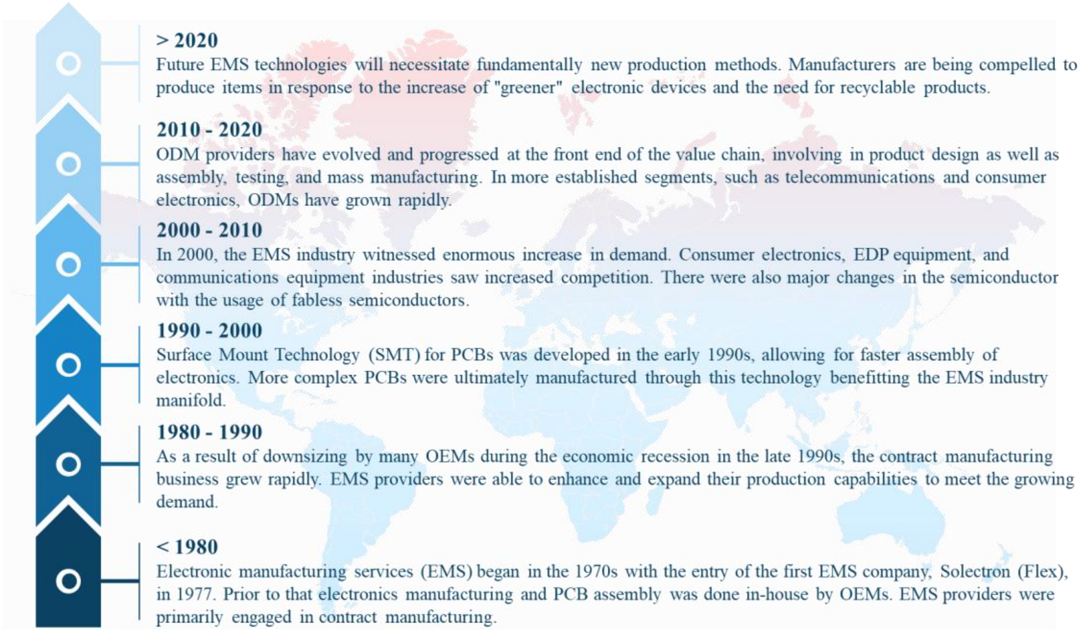


Global EMS industry

Overview of global EMS industry

The global EMS market traditionally comprised of companies that manufacture electronic products, predominantly assembling components on printed circuit boards (PCBs) and box builds for OEMs. Today OEMs are seeing more value from EMS companies, leading to involvement beyond just manufacturing services to product design and development, testing, and aftersales services (repair, remanufacturing, marketing, and product lifecycle management).

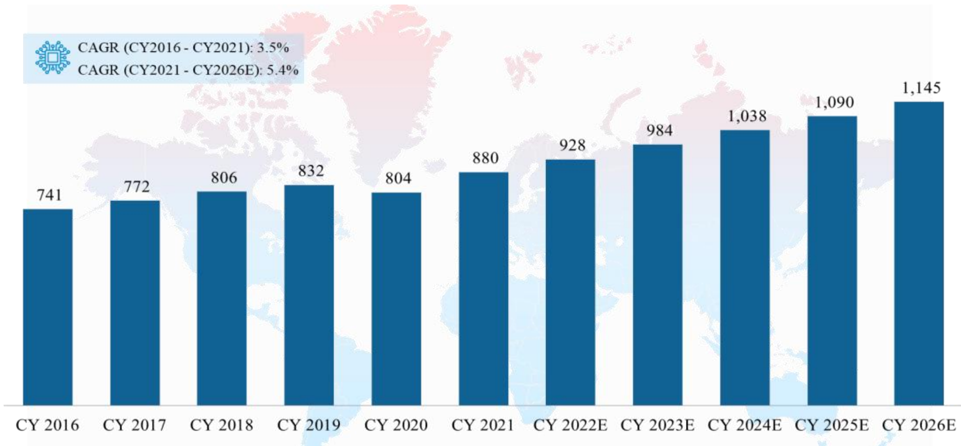
Chart 2.7: Evolution of global EMS industry, 1980 to 2020



Source: Frost & Sullivan Analysis

The EMS market was established more than five decades ago to execute manufacturing designs from government, defense, and research institutions. As the years progressed, the EMS market grew to support demand that exceeded the manufacturing capacity of the OEMs. By the mid-1990s, OEMs started outsourcing PCB assembly on a large scale. By the end of the 1990s and in the early 2000s, several OEMs sold their assembly plants to major EMS players. A wave of partnerships followed as the more cash-rich EMS companies started buying the existing plants and the smaller EMS companies to consolidate their position in the global market.

Chart 2.8: Global EMS industry market size, value in USD billion, CY2016-CY2026E



Note: E refers to Estimate

Source: ELCINA, Frost & Sullivan Analysis

With demand for the novel features and products growing in recent years, manufacturers are turning towards more sophisticated technical solutions to streamline their manufacturing. The global EMS market was estimated at USD 880 billion in 2021 and is expected to reach USD 1,145 billion in 2026, at an annual growth rate of 5.4%. The global EMS market witnessed a period of steady growth up to 2018, due to increased outsourcing activities from OEMs and increasing reliance on electronic components. The EMS market grew marginally in 2019 due to a slowdown in global automotive sales, supply chain issues caused by increased trade tensions between the U.S. and China, and finally the COVID-19 pandemic, which further impacted the EMS industry in CY2020 with a 3.4% decline, but certain factors favored the industry, allowing it to resume growth at 9.5% in CY2021. These are a) the pent-up demand created by the need for life-sustaining medical devices; b) the work-from-home economy, which created demand for smartphones, tablets, and laptops; and c) the push for climate change, which created demand for digitalization or digital software/products/solutions that can track, monitor, measure and verify sustainability initiatives.

Value chain by business model

The business models of Indian EMS companies can be broadly classified under four categories.

1. ODM model
2. EMS model
3. Job work
4. After-sales service

ODM (Original Design Manufacturers) model – Under this, EMS companies design products as per the specifications provided by the OEMs. EMS companies then source components, carry out fabrication and assembly, test the final product, and also undertake logistics and after-sales services-related activities. This model helps EMS companies have deeper and long-term relationships with the OEMs. This is a high-margin business and comes at a premium for good designs.

EMS (Electronic Manufacturing Services) model – At present, this model is widely followed in India. Under this model, OEMs provide designs and specifications to EMS companies. EMS companies source components, manufacture/assemble components and supply the finished product back to OEMs. EMS companies are gradually adding capabilities to offer ODM or JDM (Joint Design Manufacturing) services. Increasingly, OEMs are preferring engagement on an ODM/JDM basis. This is a win-win situation as EMS companies can earn higher margins while OEMs can focus on expansion activities.

Job Work – This business model is followed mostly by the small and micro-EMS companies. Under this OEMs provide design and also source components, while EMS companies perform only assembly activities, and are typically a low-margin businesses.

After-sales service – After-sales service is an important activity which helps companies to build long-term brand image and brand loyalty. Globally, EMS companies are offering end-to-end services including after-sales service. This is a nascent business for Indian EMS companies and is gaining traction.

Range of services offered by EMS companies

Design services and solutions: Design services include multiple associated actions that occur after determining the customer's specific requirements and before manufacturing or at the beginning of assembly. OEMs generally conduct research with the product users, experts and market participants to understand the needs and expectations of the market and then set out feature requirements for the products to be designed. The EMS company then, based on inputs from the OEM, creates the conceptual design and the same is shared with the OEM for inputs and approvals.

Prototyping: The next step is to create a Proof of Concept (POC) to demonstrate that the concept of design actually functions. Post that, once design for manufacturability, design for testing and design for servicing are established, prototypes are made to make sure that the product will serve its proposed purpose after it is manufactured as a part of a bigger production run.

Testing services: Testing is an essential element across the entire EMS value chain. EMS companies which are capable of designing test solutions for both PCBA level and end-of-line product testing, including functional testers and fixtures, are preferred by the OEMs.

PCB Assembly: At the heart of the electronics industry is the printed circuit board or PCB. A PCB with components mounted onto it is called an assembled PCB and the manufacturing process is called PCB assembly or PCBA. PCB assembly is a major activity and is normally outsourced to EMS companies. Out of the overall PCBA demand in India, approx. 80% of demand is met through importing or domestic manufacturing of Bare PCBs and then local assembly in India. The rest of the PCBA demand is met through imports.

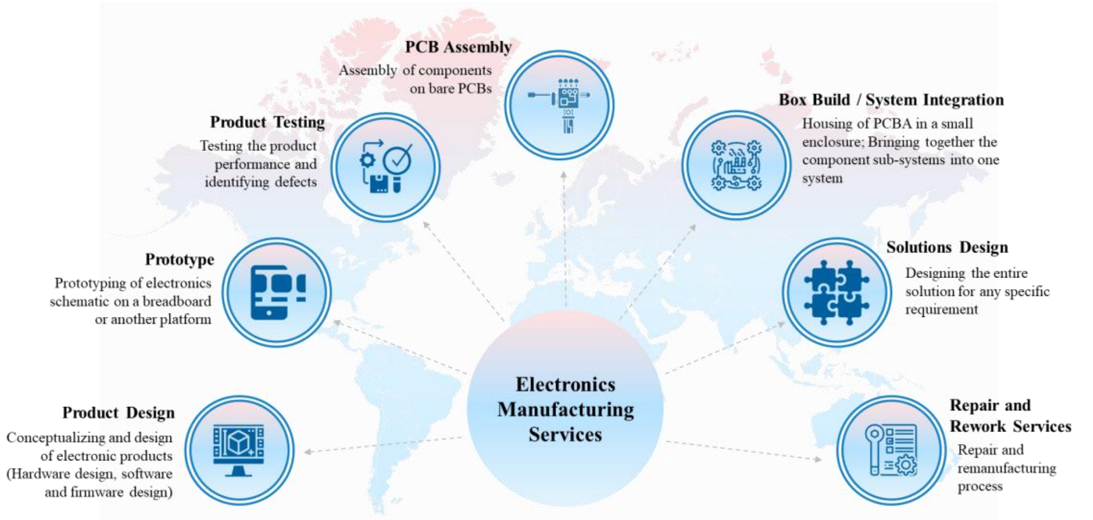
Box Build: In this segment, an OEM outsources the complete product manufacturing process to an EMS company, which manufactures the final product, adds the OEM's logo and dispatches it to the OEM's warehouse for selling. This model is largely used in high volume low margin (HVLM) types of product such as mobiles, computer hardware and industrial segments. Box build assembly requires an integrated infrastructure to enable EMS companies to manufacture products in-house.

After-sales Service (Repair and Rework): After-sales currently accounts for 7.1 % of EMS market revenue. Demand for repair and remanufacture is not high, as the majority of electronic products (such as mobile phones, tablets, computers, and laptops) do not necessitate repair or remanufacturing and are focused more on replacement.

Niche verticals such as aerospace and defense, railways and the high-end electronics segment, are opening up to accept third-party repairs due to the high cost of equipment and re-design, which provides immense potential for this segment.

The United States and Europe continue to dominate R&D and intellectual property (IP) ownership of related work. In terms of manufacturing/system assembly, India has an established set-up. Many EMS providers are slowly evolving to offer complete design services (apart from contract manufacturing). This acts as a win-win situation for both EMS players as well as OEMs. Avalon's experience in offering EMS services across product and industry verticals for customers globally for several years serves as an entry barrier into the industry for any new entrants. Avalon provides PCB design and analysis services through its subsidiary Sienna Ecad, which is an advantage in addition to its current offerings.

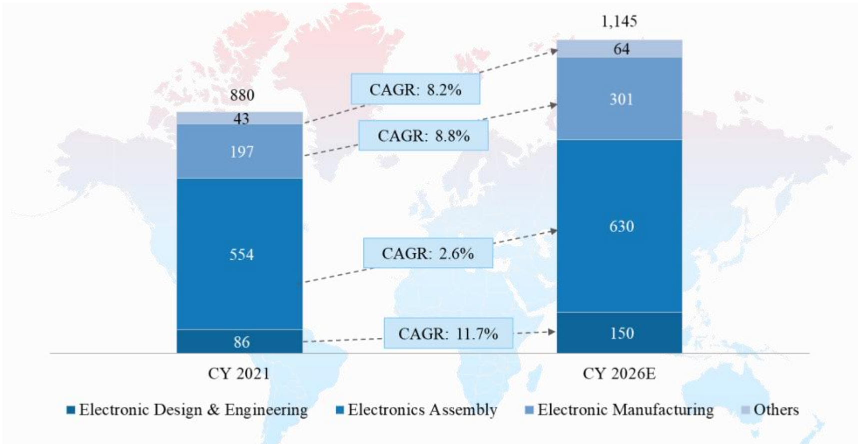
Chart 2.9: Range of Services offered by EMS companies, global, CY2021



Source: Frost & Sullivan Analysis

<u>EMS market segmentation by services</u>

Chart 2.10: Global EMS market - Segmentation by services, value in USD billion, CY2021 and CY2026E



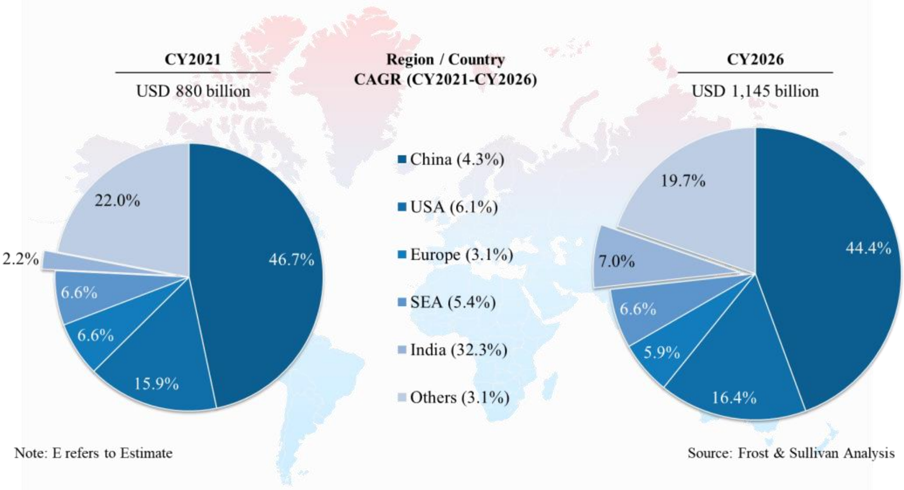
Note: E refers to Estimate

Source: ELCINA, Frost & Sullivan Analysis

Large EMS companies which have mastered the art of manufacturing and assembly, are now trying to move up the value chain and are planning to offer additional services such as design, testing and sourcing of components. In short, the industry is moving from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM). The share of ODM business is likely to increase from 9.8% in 2021 to 13.1% in 2026.

<u>EMS market segmentation by major geographies</u>

Chart 2.11: Global EMS market - Segmentation by major geographies, value in USD billion, split in %, CY2021 and CY2026E

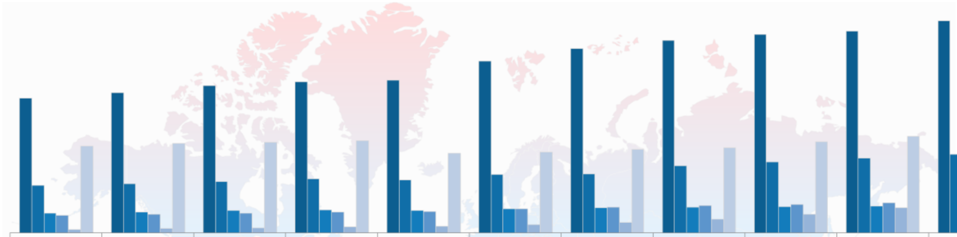


China leads the global EMS business with a 46.7% share in 2021. It is a global leader due to operational cost benefits, availability of a large number of highly skilled personnel, infrastructure, logistical advantages, and proximity to the largest end-user base across all end-user verticals. However, post-COVID-19, many global electronics manufacturers are contemplating a China + 1 strategy and are looking for alternate manufacturing locations for exports, creating tremendous investment potential for countries like Vietnam, India, and the Philippines etc.

North America is a leader in adopting next-generation technologies and devices. In the next five years, demand for EMS will be driven by a rise in electronic device demand, a well-established EMS infrastructure, and evolving government policies that encourage local production. The EMS industry is poised for robust growth over the next five years. The EMS market in the United States was around USD 140 billion in CY2021, and it is expected to grow at a CAGR of 6.1% to USD 188 billion by CY2026.

The EMS sector is a sizeable industry both globally and in India; India is expected to grow at a significant pace. There is a strong push from the government to develop India into an ideal location for electronics manufacturing in the region. Under the National Policy on Electronics (NPE), India announced various programs in 2019, including EMC 2.0, to enhance the electronics manufacturing infrastructure and offer incentives to manufacture more products that promote the industry in India. The PLI program, which benefits electronics manufacturing firms, was introduced in 2020. In Chennai, in the southern state of Tamil Nadu, an electronics manufacturing corridor is being built. The EMC Smart City investment in Greater Noida is planned at USD 162.7 million. Kaynes, Jabil, Dixon, Bharat FIH, Flextronics, SFO, Elin, Rangsons, and Centum are among the companies that have invested in manufacturing capacity as a result of the "Make in India" policy's efforts. The government has recently come up with incentive scheme for the development of a semiconductor and display manufacturing ecosystem in India; this includes Semiconductor and Display Fabrication, Semiconductor Laboratory (SCL), Compound Semiconductors/Silicon Photonics/Sensors, including MEMS (Micro Electro Mechanical Systems), and Semiconductor ATMP (Assembly, Testing, Marking and Packaging)/OSAT (Outsourced Semiconductor Assembly and Testing) Units and Semiconductor Design companies (Design Linked Incentive/DLI). In CY2021, India's EMS market was estimated at around USD 20 billion with a market share of 2.2%, and it is expected to grow at a CAGR of 32.3% to USD 80 billion with a market share of 7.0% by CY2026.

Chart 2.12: Global EMS market - Segmentation by major geographies, value in USD billion, CY2016-CY2026E



	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022E	CY 2023E	CY 2024E	CY 2025E	CY 2026E
China	322	336	353	362	366	411	441	461	476	484	508
USA	113	118	123	130	126	140	141	160	169	179	188
Europe	47	49	53	55	54	58	60	62	63	64	68
SEA#	42	44	48	50	52	58	61	65	68	72	75
India	8	10	12	15	16	20	25	33	44	60	80
Others*	208	215	217	221	191	194	200	203	218	231	226

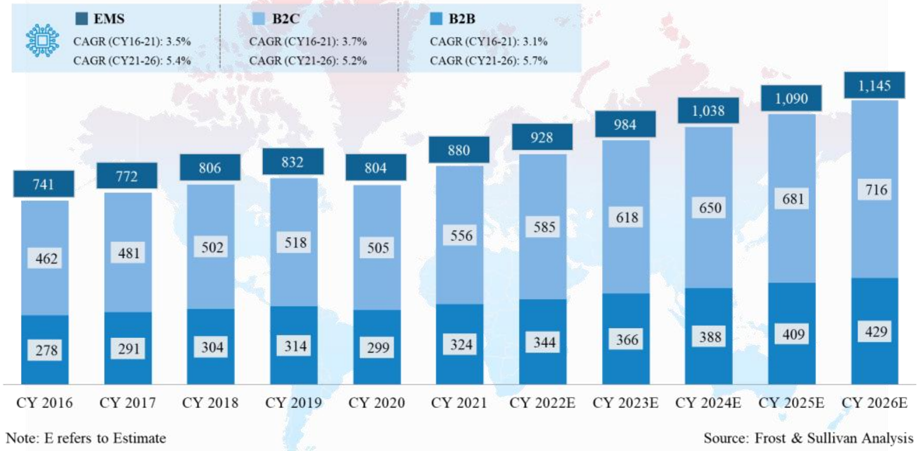
China	USA	Europe	SEA	India	Others
CAGR (CY16-21): 5.0%	CAGR (CY16-21): 4.3%	CAGR (CY16-21): 4.1%	CAGR (CY16-21): 6.5%	CAGR (CY16-21): 19.5%	CAGR (CY16-21): -1.4%
CAGR (CY21-26): 4.3%	CAGR (CY21-26): 6.1%	CAGR (CY21-26): 3.1%	CAGR (CY21-26): 5.4%	CAGR (CY21-26): 32.3%	CAGR (CY21-26): 3.1%

* Others include: Rest of Asia, Latin America (LATAM), Middle East & Africa (MEA)
#SEA – South East Asia

Source: Frost & Sullivan Analysis
Note: E refers to Estimate

EMS market segmentation by B2B and B2C

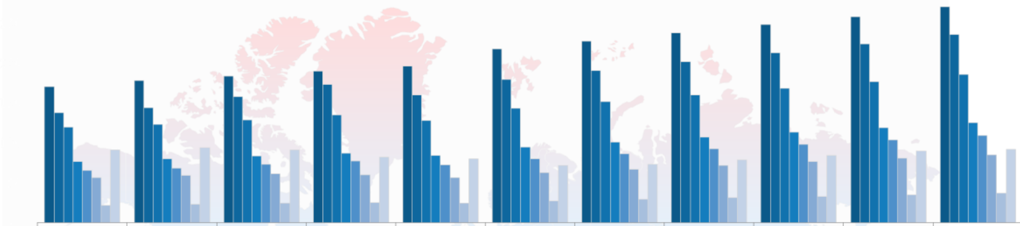
Chart 2.13: Global EMS market - Split between B2B and B2C, value in USD billion, CY2016-CY2026E



The EMS market is also segmented into B2B and B2C segments. Mobile phones and CEA, which are high-volume and low-margin products, are entirely B2C, whereas segments such as automotive are mostly B2C, with a few B2B sub-segments (for example, railways). Industrial and information technology are two industries that fall under the purview of the pure-play B2B segment. The B2C market was valued at USD 556 billion in 2021 and is expected to maintain its dominance, reaching USD 716 billion in 2026, at a CAGR of 5.2%, while the B2B market is not far behind. In 2021, the B2B market was valued at USD 324 billion, and it is expected to grow to USD 429 billion by 2026, at a CAGR of 5.7%. HVLM (High Volume Low Margin) is a model used by companies that manufacture significantly or highly automated consumer electronics, computers, and communication devices. Electronics assembly manufacturers in aerospace and defense, industrial electronics, and the medical industry frequently use an LVHM (Low Volume High Margin) operating model. The B2B segment primarily caters to high-value products in some of the key segments such as telecom, industrial, automotive, medical, aerospace and defense, which are driving the market for this segment significantly and will help push faster growth. An increase in the number of connected devices and data bandwidth will drive data center expansions and upgrades, increasing revenue opportunities for EMS providers. In the EMS market, power, clean energy, railways, aerospace, medical, etc are long lifecycle industries. Continuously rising capex investment in the industrial sector, combined with a strong growth push, will keep the forecast period's high growth momentum intact.

EMS market segmentation by end-user industries

Chart 2.14: Global EMS market - Segmentation by end-user industries, value in USD billion, CY2016-CY2026E



	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022E	CY 2023E	CY 2024E	CY 2025E	CY 2026E
Mobile Phones	171	179	184	191	197	219	229	239	249	259	272
IT#	138	145	159	174	161	180	191	203	214	225	237
CEA	120	124	129	135	129	144	152	161	169	177	187
Telecom	76	80	84	87	84	95	101	107	114	120	126
Industrial	66	69	73	78	72	80	86	93	99	104	110
Automotive	56	59	62	60	56	63	67	72	77	81	85
Medical	22	23	24	25	24	27	29	31	33	35	37
Others*	91	94	91	82	81	72	73	79	85	90	92

Mobile Phone	IT	CEA	Telecom	Industrial	Automotive	Medical	Others
CAGR (CY16-21): 5.0%	CAGR (CY16-21): 5.4%	CAGR (CY16-21): 3.7%	CAGR (CY16-21): 4.4%	CAGR (CY16-21): 4.2%	CAGR (CY16-21): 2.2%	CAGR (CY16-21): 4.6%	CAGR (CY16-21): -4.7%
CAGR (CY21-26): 4.4%	CAGR (CY21-26): 5.6%	CAGR (CY21-26): 5.3%	CAGR (CY21-26): 5.7%	CAGR (CY21-26): 6.5%	CAGR (CY21-26): 6.3%	CAGR (CY21-26): 6.0%	CAGR (CY21-26): 5.1%

IT – Information Technology products; CEA – Consumer electronics and appliances

* Others include: Lighting, Aerospace & defense, Energy, etc.

Source: Frost & Sullivan Analysis

Note: E refers to Estimate

Mobile phones, IT hardware and IoT: These are some of the key segments with a significant share of the global EMS market. IoT, which is part of CEA, is gaining in popularity as the number of internet and smart device users rises. Similarly, products such as BLDC motors, inverters and other specific product categories are also gaining in importance.

Consumer electronics and appliances (CEA): The segment had a consistent performance in the last few years, which was aided by growth in both advanced economies and developing countries. EMS companies have also profited from rising consumer spending and technological improvements. Rising demand for smart solutions will fuel future growth. Furthermore, OEMs and EMS manufacturers are progressively supplying both premium and mid-range appliances in order to meet the growing demand for both product categories and to increase revenue.

Industrial electronics: Another important market, which is primarily divided into power and automation. Leading manufacturers adding new applications into their portfolio by partnering with niche application providers. With the emergence of new applications, there are several opportunities for power electronic devices such as transformers, chokes and inductors. Many electronics applications are concerned with the control and operation of heavy machinery. Energy meters/smart meters and industrial machinery are the key products, accounting for a sizable market share.

Medical: Medical electronics are a key revenue opportunity in the EMS market. Though COVID-19 has created a surge in demand for EMS in this vertical, it is important to carefully assess the level of demand in the longer term.

Aerospace and defense: A&D is relatively small but a key revenue contributing segment. OEMs perceive EMS providers as a strategic solution partner, as this gives them an average saving of 10% to 15%. In the next few years, apart from cost, A&D OEMs will consider EMS providers' expertise in advanced technologies as a key partnership factor in boosting EMS revenue. Aerospace development typically presents several challenges compared with other industry segments due to high tolerance requirements and the difficulty of working with materials such as cobalt, nickel and titanium alloys. Due to strict engineering and quality requirements in the aerospace industry, supplier onboarding and development is characterized by the need for quality systems for special processes and traceability documentation for materials. Product development in this industry is characterized by long lead times as a number of approvals and audits are typically required before finally going into production. To penetrate the aerospace segment, companies must invest significant time, efforts, and resources. Further, the development process for this segment often involves long-term cycles with a continuous learning curve.

Mobility: This is one of the key growth opportunity verticals for EMS providers in the next five years, due to on-going advances in technology with autonomous vehicle development and electric vehicle commercialization activities. Moreover, the rapidly growing requirement for electronic content will accelerate the growth of EMS revenue from this vertical. In the long term, the industry is likely to benefit from the global market. Long lead time for customer acquisition, onboarding, prototyping, OEM approvals and production, coupled with the criticality and requirement for high-reliability anti-collision signaling systems, means that there are significant barriers to entry for railway projects.

Clean energy: A more sustained growth opportunity is likely from this segment. The on-going global climate change policy, with an emphasis on increasing contributions from green energy, directly impacts the demand for EMS from solar and wind energy companies. EV is one of the key growth opportunity verticals, due to on-going advances in technology with autonomous vehicle development and EV commercialization activities. Moreover, the growing requirement for electronic content will accelerate the growth of EMS revenue from this vertical.

Drivers and Challenges for the growth of the Global EMS industry

Key Drivers for the growth of the Global EMS industry:

- **Technological advancements:** The development of new manufacturing technologies and the emerging end-use sectors, such as the Internet of Things, are expected to boost demand for the EMS industry. Major manufacturers are strengthening their R&D investment in order to differentiate their products and attract new end-use applications. The rising popularity of smart home devices in developed nations such as the United States and European countries raises very high expectations for EMS companies. In the United States, companies provide electronic manufacturing services that include developing optoelectronics, radio frequency and wireless devices, and microelectronics devices for the rapidly-growing smart home sector. Key market participants are focusing on increasing production volumes by combining cloud computing, artificial intelligence, big data analysis, and 3D printing to produce connected devices for smart homes.

- **Greater emphasis on vehicle electrification:** The EV market will be the most lucrative in the automotive industry over the next decade. With an ever-increasing electronic content in each car, energy-related modules and sub-assemblies, as well as charging infrastructure, which requires an overall ecosystem, there is major potential for EMS firms to enter this fast developing industry and supply the leading EV manufacturers. As the number and complexity of PCBAs in electric vehicles are significantly higher than in typical ICE vehicles, this growth represents a huge potential for EMS businesses to offer electronic manufacturing and mass production services to automakers.

- **Technological upgrade of facilities:** EMS companies are investing in technological upgrading of their facilities by adopting digitization and industry 4.0 concepts. This will improve productivity and capacity, thus improving capability to win more contracts. A majority of the market participants are progressing in this direction; hence, this factor will evolve into a significant driver in the medium to long term.

- **Product development activities:** The dependence created by electronics in product development activities across all verticals will turn out to be a significant driver for EMS, especially in consumer electronics and automotive segments, where new devices and systems are being developed. As the electronic content increases, the volume of manufacturing will increase, driving the market.

Challenges/market restraints hindering the growth of the Global EMS industry

- **High number of market participants:** The existence of a high number of market participants in all areas results in competitive pricing, which reduces market revenue potential. Despite the fact that the market is undergoing a number of mergers and acquisitions, Frost & Sullivan does not foresee a substantial beneficial impact.

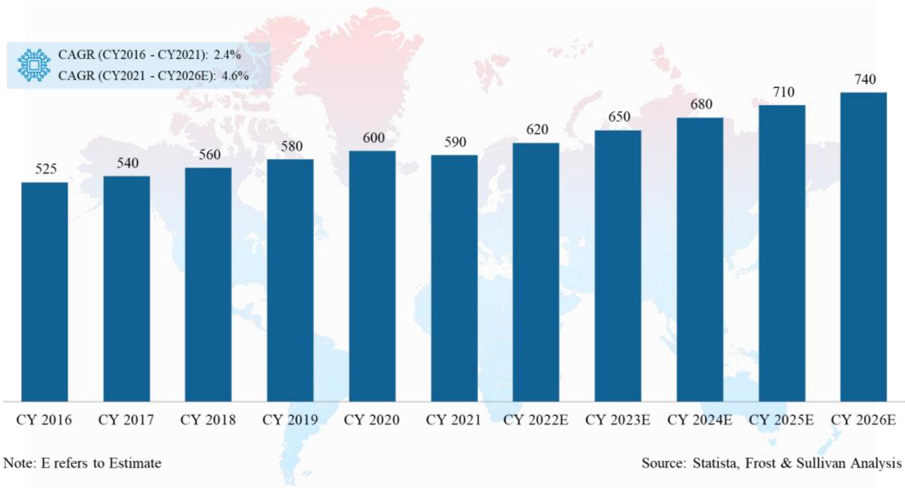
- **Moderate operating margins:** Many of the market participants face challenges with respect to operating margins. In the EMS industry, profit margins can be low to moderate, depending on the model and industries served. A low operating margin is viewed as an impediment to growth, considering the impact it can create on expansion plans.

- **Complex structure and delay in supply chain:** Manufacturing businesses must adhere to global standards as they rely on a wide range of suppliers, both local and international. The operational constraints include compliance with rigorous government and industry regulations, as well as the concern of traceability. It is fairly uncommon for a product's components to traverse several continents before reaching the market. Supply chain delays causing a shortage of components are likely to impact revenue in the short term. Overall, the impact of transformation is very low in the medium to long term.

- **Shortened product lifecycles and uncertain demand:** Customer preferences and interests continue to evolve at a breakneck pace. An active new product launch procedure is required for EMS companies. A collaborative effort across different departments is required to launch the items on schedule while fulfilling quality and volume objectives. Production is always based on customer demand, which can be both unstable and cyclical. If demand falls, companies must have a strategy in place for the idle raw materials or machinery. EMS companies such as Avalon Technologies Ltd. are better insulated from such factors as they are focused on B2B industries with long product life cycles.
- **Regulations and violations of IP:** Stringent local laws and trade pricing are having an influence on the EMS sector, driving OEMs to build in-house manufacturing capabilities. In addition, an increasing number of cases on infringement of intellectual property rights are posing a serious threat to EMS companies.

PCB assembly market opportunity

Chart 2.15: Global PCB assembly market, value in USD billion, CY2016-CY2026E

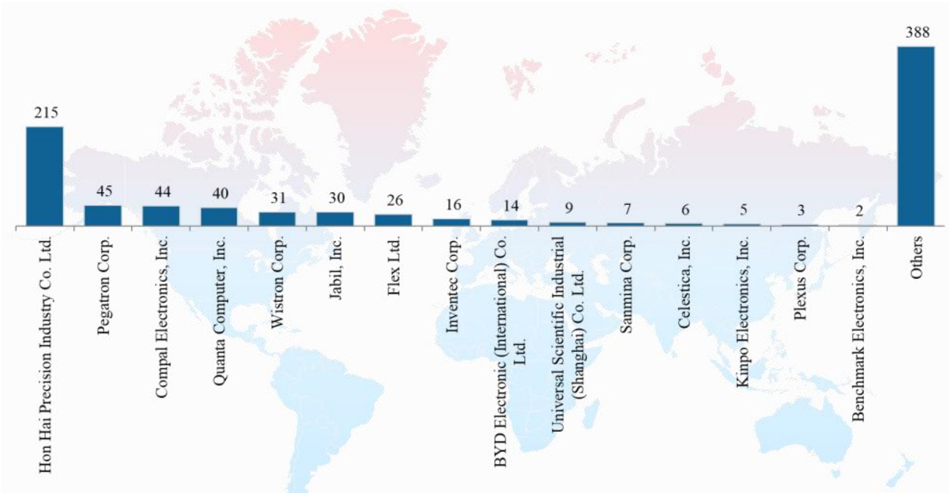


PCBA is at the core of every electronic device: mobile phones, computers, tablets, routers, televisions, washing machines, refrigerators and air conditioners. Furthermore, PCBA constitutes a substantial portion of the cost of an electronic device, ranging from 10% to 50% of the bill of materials. Considering the cost implications and the universal use of PCBs in electronic devices, the development of manufacturing capabilities for PCBA is a must for a complete electronics manufacturing ecosystem. The PCBA market was valued at USD 590 billion in 2021 and is expected to reach USD 740 billion in 2026. The market is expected to grow at a CAGR of 4.6% to 2026.

Key players in the Global EMS industry

The global EMS market accounts for 35% of the total electronics industry. The EMS market has grown steadily over the last few years, owing to increased sales of mobile phones, consumer electronics, and IT products. OEMs' widespread use of contractual services is fueling this growth.

Chart 2.16: Operating revenue and market share of top 15 global EMS companies, value in USD billion, CY2021



* Operating revenue (CY2021) - All values in USD billion   Source: Annual Reports (Company websites), Frost & Sullivan Analysis

Chart 2.17: Summary Financials of top 15 global EMS companies, CY2021

	Operating revenue (USD billion, %)				Profitability and Margins (USD billion, %)			
Name of the EMS Company	**CY2019**	**CY2020**	**CY2021**	**CAGR (%)**	**EBITDA**	**EBITDA (%)**	**PAT**	**PAT (%)**
Hon Hai Precision Industry Co. Ltd.	173.0	182.2	214.6	11.4%	10.42	4.9%	5.51	2.6%
Pegatron Corp.	44.3	47.6	45.2	1.1%	1.53	3.4%	0.90	2.0%
Compal Electronics, Inc.	34.5	35.7	44.2	13.2%	0.91	2.1%	0.49	1.1%
Quanta Computer, Inc.	33.4	37.1	40.4	10.1%	1.51	3.7%	1.20	3.0%
Wistron Corp.	28.5	28.7	30.9	4.1%	1.04	3.4%	0.53	1.7%
Jabil, Inc.	25.3	27.3	30.0	8.9%	1.23	4.1%	0.18	0.6%
Flex Ltd.	26.2	24.1	25.6	-1.2%	0.92	3.6%	0.61	2.4%
Inventec Corp.	11.6	13.9	15.8	16.8%	0.34	2.1%	0.23	1.5%
BYD Electronic (International) Co. Ltd.	7.7	10.6	13.8	34.1%	0.74	5.4%	0.36	2.6%
Universal Scientific Industrial (Shanghai) Co. Ltd.	5.4	6.9	8.6	26.1%	0.53	6.2%	0.29	3.4%
Sanmina Corp.	8.2	7.0	6.8	-9.4%	0.42	6.1%	0.27	4.0%
Celestica, Inc.	5.9	5.7	5.6	-2.2%	0.19	3.4%	0.10	1.8%
Kinpo Electronics, Inc.	4.5	4.4	5.0	6.0%	0.07	1.4%	0.01	0.2%
Plexus Corp.	3.2	3.4	3.4	3.0%	0.24	7.0%	0.14	4.1%
Benchmark Electronics, Inc.	2.3	2.1	2.3	-0.3%	0.06	2.6%	0.04	1.6%

* All values in USD billion   Source: Annual Reports (Company websites), Frost & Sullivan Analysis

The global EMS market consists of more than 1,000 companies. However, the top 10 companies contribute to 53% of the market. Hon Hai Technology (Foxconn Group) is the market leader, accounting for nearly 24% of the market in 2020, and is 4.8 times larger than the nearest competitor. Pegatron, Quanta, Compal Wistron, Jabil and Flex are some of the leading players in the EMS market. Apart from the top 10 players, Continental, Wabtec (Faiveley), TMEIC, Cummins, Robert Bosch, Trimble Mobility Solutions, Kyosan and Collins Aerospace are major OEMs which outsource manufacturing to EMS companies in their respective industry segments.

Chart 2.18: Profile of top 15 global EMS companies, CY2021

Name of the Company	Services provided	Focus geographies	End-user industries	B2B / B2C
Hon Hai Precision Industry Co. Ltd. (Foxconn)	• Vertical integration of supply chain • Innovative smart technology solutions • Robust Global Network	• Taiwan, China, Vietnam, India, America, Brazil and others	• Consumer Electronics • Cloud & Networking products • Computing Products • Components & others	B2C, B2B
Pegatron Corp.	• Customized IT system solution • Logistics	• China, Taiwan and others	• Computing devices • Consumer Electronics • Communication device	B2C
Compal Electronics, Inc.	• Skilled Engineering • Cutting edge concept development • Experienced design creation • Excellence in manufacturing	• Taiwan, Poland, Brazil , USA	• IoT • Healthcare • Laptops, Servers • Networking • Smart Display	B2C, B2B
Quanta Computer, Inc.	• R&D • Customized solution	• Asia, North America, Latin America, Europe, and South East Asia	• Notebook • Communications • Consumer electronics • Cloud computing • Smart healthcare	B2C
Wistron Corp.	• Design • R&D • After sales • Information management system	• America, Europe and Asia	• Notebook PCs Desktop systems • Server and Storage systems • IA (information appliances) • Handheld devices • Networking, and Communication	B2C, B2B
Jabil, Inc.	• Precision Injection Moulding and Tooling • Radio Frequency Identification Technology (RFID) • Rapid Prototyping Services • Sustainable Packaging • Other	• USA, China, Singapore, Taiwan and others	• Appliances • Automotive • Defense & Aerospace • Healthcare • Networking & Telecommunication	B2C, B2B
Flex Ltd.	• Industrial Design • System Architecture • Mechanical Design • Embedded System Design • Others	• USA, China, Spain, Italy, Taiwan and others	• Communications • Enterprise, and Cloud • Consumer Devices • Automotive • Health Solutions and Industrial	B2C, B2B
Inventec Corp.	• Product design, Quality assurance • Enterprise system solution • Product design • Quality assurance • Enterprise system solution	• USA, China, Japan , Taiwan	• Notebook • Desktop • Thin client	B2C
BYD Electronic (International) Co. Ltd.	• R&D • Precision manufacturing • Test certification • Intelligent supply	• USA, Brazil, Japan, Hungary, China, India and others	• Smart phone & NB PC • New intelligent products • Auto intelligent system • Medical device	B2C, B2B
Universal Scientific Industrial (Shanghai) Co. Ltd.	• Mechanical capability • Network solution • Electrical design • RF & Antenna design • Others	• Hong Kong, China, Europe, USA, Japan, Taiwan	• Wireless communication • Storage & computer • Industrial & medical • Car electronics • Others	B2B
Sanmina Corp.	• Design & Engineering • New Product Development • Systems Manufacturing • Global Services and Logistics • PCB Assembly & SMT	• North America, Latin America, China & Japan, Australia, Africa & ME	• Communications networks • Computing and storage • Healthcare • Aerospace & Defence • Industrial & Automotive	B2B
Celestica, Inc.	• Design and engineering • Hardware platform solutions • Aftermarket services • Supply chain	• Americas, Asia and Europe	• Health tech • Communication • Aerospace & Defence • Consumer • Robotics	B2C, B2B
Kinpo Electronics, Inc.	• Total manufacturing solutions • Design and development • Quality management • Industry 4.0	• Americas and Asia	• Consumer electronics • Communications • Healthcare & wearables • Robotics • Medical solutions	B2C, B2B
Plexus Corp.	• Design and development • Supply chain solution • Aftermarket services • New product introduction	• Americas, Asia and Europe	• Industrial • Healthcare & life science • A&D	B2B
Benchmark Electronics, Inc.	• RF Design • Miniaturization • Optical integration • SMT	• Americas, Asia and Europe	• Commercial aerospace • Defence • Computing & datacenter • Medical	B2B

Source: Annual Reports (Company websites), Frost & Sullivan Analysis

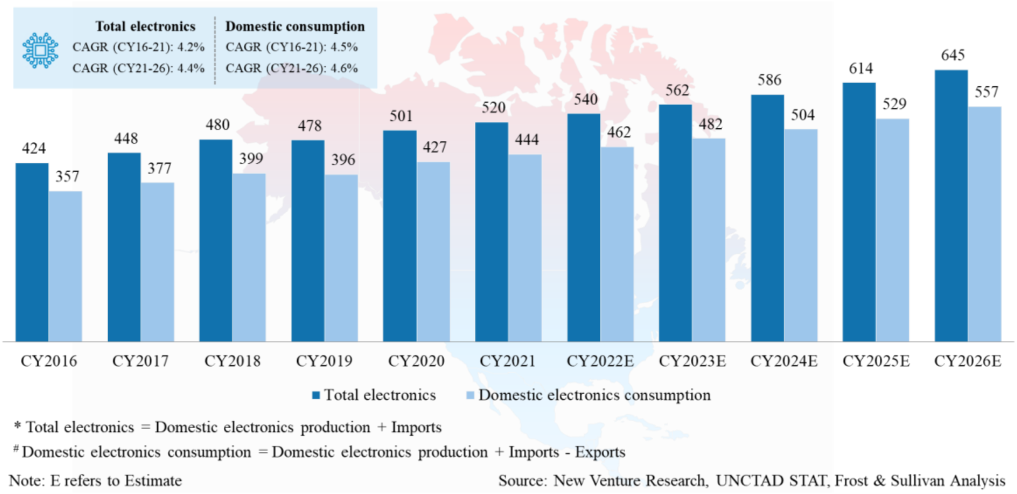
North American Electronics And EMS Industry

North American electronics industry

Overview of North American electronics industry

The electronics industry is one of the major revenue generators in the North American market. In comparison to other regions, the electronics industry in North America is a mature market with a long history of innovation. Within North America, the United States leads this industry in terms of total market share, followed by Mexico and Canada. The electronics manufacturing sector in the U.S. directly contributes to 1.6% of U.S. GDP and 0.7% of U.S. jobs. The electronics industry is growing steadily, aided by economic growth and rising market demand. According to Frost & Sullivan estimates, the North American electronics industry was valued at USD 520 billion in CY2021. The market is expected to grow at a CAGR of 4.4% to reach USD 645 billion by CY2026. Due to the desire to cut costs, large manufacturers have been confined to overseas locations for the reduced labor costs. However, global economic conditions are gradually removing that advantage, making manufacturing in North America more cost-effective.

Chart 3.1: North American electronics industry market size, value in USD billion, growth in %, CY2016-CY2026E



Electronics market segmentation by end-user industries

Consumer electronics – Consumer electronics dominates the overall North American electronics industry due to the increased adoption of a broader range of consumer electronics. Following the pandemic, the market is expected to recover due to rising demand for smartphones with 5G technologies, rising per capita disposable income, smart home automation and new product innovations. The development of artificial intelligence (AI) and the Internet of Things (IoT) in the ICT sector is also expected to spur growth in the North American electronics industry.

IT hardware – The IT hardware market, which includes laptops, desktops, tablets, storage devices and computer accessories, is already quite large in North America. Laptops/notebooks have a wide range of applications, ranging from business and education to entertainment.

Telecom – With rapid digitization promoting advanced communication infrastructure and devices, the telecom equipment market in North America is experiencing impressive growth. The key growth drivers are increasing smartphone penetration and widespread use of wireless communication. To support the 5G wireless technology, there is an increasing need for significant investments to expand the current fiber optic infrastructure. To increase wireless capacity, service providers are upgrading their network infrastructure.

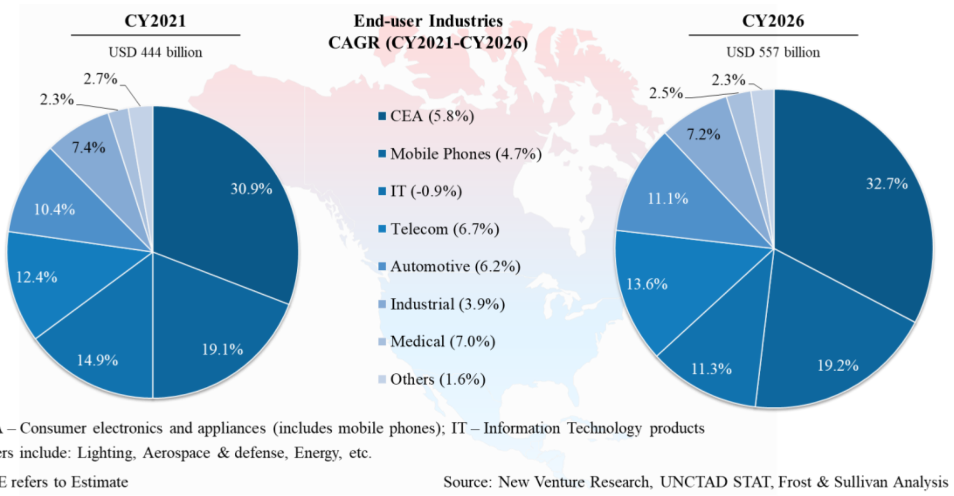
Automotive – The automotive electronics market in North America is anticipated to experience substantial growth owing to the high level of automotive manufacturing and the presence of automotive electronic component manufacturers like TRW Automotive, Robert Bosch GmbH, Continental Corporation, and Autoliv Inc. Also, the emerging electric vehicle (EV) ecosystem in North America provides lucrative growth potential. Advances in sensor technology that enhance navigation and object detection, advanced braking systems, image processing algorithms, and machine vision have created opportunities for automotive manufacturers to explore a wide range of solutions.

Industrial – North America remains one of the largest industrial electronics markets due to its large manufacturing installed base, presence of established companies, high level of technological development, and modern and robust communications infrastructure. The industrial segment includes products across the power and automation sectors.

Medical – As the healthcare sector adapts to the changes induced by the COVID-19 pandemic, the North American medical devices industry is undergoing a major transformation in terms of business models, technology adoption, and care delivery approaches, among other areas. While home healthcare services are gaining momentum, connected care continues to play an important role. Medtech OEMs are investing heavily in R&D and launching new devices to pandemic-related demands. Major electronic segments in the medical industry include MRI, x-ray, ultrasound, etc., and also patient aids, including hearing aids and pacemakers, etc.

Clean Energy (as part of others) – Sustainable energy sources like solar, wind, and hydro would fall under the clean energy segment. PV modules, solar photovoltaic systems, battery management systems, carry and static chargers, and controllers would be the most prominent product categories that would come under this segment.

Chart 3.2: North American electronics market - Segmentation by end-user industries, value in USD billion, growth in %, CY2021 and CY2026E

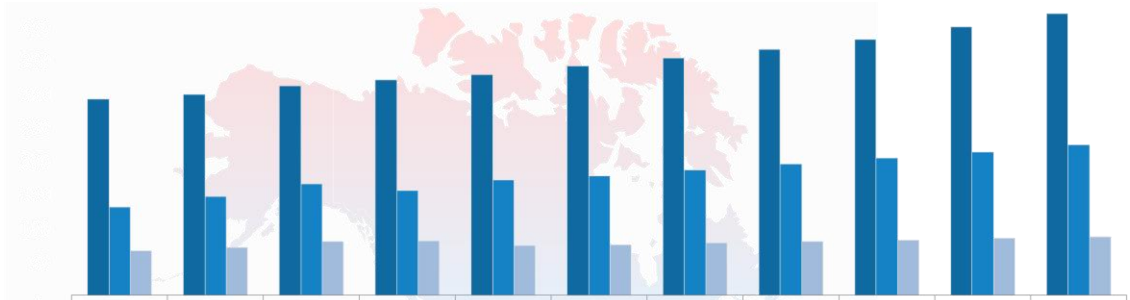


<u>Electronics market split between domestic production, imports and exports</u>

In CY2021, domestic production of electronics in North America was valued at USD 342 billion. The market is expected to grow at a CAGR of 4.2% to CY2026, to reach a market value of USD 420 billion. The North American electronics manufacturing industry has evolved over the years, and it is now strongly linked with the success of upstream suppliers. In particular, the U.S. electronics manufacturing sector is an important intermediary supplier for other key industries. The manufacturing industry in North America has benefited from a skilled labor force, advanced technology, and pro-business policies. Mexico is an important location for low-cost manufacturing, which results in a high proportion of assembly revenue being exported.

Imports in North America contribute to nearly 34% of the total electronics market in CY2022, while exports contribute to 15% of the total electronics market. China, Mexico, and Canada are the top three export destinations for U.S. electronic products, accounting for over 30% of total exports.

Chart 3.3: North America electronics market - Split between domestic production, imports and exports, value in USD billion, growth in %, CY2016-CY2026E



	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022E	CY2023E	CY2024E	CY2025E	CY2026E
Domestic production	292	300	313	321	329	342	353	367	382	400	420
Imports	132	148	167	156	172	179	187	196	205	214	224
Exports	67	71	80	81	75	76	78	80	83	85	87

Domestic production
CAGR (CY2016-2021): 3.2%
CAGR (CY2021-2026): 4.2%

Imports
CAGR (CY2016-2021): 6.3%
CAGR (CY2021-2026): 4.6%

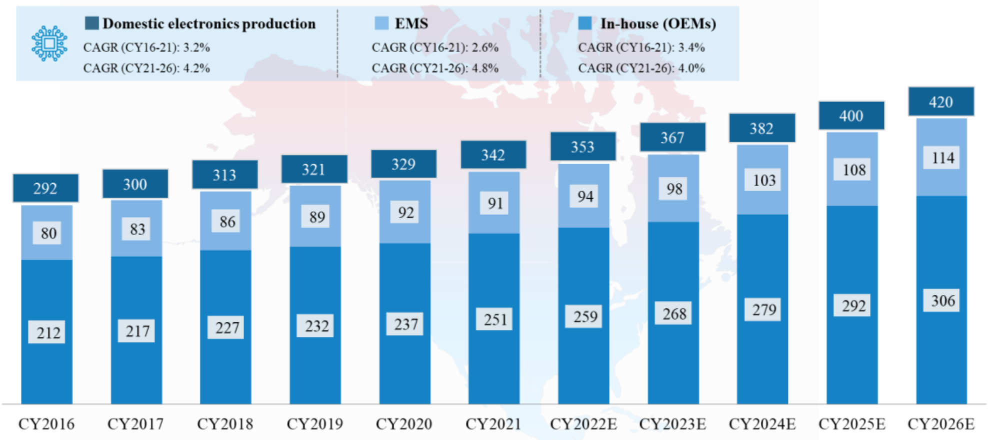
Exports
CAGR (CY2016-2021): 2.6%
CAGR (CY2021-2026): 2.8%

Note: E refers to Estimate

Source: New Venture Research, UNCTAD STAT, Frost & Sullivan Analysis

Domestic electronics production market split between in-house manufacturing and EMS

Chart 3.4: North America domestic electronics production market - Split between in-house manufacturing and EMS, value in USD billion, growth in %, CY2016-CY2026E



Note: E refers to Estimate

Source: New Venture Research, Frost & Sullivan Analysis

North America has a strong manufacturing capability in areas such as telecommunications, aerospace, automotive, and medical equipment. This is due to a preference for suppliers with expertise in low-volume, high-complexity products. North America also has strong manufacturing capabilities for advanced networking equipment and communications infrastructure products. Many of these products are manufactured in North America by OEMs such as Cisco, HPE, IBM, Dell, and Nokia, though a few manufacturers have moved offshore or to low-cost regions. Similarly, medical electronics is expected to be one of the fastest growing segments due to high demand for products such as advanced medical testing, diagnosis, and monitoring equipment.

The EMS market contributes to around 27% of total domestic production in CY2021. The electronics manufacturing sector comprises of leading players such as Foxconn, Jabil, Flex, Lockheed Martin, Northrop Grumman, and Raytheon. However, 80% of EMS companies in North America are small and medium-sized companies.

Key trends in the electronics industry in North America

Rising demand for smart solutions: North America is a pioneer in the adoption of next-generation technologies. In the last five years, the demand for IoT-enabled devices has surged. Product differentiation and the development of emerging technologies are significant drivers of change in the North American electronics industry. Artificial intelligence and voice recognition also contribute to the industry's continued growth. Because of the advancement of new technology, the electronics industry has evolved and now intersects with a wide range of segments, including software, application development, robotics, and personalized health care.

Shifting back production to the U.S. from overseas: The primary goal of the U.S. government's enforcement of tariffs on imports was to bring manufacturing back to the U.S., which resulted in a trade war with China and the blocking or revision of trade agreements. However, the trade balance and the preference of Chinese companies to redirect investment into the U.S. hardly changed. Delays in delivery and rising freight charges have reduced dependence on companies in other regions, especially China. Companies in the US are currently attempting to regain some of the industrial output they lost to these low-cost regions:

- In October 2021, Micron Technology announced that the company planned to invest more than USD 150 billion in memory chip manufacturing and R&D, with a significant part of the investment to be spent in the United States.
- In November 2021, Samsung announced it would build a USD 17 billion semiconductor plant in Texas, the company's largest US investment to date.

Shift from B2B to B2C: For many years, electronic manufacturing companies operated using the business-to-business (B2B) approach. Now, with more manufacturing companies looking for ways to cut costs, companies are turning to the business-to-consumer approach (B2C). With the use of the B2C approach, companies are now working towards eliminating intermediaries, which helps them reach the clients directly; as a result, this increases company profits and, in turn, reduces purchase costs. Additionally, the B2C approach enables the manufacturers to collect accurate customer data, improving customer satisfaction.

Increasing adoption of 5G technology: The adoption of 5G technology among subscribers has increased over the past two years, and North American mobile carriers have maintained momentum in the development of 5G technology. These companies are planning to invest USD 300 billion in their network infrastructure between 2020 and 2025, 98% of which will be allocated to the rollout of 5G. Nearly two-thirds of mobile connections, or over 270 million connections in the region, are anticipated to have 5G by the end of 2025.

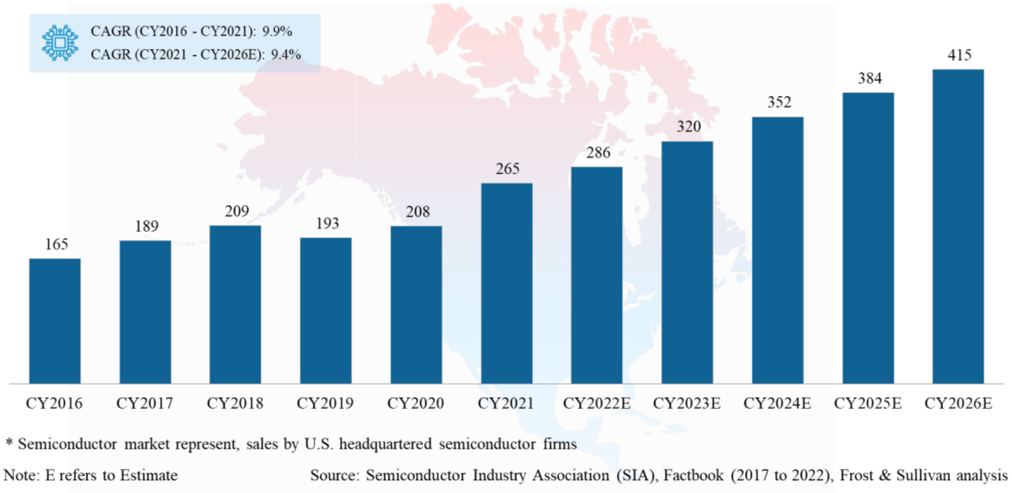
Growing adoption of 3D printing: North America has always been a technology leader by promoting innovation through tax incentives. This has resulted in the scaling of start-ups in the region. Hence, R&D and prototyping activities are large, which makes 3D printing a highly sought after technology in the region to develop prototypes. Jabil's recent survey on the utilization of 3D printing indicates that over 50% of companies use in-house 3D printing. By linking the region's quantum of R&D activities to the total available market, electronics manufacturers can expect good growth.

Semiconductor market in the U.S.

In CY2021, semiconductor sales in the United States totaled USD 265 billion. The market is expected to grow at a CAGR of 9.4% until CY2026, reaching a market value of USD 415 billion. The U.S. semiconductor industry has long been the global leader, consistently accounting for 45% to 50% of global revenues. However, the United States' share of semiconductor manufacturing capacity has fallen from nearly 37% in 1990 to 12% in 2021. Furthermore, only 6% of the new global capacity under development will be located in the United States, compared to China with a capacity addition of 40% over the next decade.

The semiconductor industry in the United States has evolved tremendously; it is home to the majority of the world's leading semiconductor companies, including Intel, Western Digital, and Qualcomm, which cater to several segments such as processors, memory, and communication devices. In addition, the country is an innovation hub for start-ups, and it spearheads semiconductor innovations such as DNA memory and AI chips.

Chart 3.5: U.S. semiconductor market, value in USD billion, growth in %, CY2016-CY2026E

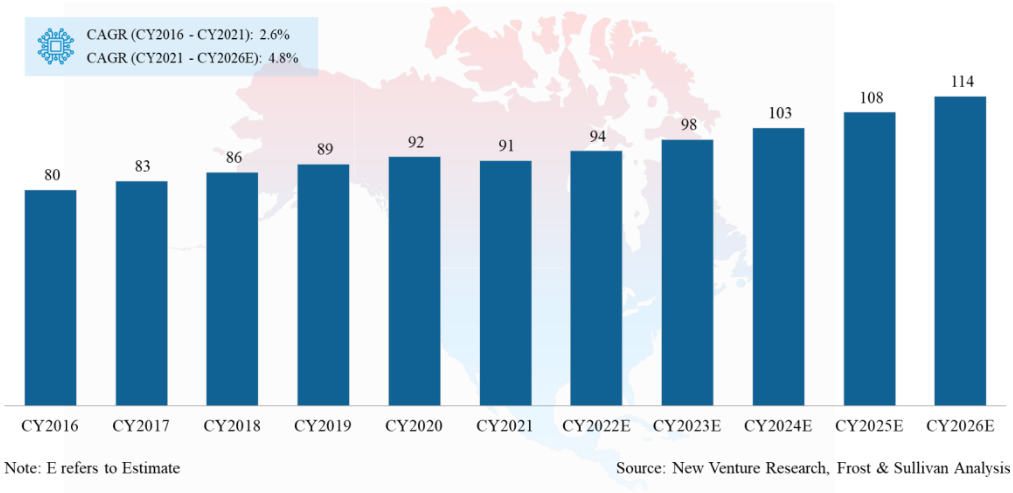


North American EMS industry

The EMS market in North America was valued at USD 91 billion in CY2021 and is expected to grow at a CAGR of 4.8% to reach USD 114 billion in CY2026. During the past decade, the region has lost market share due to offshore activities and changes in manufacturing investment. The offshoring tide has since been curtailed, and now investment is returning to the region, which has focused on low-cost production regions like Mexico and Central America.

The U.S. remains very attractive for the low- to medium-volume and complex electronics product manufacturing sectors, predominantly in the medical, telecom, IT, automotive, industrial, and military/aerospace divisions. The total addressable market is still quite large, growing and estimated to be five to seven times the size of the current EMS market. In case of Avalon Technologies Ltd., the presence of a full-fledged manufacturing capability in the U.S. offers it a unique competitive advantage in North American markets. Avalon has significant levels of vertical integration in EMS, which is a key strength for its presence in the market.

Chart 3.6: North American EMS market, value in USD billion, growth in %, CY2016-CY2026E



<u>North American EMS market segmentation by end-user industries</u>

Telecom – North American telecom equipment manufacturing is expanding moderately, though it has taken a slight hit in high-end equipment such as enterprise LANs, cellular infrastructure, optical routers, and carrier-class switching equipment. Other communications products, such as satellites, radios, and traffic management systems, are broadening the market in this region. Additional networking, data communications, and switching equipment innovations also contributed to the small growth of assembly services in Mexico, Canada, and the U.S. The majority of new products are produced by start-ups in the U.S., which is expected to increase demand for EMS services in the coming years. The Telecom/Communication segment, which includes Telecom equipments, 5G, Satellite, Digital Infrastructure, is estimated at USD 29 billion in CY2021, and is expected to grow at a CAGR of 5.2%, to reach USD 37 billion by CY2026 in North America.

IT hardware – The IT hardware market in North America has seen massive added value in recent years. Although APAC has dominated motherboard assembly and ODM, EMS companies in North America are more focused on complex process control and white-box devices used in specific applications. Mexico is the favored destination for most contract manufacturing companies to assemble products to be exported to the U.S., and the rest of the region. The IT hardware segment is estimated at USD 18 billion in CY2021 and is expected to grow at a CAGR of 4.2%, to reach USD 22 billion by CY2026 in North America.

Consumer Electronics and Appliances (CEA) – Consumer electronics, comprising of home appliances, mobile phones and IT products, is the second largest revenue-generating industry vertical. In terms of design and manufacturing, consumer electronics in North America has always been a niche industry. At present, suppliers are trying to keep their manufacturing facilities in the low-cost regions. Manufacturing of consumer electronics products will inevitably migrate to North America as volumes increase and production capacity stabilizes. The CEA segment is estimated at USD 11 billion in CY2021 and is expected to grow at a CAGR of 3.4%, to reach USD 14 billion by CY2026 in North America.

Industrial – Contract manufacturing of industrial electronics has grown in North America over the last decade, particularly in the test and measurement segment, where capital spending investment has been increasing in recent years. Major product areas such as industrial process control, power supplies, test and measurement for all sectors, and scientific instrumentation have done well in the domestic economy and are now manufactured by smaller EMS firms with strong client relationships. The Internet of Things is the primary driver in this market, but these products are increasingly being embedded in larger board assemblies. For industrial products, most of the assembly demand is being met by mid-sized companies, as large contract manufacturing companies are unable to accommodate the low- to medium-volume/mix assemblies and lack the elasticity that this segment requires. The Industrial segment, which includes power and automation products is estimated at USD 11 billion in CY2021 and is expected to grow at a CAGR of 5.4%, to reach USD 14 billion by CY2026 in North America.

Automotive – Contract manufacturing of automotive electronics in North America is at a nascent stage but is expected to grow positively. The demand for innovative automotive electronics in EVs and automated driving will be strong. As long as R&D remains in North America, there is less chance of it being transferred to the Asia-Pacific region. In comparison to China, Mexico currently offers the most competitive assembly solution. The majority of automotive contract manufacturing assembly is done in the United States, depending on the type of manufacturing assembly. The Automotive segment is estimated at USD 5 billion in CY2021 and is expected to grow at a CAGR of 3.9%, to reach USD 6 billion by CY2026 in North America.

Medical electronics – Medical device electronics manufacturing services are a key revenue opportunity segment. Though the COVID-19 pandemic has created a surge in demand for EMS in this vertical, it is important to carefully assess the demand level for the medium and long terms. It is possible that the demand for critical and life-supporting devices is at its peak, and it could decline and flatten in the coming years. The medical electronics segment is estimated at USD 8 billion in CY2021 and is expected to grow at a CAGR of 6.4%, to reach USD 11 billion by CY2026 in North America.

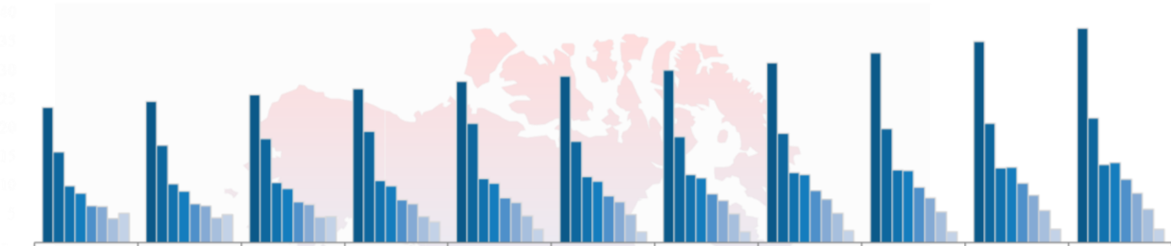
Aerospace and Defense (“A&D) – High defense spending and the presence of leading commercial aerospace companies such as Boeing, Raytheon, Collins and SpaceX, as well as emerging drone start-ups, will provide growth in the medium to long term. The military and aerospace markets are still developing advanced electronics for surveillance, communications, and cyber warfare that are supported by AI technology. Aerospace guidance production will continue to grow, especially in imaging, signal processing, and smart weapons as military budgets rise. The A&D segment is estimated at USD 7 billion in CY2021 and is expected to grow at a CAGR of 3.9%, to reach USD 9 billion by CY2026 in North America.

Clean Energy: North America is the most important region in the development and adoption of hydrogen technology. The region is actively executing measures to reduce emissions and support alternative clean energy sources. Large CCS projects in the United States and Canada will drive future adoption of hydrogen technology. Major O&G companies are investing in clean and renewable energy, CCUS, and bioenergy. Other segments which includes clean energy, power, lighting, etc. is estimated at USD 2 billion in CY2021, and is expected to grow at a CAGR of 5.1%.

<u>North American EMS market segmentation by B2B and B2C</u>

The North American B2B EMS market was valued at USD 60 billion in CY2021 and is expected to maintain its dominance, reaching USD 77 billion in CY2026, while the B2C market is smaller. In CY2021, the B2C market was valued at USD 31 billion, and it is expected to grow to USD 37 billion by CY2026.

Chart 3.7: North American EMS market - Segmentation by end-user industries, value in USD billion, growth in %, CY2016-CY2026E



	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022E	CY2023E	CY2024E	CY2025E	CY2026E
Telecom	24	25	26	27	28	29	30	31	33	35	37
IT #	16	17	18	19	21	18	18	19	20	21	22
CEA#	10	10	10	11	11	11	12	12	13	13	14
Industrial	9	9	9	10	10	11	11	12	12	13	14
Medical	6	7	7	7	8	8	9	9	10	10	11
A&D	6	6	7	7	7	7	7	8	8	8	9
Automotive	4	4	4	5	5	5	5	5	5	6	6
Others*	5	5	5	4	2	2	2	2	2	2	2

Telecom	IT	CEA	Industrial	Medical	A&D	Automotive	Others
CAGR (CY16-21): 4.3%	CAGR (CY16-21): 2.2%	CAGR (CY16-21): 3.0%	CAGR (CY16-21): 4.5%	CAGR (CY16-21): 4.7%	CAGR (CY16-21): 2.5%	CAGR (CY16-21): 3.2%	CAGR (CY16-21): -18.7%
CAGR (CY21-26): 5.2%	CAGR (CY21-26): 4.2%	CAGR (CY21-26): 3.4%	CAGR (CY21-26): 5.4%	CAGR (CY21-26): 6.4%	CAGR (CY21-26): 3.9%	CAGR (CY21-26): 3.9%	CAGR (CY21-26): 5.1%

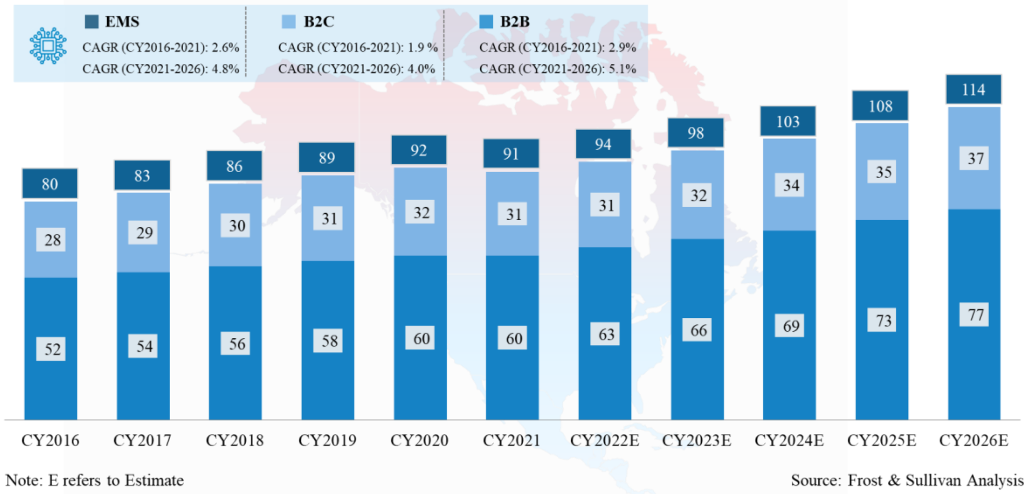
IT – Information Technology products; CEA – Consumer electronics and appliances

* Others include: Clean energy, Power, Lighting, etc.

Source: Frost & Sullivan Analysis

Note: E refers to Estimate

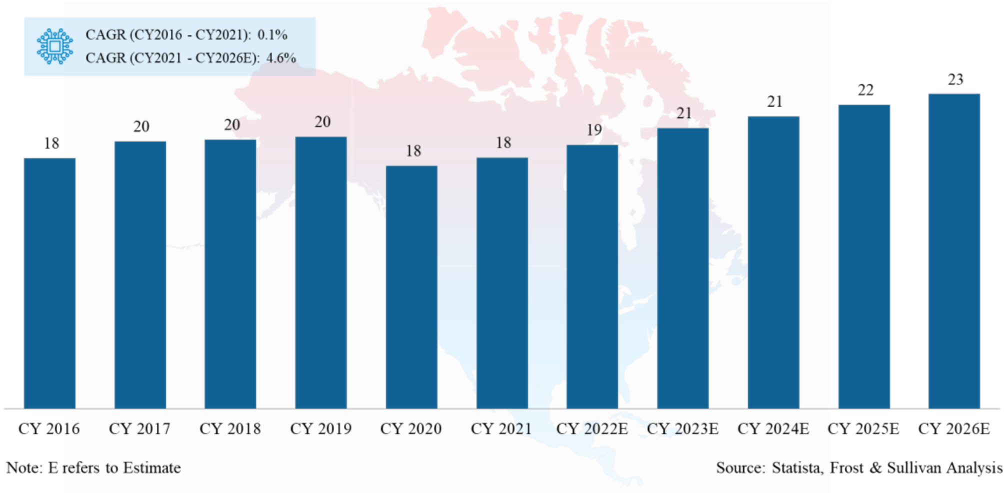
Chart 3.8: North American EMS market - Split between B2B vs B2C, value in USD billion, growth in %, CY2016-CY2026E



PCB assembly market opportunity

The PCBA market was valued at USD 18 billion in CY2021 and is expected to reach USD 23 billion in CY2026. The market is expected to grow at a CAGR of 4.6% to 2026. Leading PCBA players in the U.S. are Rush PCB Inc., Titan Circuits, Journey Circuits Inc., TechnoTronix, Advanced Circuitry International (ACI), Optima Technology Associates, Inc., Red Board Circuits, LLC, NexLogic, A.C.T. (USA) Int'l LLC., and OnBoard Circuits, among others.

Chart 3.9: North America PCB assembly market, value in USD billion , CY2016-CY2026E



Key growth drivers of EMS industry in North America

Implications of US-China trade war in the EMS market: The North American EMS market is benefitting from the US-China trade tensions that are causing a reshoring of manufacturing back to the U.S. Several companies like Apple, Lenovo and GE are shifting a part of their EMS strategy back to the U.S. This is further strengthened by the supply chain issues caused by the COVID pandemic, inducing OEMs and EMS companies to rethink their supply chain strategy to be one that is reliant on the local network.

Greater emphasis on vehicle electrification: The expansion of EV industry owing to the rising stringency in government policies to curb the carbon footprint will encourage automakers to opt for electronic manufacturing services. EMS proficiency in the automotive sector includes box build assembly, PCB assembly services, and module assembly to provide high-volume production units to the OEMs. America is the second leading EV market after China with, specifically, the US having a well-developed charging infrastructure that supports the growth of EV sales. EMS companies need to increase collaboration with companies across the EV ecosystem from Integrated Circuit (IC) design houses to Outsourced Assembly and Testing Service (OSATs), Car OEMs, and third-party testing and certifications.

Impact of Canada-United States-Mexico Agreement (CUSMA): On November 30, 2018, Canada, the U.S. and Mexico signed the new Canada-United States-Mexico Agreement (CUSMA), which was approved on July 1, 2020. The successful implementation of CUSMA will have a major influence on the development of the North American electronics industry over the following few years.

Adopting digitization and industry 4.0: EMS companies are investing in the technological upgrading of their facilities by adopting digitization and industry 4.0 concepts. This will improve productivity and capacity, thus giving companies the capability to win more contracts. A majority of the market participants are progressing in this direction; hence, this factor will evolve into a significant driver in the medium to long term.

Internet of Things: Industrial products manufacturing saw an uptick in 2021 compared to 2020 or 2019 figures. This was mostly true for the test and measurement industry, where capital spending investment has been growing since 2013. Other product areas such as industrial process control, semiconductor equipment, power supplies, test and measurement for all sectors, robotics, and scientific instrumentation have done well in the domestic economy and accordingly are manufactured by smaller EMS firms who have good relationships with their customers.

Emerging trends of EMS industry in North America

Emerging technologies to improve operational efficiency: Both the EMS firms and the ODMs nowadays are capable of manufacturing increasingly complex products. Advanced computing and communications switching products need very sophisticated manufacturing know-how which is no longer maintained by OEMs. By using EMS subcontractors, OEMs have lost the capability to manufacture their hardware products in-house and their livelihood is more and more dependent on their EMS partners.

Digitization to improve manufacturing scalability: The need to have real-time information on Key Performance Indicators (KPIs) of supply chain, inventory, production, and other operations was pronounced, provoking an increase in investments in industry 4.0 technologies. Some EMS companies that invested in futuristic technologies, such as robotics and AR, found it easier to manage production scaling with flexibility, while ensuring that employees are distanced enough physically.

Incubating most advanced technology and passing to low-cost region: The trend in the United States and Canada has been to incubate the most advanced and latest innovative technology and then pass it on to Mexico or APAC once there is the requirement for high-volume production and cost reduction. The ODM assembly market in North America will be limited outside of mobile and wireless phones and networking equipment.

Key challenges of EMS industry in North America

Regulations and Violation of IP: Compliance with stringent domestic regulations and trade tariffs is impacting the EMS industry and forcing OEMs to build in-house manufacturing capabilities. Also, the rise in cases of violation of Intellectual Property Rights (IP) is significantly impacting contract manufacturers in North America. The medical equipment sector is a very niche-oriented field with many challenges and is sensitive to IP protection. Not surprisingly, EMS and the ODM companies are inclined to be vertically focused in this sector, as in the defense and automotive markets, which require gaining in-depth knowledge.

Low operating margin: A majority of the market participants face challenges with respect to the operating margin. A low operating margin is viewed as an impediment to growth, considering the impact it can create on expansion plans.

Supply chain delay: Supply chain delays causing a shortage of components are likely to impact in the short term. Stress in the supply chain pre-dates COVID. Trade tensions, mainly between the U.S. and China, intensified with the introduction of exceptional tariffs and sanctions on Chinese companies, and are still having an impact and are yet to rebalance the supply-demand ratio.

Overview of the Indian Electronics Industry

Indian Electronics industry

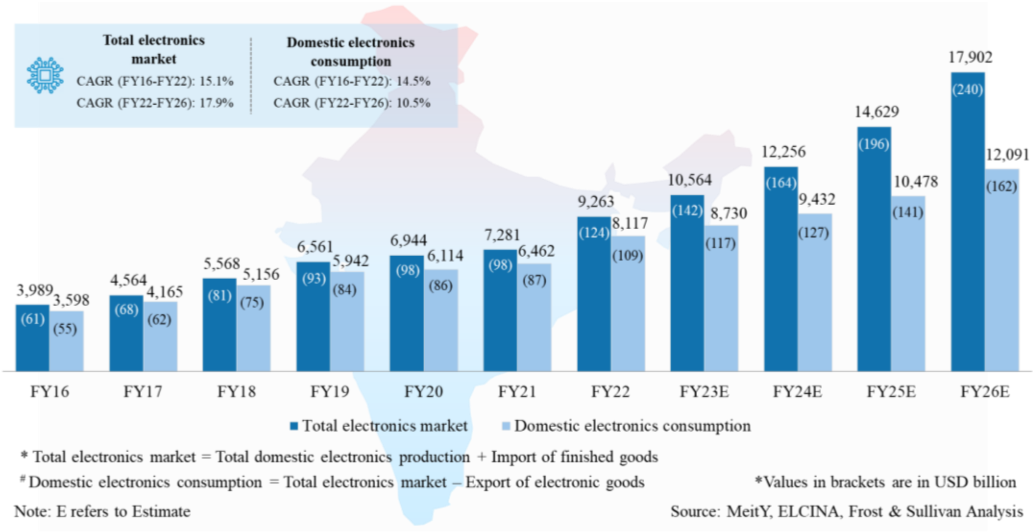
Overview of Indian electronics industry - Total market and domestic consumption

Electronics is one of the fastest growing industries in the country. The total electronics market (domestic electronics production and imports of finished goods) in India was valued at INR 9,263 billion (USD 124 billion) in FY22, and is expected to grow at a CAGR of 17.9% to reach INR 17,902 billion (USD 240 billion) in FY26. The landscape of the industry is changing significantly, and revised cost structures have shifted the focus of multinational companies onto India.

At present, the Indian government is striving to strengthen manufacturing capabilities across several electronics industries and to fill in the gaps in order to make the Indian electronics sector globally competitive. India is positioned as both a high-quality destination for design and a cost-effective option. Low manufacturing costs, a skilled workforce and a vast geographical area are some of the driving elements behind the development of India's electronics ecosystem. Also, the manufacturers are slowly shifting their focus on product mix from high-volume, low-margin (HVLM) products to low-volume, high-margin (LVHM) products.

The demand for electronic goods in India has grown significantly in recent years. The domestic electronics consumption market is estimated at INR 8,117 billion (USD 109 billion) in FY22, and is expected to grow by 10.5% to reach INR 12,091 billion (USD 162 billion) in FY26. An increasing electronics penetration in semi-urban and rural markets, a shift in lifestyle among the Gen Y population, and adoption of smart gadgets are some key drivers supporting domestic consumption.

Chart 4.1: Indian electronics and domestic electronics consumption market, value in INR billion and USD billion, growth in %, FY16-FY26E



<u>Indian domestic electronics production vs. exports vs. imports</u>

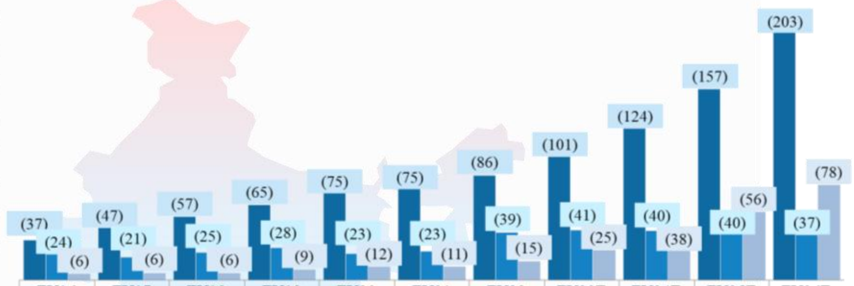
Domestic electronics production accounted for approximately 69% of the total electronics market in FY22, valued at INR 6,376 billion (USD 86 billion), and is expected to grow to approximately 85% by FY26, valued at INR 15,159 billion (USD 203 billion), owing to various government initiatives and the development of India's electronic ecosystem. India has the potential to be one of the most attractive manufacturing destinations and supports the objective of the "Make in India for the World" policy. The government is spearheading various policies and initiatives in the electronics industry to build the complete electronics manufacturing ecosystem, in order to propel India into the top five countries for electronics production and the top three countries for electronics consumption.

The government's stated objective of enhancing manufacturing capability within India has been backed by the creation of a favorable environment. Whether it is the increase in customs duty for certain products or removal of duties on components, or encouraging local component manufacturing, there has been an appreciable movement to drive domestic manufacturing. The government has also taken several steps towards increasing the ease of doing business, which has resulted in increased manufacturing set-ups by multiple foreign manufacturers in the country. This environment has certainly encouraged the EMS market as electronics brands/OEMs continue to push for collaboration and partnership.

The total import value of finished goods in the electronics industry was valued at INR 2,887 billion (USD 39 billion) in FY22, compared to INR 1,736 billion (USD 23 billion) in FY21. A shortage of chips has slowed down domestic manufacturing in the last quarter of FY22 which resulted in higher imports of electronic products. China and Hong Kong accounted for approximately 63% of India's total electronic imports in FY22. Imports from the United States, Japan, and Taiwan now meet the majority of semiconductor demand. To reduce reliance on imports, the government is developing electronics manufacturing clusters (EMCs) across the country to provide world-class infrastructure.

The value of total exports increased by 40% in FY22 to INR 1,146 billion (USD 15 billion), compared to FY21, which was worth INR 818 billion (USD 11 billion). As domestic production increases, the export market is expected to grow significantly over the next four years at a CAGR of 50.1% to reach INR 5,811 billion (USD 78 billion) in FY26. The top three leading products in the export category are mobile phones, engine control units, and industrial machinery. India holds a superior design competence and the availability of a talented workforce at lower wages compared to China, which fortifies its position as the futuristic, domestic-cum-export-oriented manufacturing destination.

Chart 4.2: Indian electronics market - Split between domestic production, imports and exports, value in INR billion, USD billion, growth in %, FY16-FY26E



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E
Total domestic electronics production	2,433	3,173	3,883	4,580	5,336	5,545	6,376	7,524	9,255	11,661	15,159
Import of finished goods	1,556	1,391	1,685	1,981	1,608	1,736	2,887	3,040	3,001	2,968	2,743
Electronic exports	391	400	412	619	829	818	1,146	1,834	2,824	4,151	5,811

Total domestic electronics production
CAGR (FY16-FY22): 17.4%
CAGR (FY22-FY26): 24.2%

Import of finished goods
CAGR (FY16-FY22): 10.8%
CAGR (FY22-FY26): -1.3%

Electronic exports
CAGR (FY16-FY22): 19.6%
CAGR (FY22-FY26): 50.1%

*Values in brackets are in USD billion

Note: E refers to Estimate

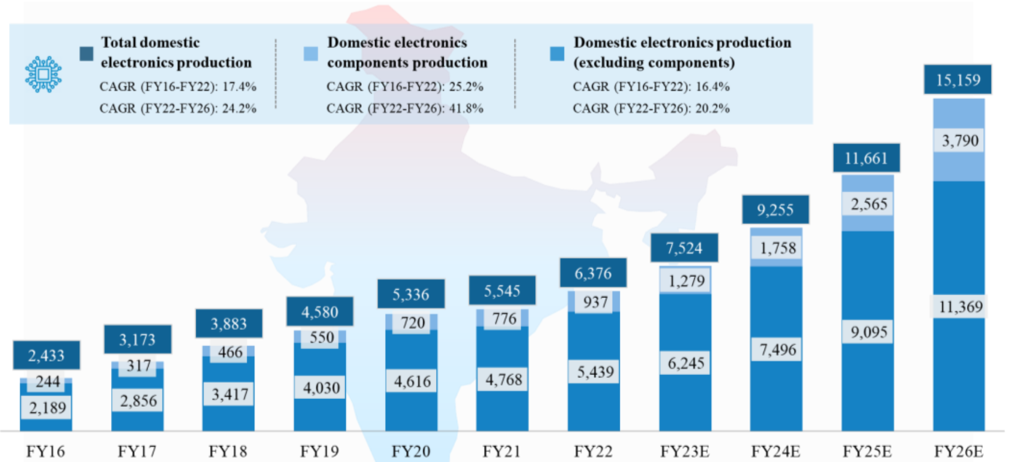
Source: MeitY, ELCINA, Frost & Sullivan Analysis

<u>Indian domestic electronics production - Including and excluding components</u>

Electronic component production accounts for only 15% of the total production market, valued at INR 937 billion (USD 13 billion) in FY22, and it is predicted to grow at a CAGR of 41.8% to FY26 to reach INR 3,790 billion (USD 51 billion). The value of electronics production excluding components was INR 5,439 billion (USD 73 billion), which is expected to grow at a CAGR of 20.2% during the same period.

India is finding its way to be a part of the global value chain to increase production and exports of electronic products and components. Consumer electronics and appliances, the automotive industry and the medical electronics sector are expected to provide excellent possibilities for boosting electronics manufacturing in India. The biggest challenge for India is to make a fast transition to the manufacture of high-technology products. Electronic products do need continuous design modifications, as end-users expect creativity and continuous innovation.

Chart 4.3: Indian domestic electronics production market (including and excluding components), value in INR billion, FY16-FY26E

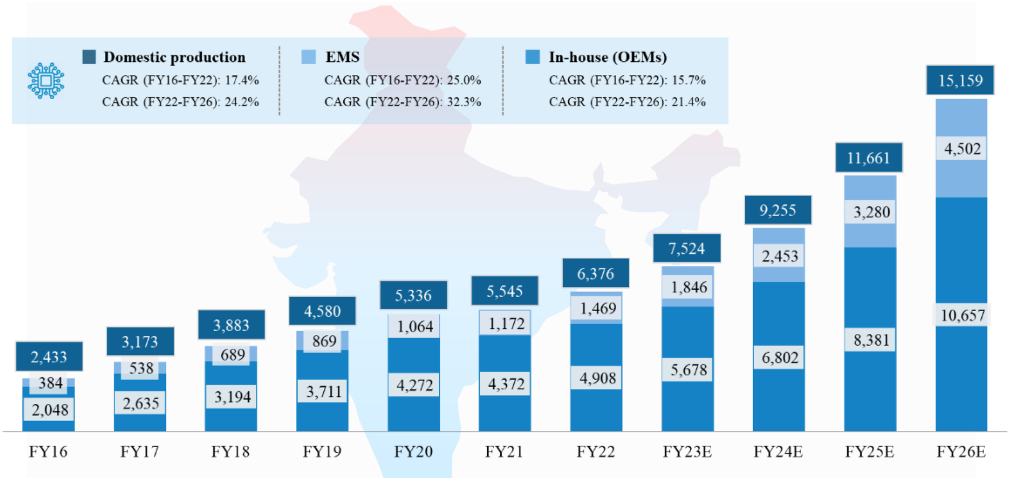


Note: E refers to Estimate

Source: MeitY, ELCINA, Frost & Sullivan Analysis

<u>Indian domestic electronics production - Split between in-house manufacturing and EMS</u>

Chart 4.4: Indian domestic electronics production market - Split between in-house manufacturing and EMS, value in INR billion, growth in %, FY16-FY26E



Note: E refers to Estimate

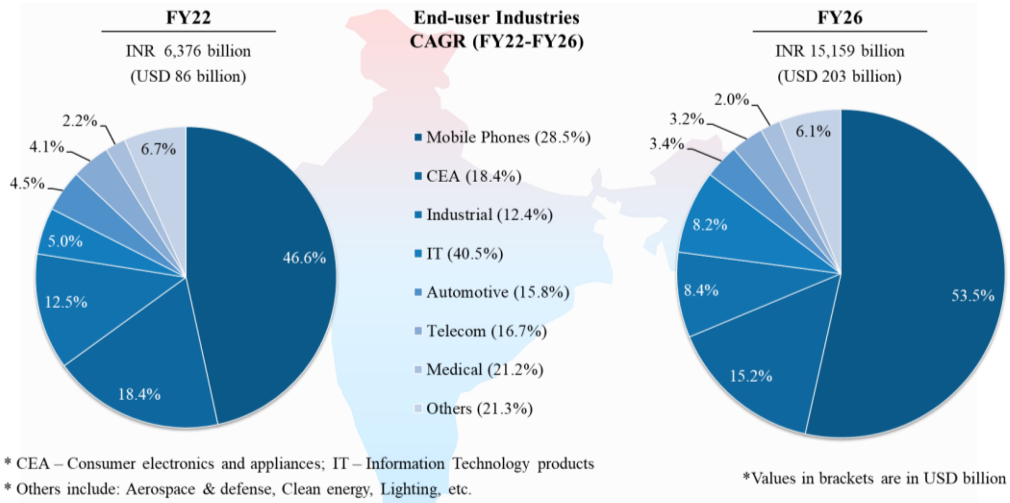
Source: MeitY, ELCINA, Frost & Sullivan Analysis

Domestic electronics production by OEMs with in-house capabilities currently accounts for nearly 77% of India's total domestic production market, estimated at INR 4,908 billion (USD 66 billion) in FY22. Many OEMs develop, design, and manufacture electronic products in-house. However, this scenario is slowly shifting to EMS partners. EMS providers are gradually evolving to offer complete design services in addition to contract manufacturing, which benefits both EMS providers and OEMs. This strategy allows EMS providers to gain higher margins, while OEMs benefit by outsourcing manufacturing and design activities, enabling them to focus on other expansion activities.

Due to the large, complex and highly competitive nature of the electronics industry, OEMs may now focus on marketing and aftermarket services, leaving manufacturing to EMS partners. Frequent technology changes, which an EMS company with economies of scale is better positioned to accommodate, allow for better price negotiations with raw material suppliers compared to OEMs.

Indian domestic electronics production - Segmentation by end-user industries

Chart 4.5: Indian domestic electronics production market - Segmentation by end-user industries, value in INR billion, USD billion, FY22 and FY26E



* CEA – Consumer electronics and appliances; IT – Information Technology products
* Others include: Aerospace & defense, Clean energy, Lighting, etc.

*Values in brackets are in USD billion

Note: E refers to Estimate

Source: MeitY, ELCINA, Frost & Sullivan Analysis

India has one of the largest consumer bases in the Asia-Pacific region, and the country's electronics industry is one of the fastest-growing in the world. Currently, India is the second largest mobile phone manufacturer in the world, contributing to nearly 46% of production. Consumer electronics and appliances is the second largest segment, with a diverse range of electronic products such as televisions, air conditioners, refrigerators, audio players, and other household products. The electronics manufacturing industry in India has also started to focus on high-margin products in segments such as industrial, telecommunications, automotive, medical, and others. Clean energy and emerging communication technologies are upcoming, high-growth sectors. The clean energy sector comprises solar, electric vehicles and hydrogen. The communication sector comprises telecom, satellite and digital infrastructure. Aerospace, defense and medical are examples of high-precision manufacturing industries.

Clean energy (Solar, Hydrogen and Electric Vehicles) – **Solar:** Globally, the energy sector is undergoing a massive transformation, with the goal of making energy cleaner and more reliable. India, a key participant in the Paris agreement, expects to generate 175 GW from renewable sources by the end of 2022, with solar energy accounting for 100 GW. As the cost of solar PV modules has decreased, so has the adoption and commoditization of solar PV systems. In recent years, the Indian government has implemented various incentives to support domestic production and reduce India's reliance on foreign suppliers.

Green hydrogen is an ideal power source for energy-intensive industries such as refining, steel, cement, heavy mobility, and industrial heating. The government has taken ample initiatives to effectively integrate renewable energy into the present energy mix. There will be an enormous opportunity to establish regional hubs for exporting high-value green products. Large firms like Reliance, Jindal, and Adani are investing heavily in green hydrogen. Recently, Adani and TotalEnergies have partnered to create the world's largest and most cost-effective green hydrogen ecosystem in India.

The **electric vehicle** industry is witnessing a substantial proliferation and market gain within the automotive industry. As innovation and development in environmental sustainability and digitalization gain traction, the electric vehicle is taking center stage. Hero Electric, Okinawa, Ampere, and Ather are the leading players in the e2W segment, while Tata Motors, MG, Mahindra, and Hyundai are the automotive giants that are currently leading the electric vehicle revolution in the e4W segment.

Mobility (Automotive, Railways and Aerospace) – **Automotive** electronics have become an essential aspect of the shift from conventional mechanical systems to electronic systems. The development of automotive electronics for a variety of vehicular applications such as body electronics, entertainment, safety, electrification, and driver assistance all contribute to the market's rapid expansion. The Indian automotive electronics business imports 65% to 70% of electronic components for vehicles because of the unfavorable manufacturing and distribution ecosystem in India. However, various government and business initiatives are slowly strengthening the ecosystem and resolving this situation. Leading players in automotive electronics include Bosch, Continental, and Denso among others. Customer preferences for an in-vehicle digital experience, along with an increase in embedded linked services, will continue to transform the industry. Digitalization would be at the heart of this transformation, resulting in increased use of electronic components in the automotive sector.

India's **railway** network is the world's third largest in terms of total size. By adopting digitalization in all elements of its operations, including asset management, signaling, production, and passenger information systems, the railways are on pace to increase their revenues and enhance the passenger experience. IoT has the potential to impact railway technology due to its unique feature of connected mobility, potentially enhancing the reliability and safety of the railway infrastructure. The railway industry is characterized by long lead times for customer acquisition, onboarding, prototyping, OEM approvals and subsequent production, given the criticality of requirement. Consequently, there are high barriers of entry for this vertical. Additionally, there are several global OEMs operating in railway signaling technologies such as moving block technology, which permits trains to travel in order of braking distance, improving capacity on multiple lines and operating in complete safety. Global OEMs like Siemens, Thales, Hitachi, Alstom, and Bombardier control the Indian market. All these companies have Indian subsidiaries to meet the needs of local production.

In India, the **aerospace** industry is growing considerably, with rising activity from both the defense and civil aviation segments. India is one of the world's largest civil aviation markets, with various improvements in infrastructure and services having been undertaken. Passenger traffic in India is expected to grow at a robust pace of 6.2% by 2040, owing to the country's economic growth and increasing middle class. According to Airbus and Boeing, India will require over 2,200 new aircraft over the next 20 years to meet demand. Because of its unprecedented growth, electronics has emerged as a strategic and profitable industry in the aerospace segment. Similarly, as the country's defense capital expenditure is constantly growing, there are also numerous opportunities in aerospace and defense.

Communication (Telecom and Satellite, Digital Infrastructure) – India is currently the world's second-largest **telecommunications** market. Over the next five years, increased mobile phone penetration and reduced data prices will add 500 million additional internet users in India. There is a need for deep penetration of broadband networks to propel the telecom and networking products sector in India. The government's push for the availability of broadband in remote areas of the country is a key demand driver for the telecom segment. Also, the increasing focus on the 5G sector is driving this segment. India's current market penetration in optical fiber connectivity is not more than 30% of mobile towers and 7% of total households. Significant fabrication and infrastructural improvements are required to bring in 5G and high-speed connections, and this will be a key focus area in 2022 and beyond. Ericsson, Nokia, Samsung, ZTE, and Huawei dominate the telecom equipment market in India.

India's **space** program is among the most cost-effective in the world. India has gained international acclaim for successfully launching lunar probes, constructing satellites, transporting foreign satellites, and even reaching Mars. As ISRO develops cutting-edge technology and interplanetary exploratory missions, there is a huge opportunity for companies to contribute to operational missions. As various government initiatives have been announced, many Indian companies and start-ups have started showing an interest in space activities and services. More than 100 SMEs in India are working in the space sector, and key spacetech start-ups are Pixxel, Bellatrix Aerospace, and Vesta Space, among others.

Industrial (Power and Automation) – The **automation** industry in India has grown significantly over the last decade as a result of growing demand for reliable and cost-effective manufacturing. The rapid adoption of modern technology, backed by cost-saving features, is driving growth in this market. The demand for factory automation solutions in India is anticipated to surge with an increase in domestic manufacturing and an emphasis on increased process efficiency. Industrial Automation is currently focused on promoting Industry 4.0, or the digitization of industry, with IIoT-based solutions for smart manufacturing. The Indian government has taken a number of steps to create a healthy environment for the growth of the country's industrial sector. These steps include approving PLI schemes and improving the electronics supply chain and assembly industry, which will be a key growth driver for this sector.

Medical devices – The Indian **medical devices and equipment** market is undergoing dynamic change due to the emergence of advanced technologies, changing clinical and administrative needs, and the introduction of new policies and regulations, which are compelling industry participants to innovate in order to maintain their competitive advantage. There is a huge gap between the current market demand and supply of medical devices in India, and this presents a significant growth opportunity for the medical devices industry in India.

Trend of global companies setting up manufacturing in India

As the cost structure of Chinese electronics contract manufacturing keeps going up, especially with the changing geopolitical situation, OEMs are becoming more interested in moving electronics production to other countries with similar costs, quality, and openness. Given tariff issues and supply chain disruption, there is an urgency to investigate realistic alternatives to manufacturing in China. However, transferring manufacturing operations is not an easy task. The integration of sub-tier vendors for metal fabrication, plastics, and other mechanical components in China reduces product cost, efficiency, and time-to-market. Due to the above factors, OEMs are considering adding another country for increased production rather than replacing China entirely, and are looking into production locations like India, Vietnam and Indonesia.

Some of the notable expansions announced recently:

- In 2022, Reliance Strategic Business Ventures Ltd (RSBVL), a subsidiary of Reliance Industries Ltd (RIL), has entered into a joint venture with Sanmina Corporation worth INR 16.7 billion, with a 50.1% stake. According to reports, the JV will focus on telecom infrastructure (5G), medical and healthcare systems, industrial and cleantech, defense and aerospace, and also plans to establish a manufacturing technology center of excellence that will serve as incubation for the product development and hardware start-up ecosystem.
- In 2021, TATA Electronics (TATA Group) stated that it will invest INR 57 billion (USD 790 million) as part of its phase 1 investment in an industrial complex in Tamil Nadu, India, to construct a phone component manufacturing facility.
- In 2021, Jabil announced it is going to invest INR 20 billion (USD 275 million) in Pune and plans to venture into smartphones, home appliances, mobile spare parts, and food packaging.
- Dixon Technologies, a provider of electronic manufacturing services, announced in 2021 that it would invest approximately INR 6 billion (USD 80 million) to build new capacity in India in the mobile devices, laptops and tablets, telecom equipment, and LED components sectors.
- Flex, a U.S.-based manufacturer of electronic components, announced in 2020 that it is considering increasing its investment in India to approximately USD 12 billion to expand its manufacturing capabilities and boost exports from India.

Key growth drivers for the electronics industry in India

Investments by local and global players in India: The higher growth rate in India vis-à-vis the global market is because of multiple factors - consistent local demand for electronic products, the government's focus on domestic manufacturing, and programs like 'Make in India' and 'Digital India', which have led to increasing manufacturing investment in the country. The Make in India initiative, tax and duty support, and government support through policies, most notably, MSIPS and PLI scheme, have been instrumental in encouraging new investment from EMS companies.

China + 1 Strategy: There is a new urgency to examine practical alternatives to manufacturing in China given the tariff conflicts and the after effects of the COVID-19 pandemic, supply chain issues, along with rising manufacturing cost structures and the changing geopolitical landscape. However, transferring production decisions is not straightforward as there is a strong vendor integration into all major components in China. This improves the product cost, efficiency, and time-to-market. Due to the above factors, OEMs are considering an alternative country for additional production rather than completely replacing China. India is well positioned to benefit from global OEM's strategy towards "China + 1" for supply chain diversification.

Localization of supply chain: High domestic volumes and consumption, and higher outsourcing volumes will influence domestic electronics manufacturers to apply the component ecosystem locally and enhance local component sourcing capabilities, thus making the ecosystem stronger and closer-knit. Tier-2 companies (companies supplying products to Tier-1 companies/OEMs) are increasingly focusing on product localization, innovative product design, and R&D. However, the extensive financial costs involved in setting up manufacturing, capacity additions/expansions, R&D, manpower, etc. influence them to leverage EMS services. In 2014, there were only two companies in India manufacturing mobile phones; this has increased to more than 270 in 2020.

Emerging technologies: Electronic product life cycles are becoming shorter due to rapid technological advancement and newer products with upgraded technology. Also, changing customer attitudes and various consumer-to-consumer websites have made it relatively easy for customers to replace existing electronic devices with newer products. Increased demand for high-speed data has also contributed to rising demand for premium smartphones. This growing preference for high-tech products has fueled rapid innovation in the consumer electronics industry. Emerging technologies such as IoT, AI, and the incorporation of robotics and analytics in the industrial and strategic electronics segments have all contributed to the overall development of electronic products, which has boosted local demand.

System automation: Indian design companies work on end-to-end product development. Advanced product development with a focus on miniaturization, IoT, automation, AI, and defense applications is likely to be one of the major market growth trends in electronics design. Advanced analytics and industrial automation enabled by the IoT provide manufacturers with greater efficiency and productivity gains. Electronic Design Automation (EDA) is a category of software tools used to design integrated circuits and printed circuit boards (PCBs). Until recently, EDA software tools were primarily utilized in the semiconductor industry. However, the rapid growth of AI, ML, the deployment of 5G communication, edge computing, and cloud computing have necessitated hardware innovation, resulting in a high demand for electronic design automation software tools.

<u>Policy initiatives that are driving domestic electronics manufacturing in India</u>

The government of India is encouraging domestic manufacturing by supporting policies and initiatives that are likely to lead to overall development of the ecosystem and will open up windows of opportunity for companies, vendors, and distributors in the market. Incentives for local manufacturing, demand-side support through government procurement, import barriers via duties and favorable steps like GST that reduce complexity of operations, are pull factors for MNCs to invest in India. Some of the key initiatives/schemes/programs introduced by the government in boosting the electronics industry in India include:

Make in India: In 2014, the government of India announced this initiative to make India a global manufacturing hub, by facilitating both domestic as well as international companies to set up manufacturing bases in India. As per the scheme, the government released special funds to boost the local manufacture of mobile phones and electronic components. It has also introduced multiple new initiatives, including promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. The Make in India initiative, a part of the "Atmanirbhar Bharat Abhiyan" (Self-reliant India) program, would provide an additional boost to the country's business operations by encouraging removal of reliance on imports of low-technology products from other countries and generating demand for local manufacturing. Atmanirbhar Bharat Abhiyan is planned to be carried out in two phases:

- Phase 1: The emphasis will be on segments such as medical, textiles, electronics, plastics and toys.

- Phase 2: This will focus on products such as gems and jewelry, pharmaceutical and steel, etc.

Production Linked Incentive (PLI) Scheme: This scheme was initially announced in 2019 by the government of India and concerns the increase of investment and sales of manufactured goods specifically to the mobile phone and component markets in India. It is expected to promote exports over the next few years. As per the scheme, a total production value of INR 11,500 billion is expected, including INR 7,000 billion in exports, in the next five years. PLI for large-scale electronics manufacturing was announced in April 2020.

Chart 4.6: PLI scheme in 13 key sectors for enhancing India's manufacturing capabilities and enhancing exports, Atmanirbhar Bharat, FY21-FY22

Sectors	Implementing Ministry/Department	Approved financial outlay over a five year period (INR billion)
Mobile manufacturing and specified electronic components	Ministry of Electronics and Information Technology	409.5
Critical key starting materials/ drugs intermediaries, APIs	Department of Pharmaceuticals	69.4
Manufacturing of medical devices	Department of Pharmaceuticals	34.2
Advance Chemistry Cell ACC Battery	NITI Aayog and Department of Heavy Industries	181.0
Electronic/Technology Products	Ministry of Electronics and Information Technology	50.0
Automobiles & Auto Components#	Department of Heavy Industries	259.4
Pharmaceuticals drugs	Department of Pharmaceuticals	150.0
Telecom & Networking Products	Department of Telecom	122.0
Textile Products	Ministry of Textiles	106.8
Food Products	Ministry of Food Processing Industries	109.0
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	45.0
White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	62.4
Speciality Steel	Ministry of Steel	63.2
Total		**1,661.9**

Financial outlay for Automobiles & auto components was revised on September 2021 from INR 570.4 billion to INR 259.4 billion

Source: MeitY (Ministry of Electronics and Information Technology), Invest India

As per the 2021-22 budgets, under the PLI scheme the government has allotted INR 1,970 billion to 13 sectors. However, the financial outlay for the auto sector was revised in September 2021, bringing the total allotment down to approximately INR 1,661.9 billion. Initially introduced in respect of mobile phone production, this policy is being expanded to other sectors as well. The scheme has also been extended to white goods (such as air conditioners and LED lighting) and a small number of electronic/technology products. The allocation for Mobile Manufacturing and Specified Electronic Components is around INR 409 billion, which is significantly higher than any other scheme. It has different thresholds of investment required for domestic and international companies. Fully-integrated manufacturers are set to be the biggest beneficiaries of this scheme. The scheme will be instrumental in helping India Inc. to become an integral part of the global supply chain.

a) **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** The aim of this scheme is to strengthen the electronic component and semiconductor manufacturing ecosystem. Promoting the manufacture of electronic components and semiconductors through the scheme will help meet domestic demand, increase added value and promote employment opportunities in this sector. Incentives of up to INR 32.85 billion will be awarded under the scheme over a period of eight years.

b) **Merchandise Exports from India Scheme (MEIS):** This scheme falls under the foreign trade policy of India, replacing five previous similar incentive schemes. As per this scheme the government of India provides benefits up to 4% depending on the country of export and the products exported. Rewards under the scheme are payable as a percentage of realized free-on-board value, and MEIS duty credit scrips can be transferred to the company for working capital requirements or used for payment of various duties such as basic customs duty.

c) **Modified Electronics Manufacturing Clusters Scheme (EMC 2.0):** This scheme is aimed at strengthening the infrastructure base of the electronics industry and broadening the electronics value chain in India. The scheme provides financial incentives for creating quality infrastructure as well as common facilities and amenities for electronics manufacturers. Financial incentives of up to INR 37.62 billion will be disbursed over a period of eight years.

d) **Semiconductors and Display Fabrication Ecosystem:** In furtherance of the vision of Atmanirbhar Bharat and positioning India as the global hub for electronic systems design and manufacturing, the government of India has approved a comprehensive program for the development of a sustainable semiconductor and display ecosystem in the country with an outlay of INR 76,000 Crore (>10 billion USD). The program will usher in a new era in electronics manufacturing by providing a globally competitive incentive package to companies in semiconductor and display manufacturing as well as design.

The program aims to provide attractive incentive support to companies/consortia that are engaged in Silicon Semiconductor and Display Fabrication, Compound Semiconductors/Silicon Photonics/Sensors (including MEMS) Fabrication, Semiconductor Packaging (ATMP/OSAT) and Semiconductor Design. The following broad incentives have been approved for the development of the semiconductor and display manufacturing ecosystem:

- **Semiconductor and Display Fabrication:** The schemes for setting up of Semiconductor and Display Fabrication in India shall extend fiscal support of up to 50% of project cost on a pari passu basis to applicants who are eligible and have the technology as well as the capacity to execute such highly capital and resource intensive projects. The government of India will work closely with the State governments to establish High-Tech Clusters with requisite infrastructure in terms of land, semiconductor grade water, high quality power, logistics and a research ecosystem to approve applications for setting up at least two Greenfield Semiconductor Fabrication and two Display Fabrication units in the country.

- **Semi-Conductor Laboratory (SCL):** The Union Cabinet has also approved an initiative for the Ministry of Electronics and Information Technology to take the requisite steps to modernize and commercialize the Semi-Conductor Laboratory (SCL) in Mohali. MeitY will explore the possibility of a joint venture between SCL and a commercial fab partner to modernize the brownfield fab facility.

- **Compound Semiconductors/Silicon Photonics/Sensors (including MEMS) Fabrication and Semiconductor ATMP/OSAT Units:** The scheme for setting up of Compound Semiconductors/Silicon Photonics/Sensors (including MEMS) Fabrication and Semiconductor ATMP/OSAT facilities in India shall extend fiscal support of 30% of capital expenditure to approved units. At least 15 such Compound Semiconductors and Semiconductor Packaging units are expected to be established with government support under this scheme.

- **Semiconductor Design Companies:** The Design Linked Incentive (DLI) Scheme shall extend product design linked incentives of up to 50% of eligible expenditure and product deployment linked incentive of 4%-6% on net sales for five years. Support will be provided to 100 domestic semiconductor design companies in respect of Integrated Circuits (ICs), Chipsets, System on Chips (SoCs), Systems & IP Cores and semiconductor linked design, to facilitate the growth of not less than 20 such companies which can achieve turnover of more than INR 1500 Crore in the coming five years.

- **India Semiconductor Mission:** In order to drive the long-term strategies for developing a sustainable semiconductor and display ecosystem, a specialized and independent "India Semiconductor Mission" will be set up. The India Semiconductor Mission will be led by global experts in the semiconductor and display industry. It will act as the nodal agency for efficient and smooth implementation of the schemes for setting up of Semiconductor and Display Fabrication.

Avalon stands to benefit from the tailwinds of Atmanirbhar Bharat and the PLI scheme across verticals, which would help in reducing import dependence and positioning India as an export hub. India has a unique competitive advantage due to low labor costs, a diverse product offering, geographical diversification, etc.

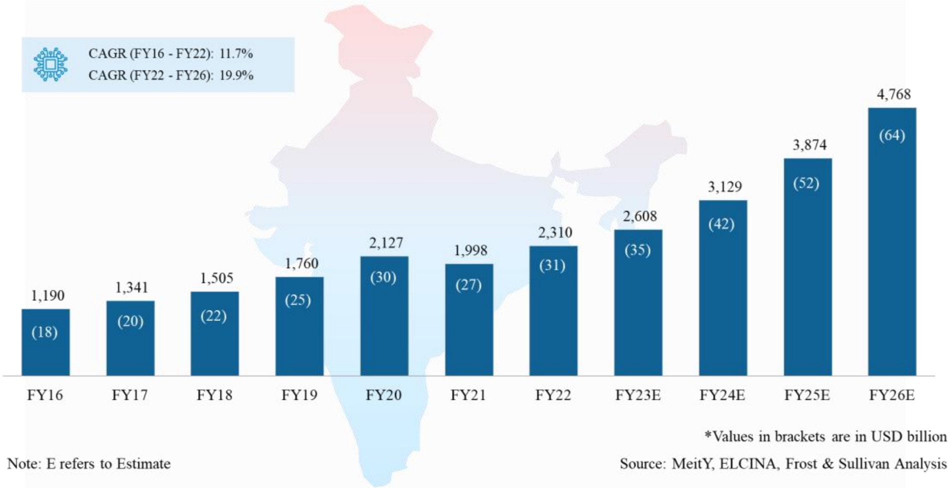
<u>Semiconductor market in India</u>

In FY22, revenue from the Indian semiconductor industry amounted to INR 2,310 billion (USD 31 billion). The market is expected to grow at a CAGR of 19.9% to FY26 and to reach a market value of INR 4,768 billion (USD 64 billion). The Indian semiconductor industry holds high growth potential as industries such as automotive, telecommunications, and CE, which are heavily reliant on it, are growing rapidly. According to the India

Electronics and Semiconductor Association (IESA), the country registered semiconductor consumption to the value of USD 21 billion in 2019, and this will continue to grow.

India remains an important semiconductor design hub, and it houses the design centers of global semiconductor companies such as NXP and Texas Instruments. The country aims to build a strong electronics manufacturing sector due to the massive domestic consumption of electronic devices such as smartphones. The Indian government is focused on enhancing the electronics system design and manufacturing ecosystem by offering subsidies and incentives to manufacturing firms. It also allows 100% FDI to attract global companies through the PLI and SPECS schemes. The advent of semiconductor manufacturing in India promises significant opportunities for EMS manufacturing as a key component of the same is PCB design and assembly.

Chart 4.7: Indian semiconductor market, value in INR billion, USD billion, India, FY16-FY26E

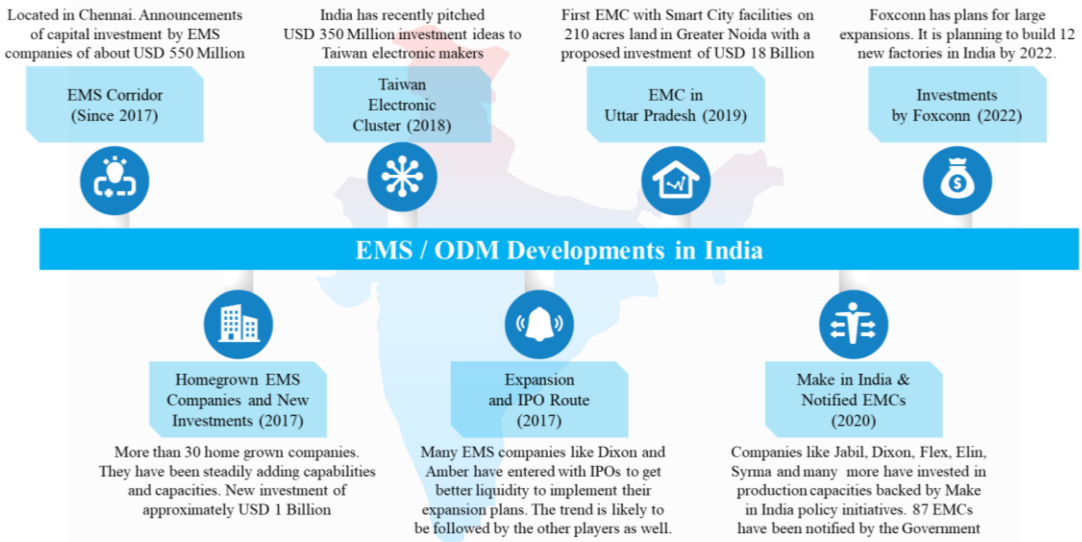


Demand for semiconductor chips in India is increasing and is expected to reach around USD 100 billion by CY2025, up from USD 24 billion in CY2021. Currently, India's semiconductor demand is entirely met by imports. Schemes in India such as the SPECS (Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors) and PLI seek to promote PCB, laminate, and pre-preg manufacturing. With a budget of over INR 76,000 crores, the government envisioned a comprehensive program for developing semiconductor and display manufacturing ecosystems in India. The government also announced incentives worth INR 2.3 lakh crore for the companies. This is to help them position India as the global electronics and semiconductor manufacturing center. As at February 22, 2022, the government has received proposals from companies worth INR 1.53 lakh crore to help put India on the global map.

Indian EMS industry

Introduction and evolution of EMS industry in India

Chart 4.8: Evolution of EMS industry in India



Source: Frost & Sullivan

The Indian EMS industry is relatively young, having been established for nearly three decades. The EMS industry has grown in prominence over the last decade, particularly in the last five years. The industry, which was traditionally a domain of the PSUs, has seen the participation of a few MNCs and many private sector Indian companies post-liberalization of the Indian economy. These companies were addressing the requirements of consumer electronics OEMs and some of them were manufacturing for their global requirement. The Indian market opportunity is driven by the expected geographical diversification by global OEMs of their manufacturing needs to reduce dependence on China and the availability of government incentives and other schemes, among others.

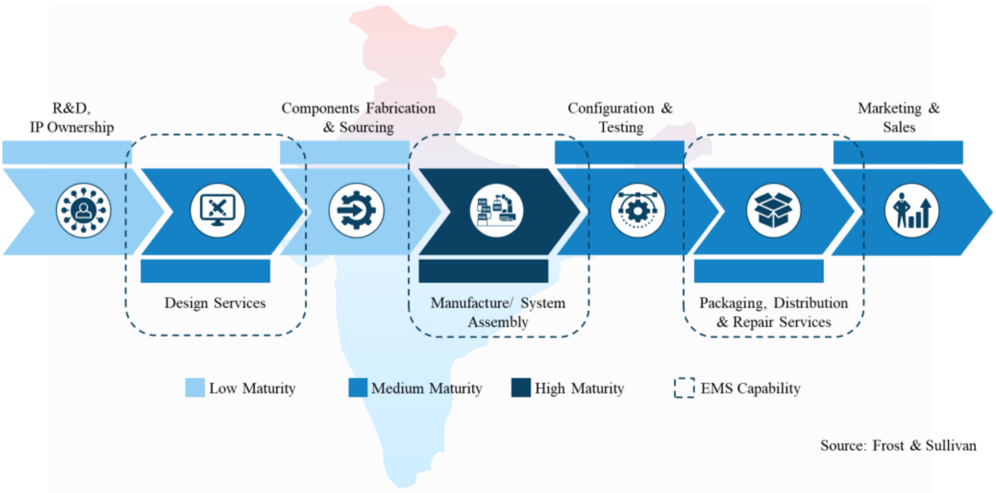
The years 2005-07 saw the first big ticket investment in EMS operations in India with the entry of Jabil Circuits and Nokia. This triggered a series of large/medium-scale investments in the Indian EMS sector. The years 2013-14 were less successful as Nokia wound up its India operation, however this setback was short-lived. By 2015, global EMS giants had started showing an interest in India. Since then, the Indian EMS industry has embarked on an upward journey. Now, with most of the global mobile phone manufacturers and their supply chain partners investing in manufacturing, the Indian EMS industry is well-positioned to unlock its true potential in the coming years. Avalon has over the years built a diversified industry presence that provides a natural hedge against global market and industry cycle volatilities.

<u>Value chain of EMS in India</u>

Manufacturers in India lack mature set-ups due to large capex investments and long gestation periods. Europe and the U.S. continue to dominate R&D and IP ownership of related work with most MNCs holding their IP in their headquarter locations. However, India has a competitive edge in design services, since most such work is outsourced to cost-effective destinations (China, South Korea, Thailand). In terms of manufacturing and system assembly, India has an established set-up. Many EMS providers are slowly evolving to offer complete design services apart from contract manufacturing. EMS players obtain higher margins through this model.

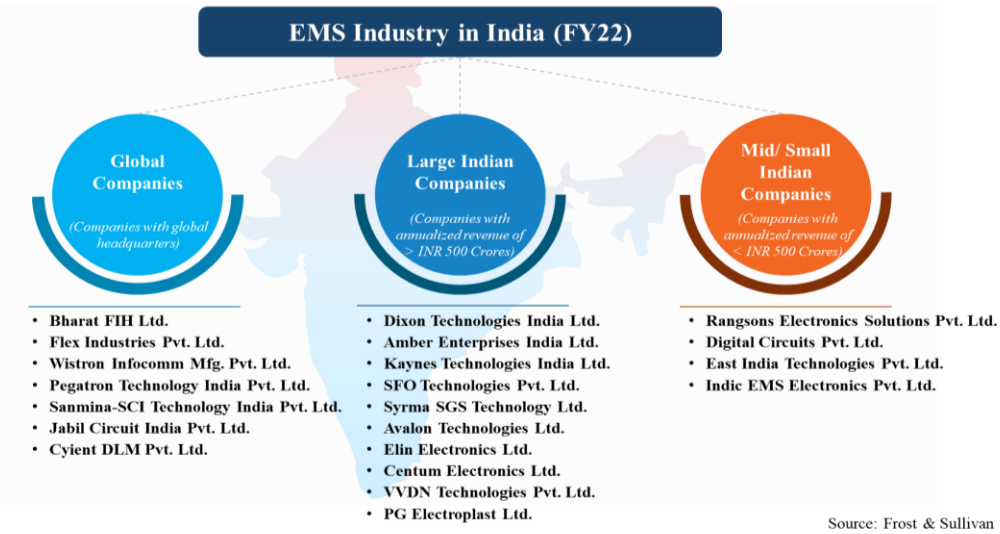
EMS providers in India have moderate maturity levels in packaging, distribution, repair, sales and marketing functions to meet geographical standards and cater to local requirements. After-sales services, which include repair and maintenance, are important for the Indian buyer and EMS companies having an extra ability to provide these reverse logistics will be favored by OEMs, and at the same time would play a significant role in e-waste management which is a huge concern globally. Many players such as Dixon, Flextronics, etc. are offering after-market services such as repair, refurbishment, logistics, and vendor management. Among EMS service providers in India, Avalon Technologies has a unique global delivery model, comprising design and manufacturing capabilities across both India and the United States. Avalon is present across multiple industry verticals with a focus on complex integrated solutions with significant engineering content, leading to profitability (in terms of gross margins/EBITDA margins). Avalon's wide customer base across various sectors reduces its dependence on any one end-use industry and provides a natural hedge against market instability in a particular end-use industry. Also, Avalon Technologies has one the largest installed bases of advanced computer aided engineering software tools in India, to cater to growing demand in the electronic design automation vertical.

Chart 4.9: Value chain of EMS industry in India



<u>Market overview of EMS industry in India</u>

Chart 4.10: Industry structure of EMS market in India, FY22



There are nearly 700 EMS companies in the market, ranging from large to medium-sized to small players. Major global companies are Bharat FIH, Flex, Wistron, Pegatron, Jabil; large Indian companies include Dixon, Amber, SFO Technologies, Syrma, Elin, Avalon Technologies etc. Ambitious expansion plans and an increase in capacity of Indian EMS players to capitalize on favorable policy initiatives ensure that the EMS sector in India will witness heightened growth in coming years.

Mobile phones, consumer electronics and industrial electronics contribute to more than 75% of the total EMS market in India. A few EMS providers are slowly evolving to offer complete design services apart from contract manufacturing. This acts as a win-win situation for both EMS players as well as OEMs; EMS players obtain higher margins through this model, and OEMs benefit by outsourcing manufacturing and design activities, enabling them to focus on other activities. High volumes will influence EMS companies to establish the component ecosystem locally and enhance domestic capabilities for component sourcing, making the ecosystem stronger. Among EMS companies in India, Avalon Technologies is one of the leaders in the high value, flexible volume provision of products and components, and it is also fully vertically integrated as an EMS service provider. Avalon has a unique level of vertical integration in the industry, including PCB assembly, cable assembly and wire harnesses, sheet metal fabrications, machining, injection molded plastics, magnetics and end-to-end box build.

Chart 4.11: Indian EMS market, value in INR billion, USD billion, growth in %, FY16-FY26E

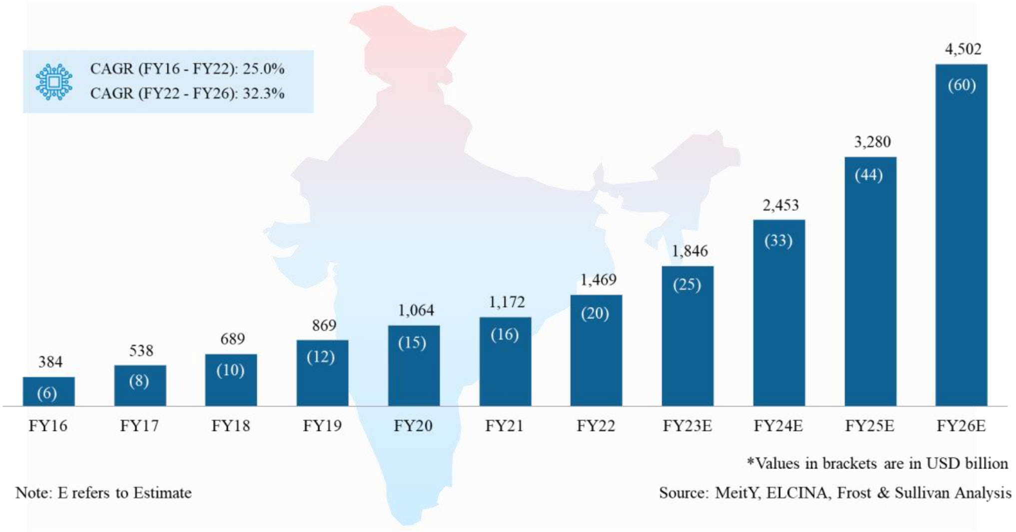
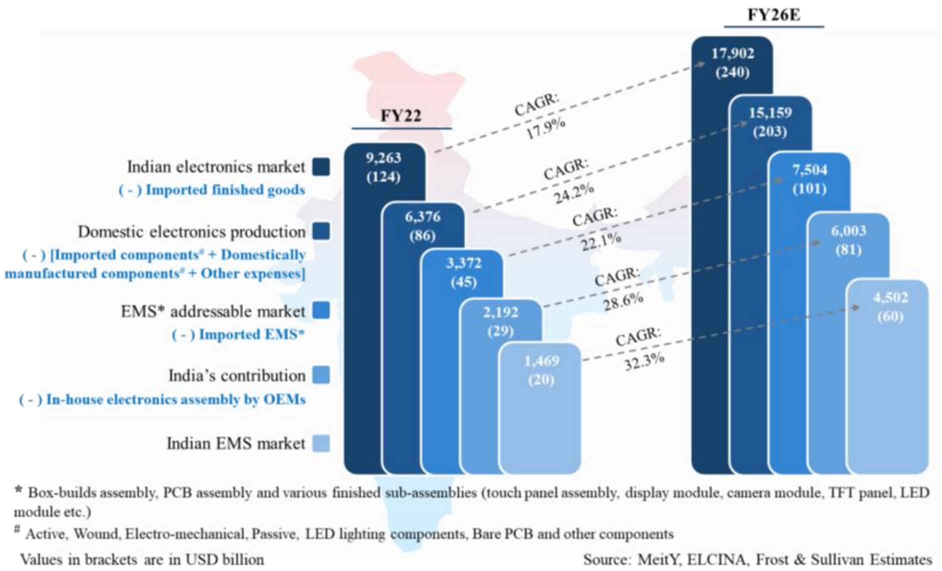


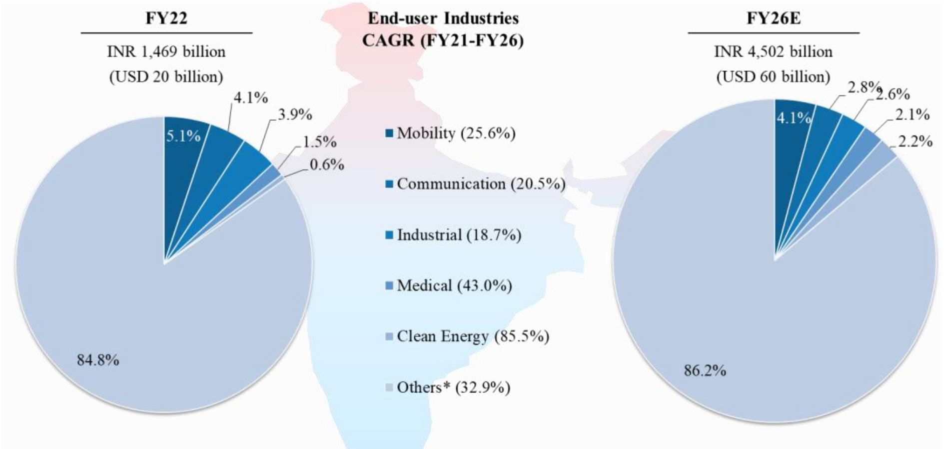
Chart 4.12: EMS addressable market vs. contribution of EMS companies for goods made in India, value in INR billion, USD billion, FY22 and FY26E



The EMS market in India was valued at INR 1,469 billion (USD 20 billion) in FY22 and is expected to grow at a CAGR of 32.3% to reach a value of INR 4,502 billion (USD 60 billion) in FY26. The Indian EMS industry is part of the country's larger electronics ecosystem. A systematic approach has been applied to separate the various components of the Indian electronics market and achieve potential growth for EMS businesses in India. Avalon Technologies Ltd. is one of the leading fully-integrated Electronics Manufacturing Services ("**EMS**") companies with end-to-end capabilities in delivering box build solutions in India, in terms of revenue in FY22. Also, Avalon is the only Indian EMS company with full-fledged manufacturing facilities in the United States, which gives it a unique advantage in North American markets.

EMS market segmentation by indicated end-user industries

Chart 4.13: Indian EMS market - Segmentation by end-user industries (segment of interest), value in INR billion, USD billion, growth in %, FY22 and FY26E



*Others include: Mobile Phones, CEA (Consumer electronics and appliances), IT (Information Technology products), Lighting, Energy, etc.
Values in brackets are in USD billion
Note: E refers to Estimate
Source: MeitY, ELCINA, Frost & Sullivan Analysis

A. Clean Energy (Electric vehicles, Solar and Hydrogen)

The clean energy segment, which includes EVs, Solar and Hydrogen, has an estimated value of INR 6 billion in FY22, and is expected to grow at a CAGR of 87.3%, to reach INR 76 billion by FY26 in India.

Industry overview

The electric vehicle (EV) market in India is still in a nascent stage, but there have been recent developments made by both the government and OEMs. The market includes electric two-wheelers (e2Ws), electric four-wheelers (e4Ws) (BEV, PHEV, and HEV), eRickshaws, eCarts, and electric buses. Battery swapping is a huge success in the country and, in turn, it is driving the EV market. Charging infrastructure has also grown in recent years, reaching over 400 public charging stations, including more than 20 fast-charging stations. Emission standards are another significant factor driving electrification in the country. EVs are steadily gaining traction, owing to favorable government policies and the participation of global players such as Honda, Suzuki, Volvo, and Hyundai. Ather, Hero Electric, Okinawa, and Ampere are the leading players in the e2W segment, while Tata Motors, MG, and Hyundai are the automotive giants that are currently leading the electric vehicle revolution in the e4W segment.

Solar: India has set a target to achieve 100 GW through solar energy by the end of 2022. Unlike the Chinese market, which remains largely untapped by foreign entrants, India is a lucrative market with major opportunities in local manufacturing. To harness the solar potential in India, the government has initiated several schemes, including the establishment of solar PV power generation for defense (10.3 GW capacity), the Public Sector Units Scheme (12 GW capacity), and the establishment of 50 solar parks. There are significant opportunities in the Indian solar energy market. The government has set targets for smart cities to obtain 10% of their energy from renewable sources, and the establishment of centers of excellence encourages R&D building by-laws to require rooftop solar energy systems in new construction.

Green hydrogen is a major source of clean energy. However, the high cost of green hydrogen is considered as an obstacle to its widespread adoption. Along with lower equipment costs, low electricity costs would play a crucial role in reducing prices. The Ministry of New and Renewable Energy has released National Green Hydrogen Policy. In addition, a comprehensive green hydrogen mission is currently in development, and it is anticipated that it will lay out guidelines for mandatory green hydrogen purchase obligations for oil refineries, fertilizer companies, and steel producers in the near future.

EMS market landscape

The EMS industry in the clean energy segment is in a growth phase, and India is competing with global leaders. The electric vehicle market, specifically for products such as carry and static chargers, controllers, and battery management systems (BMS), has potential. India is on a continuous trajectory of growth in the EMS market in the EV segment. All leading companies are looking at India as an option. There are also Indian companies that are interested in this segment. Solectron, Avalon Technologies, Bharat FIH, Syrma SGS, and Frontline are some of the most prominent players in the EMS market in the EV category. Avalon Technologies is among the few companies with a presence in green hydrogen in India.

Growth Drivers

a) Electric vehicles (EV)

- **Incentives and Subsidies for EV market:** As part of the "Make in India" initiative, the government is providing incentive schemes and subsidies (FAME I and II) for domestic companies, which they can use to partner with global companies and establish manufacturing facilities.
- **Reducing carbon emission:** Increased fuel costs will play a significant role in increasing the adoption of EVs, beginning with e2Ws in India. Transportation in India accounts for approximately 10% of the country's carbon emissions. India is poised to pioneer a new sustainable mode of transportation via the EVs.
- **Emission norms:** Stringent emission norms to improve the air quality and reduce carbon emissions are forcing OEMs to launch more EVs. The government is embracing expensive technologies for the purpose of achieving the target which has been committed under the COP 21 Paris agreement.

b) Solar and hydrogen

- **Favorable policies and incentives:** In the month of April 2021, the Ministry of Power released a draft of the National Electricity Policy 2021 and has invited suggestions from all the stakeholders such as Central Public Sector Undertakings, power transmission companies, Solar Energy Corporation of India financial institutions such as the RBI, Indian Renewable Energy Development Agency, ICICI Bank, HDFC Bank and industrial, solar and wind associations and state governments.
- **India's commitment on Renewable energy:** The Indian government has originally set the target of installing 175 GW of RE capacity by 2030, but it has now been increased it to 450 GW. In October 2021, the Ministry of Power announced a new set of rules aimed at reducing the financial stress for stakeholders and safeguarding the timely cost recovery in terms of electricity generation.

B. Mobility (Automotive, Railways and Aerospace)

The Mobility segment, which includes Automotive, Railways and Aerospace, is valued at INR 78 billion in FY22, and is expected to grow at a CAGR of 21.6%, to reach INR 171 billion by FY26 in India.

Industry overview

Automotive Electronics: The top five products in this industry, namely Engine Control Unit (ECU), EV/HV, HVAC, Infotainment and Lighting, account for 95% of demand. Government initiatives such as the Automotive Mission Plan which targets production of 940 million vehicles by FY26 with an annual output value of INR 19.7 Lakh Crore bodes well for the market. Statutory requirements on emissions and safety are expected to generate significant demand for many products, which will boost local manufacturing. With the presence of key players such as Bosch and Continental manufacturing Engine Control Unit in India, the market is expected to show rapid growth in the future.

Major areas of usage of electronics in **Railway industry** are, among others, signal safety related electronic system, safe communication and processing system. Electronic components without asymmetric faults and unsafe communication channels are also being used in the railway signaling system. Indian Railways is planning to add more coaches in the future, to provide comfort to maximum number of passengers. Various modes of transport for last-mile connectivity have also led to increased passenger numbers in Metro. Indian Railway has launched the National Rail Plan, Vision 2024, to accelerate the implementation of the critical projects, such as multi-track congested routes, achieving 100% electrification, upgrading the speed to 160 km/ hr. on Delhi-Howrah & Delhi-Mumbai routes, upgrading the top speed to 130 kph on all other golden quadrilateral-golden diagonal routes, and removing all level crossings on the golden quadrilateral-golden diagonal route by 2024. Indian Railways is developing and creating technology in areas such signaling and telecommunication to be tailored with 'KAVACH', the locally developed Train Collision Avoidance System.

In India, the **aerospace** electronics segment is still in its early stages. The opportunity in aerospace electronics spans both standalone systems and subsystems for other segments, and it extends beyond commercial and military aviation. The aerospace industry has development lead times that can extend to several months, if not years, depending on the complexity of the product under consideration. In the aerospace industry, typical product development must pass through a number of gates, starting with sample development, transition development, pilot lot and, subsequently, production. Avalon Technologies specializes in complex sheet metal fabrications, machining, and injection molded plastics for aerospace applications.

EMS market landscape

Jabil, Sanmina, Kaynes, Avalon Technologies and Syrma SGS are some of the key players providing EMS services to the automotive sector in India. Prominent players in Railway EMS space in India include, among others, Avalon Technologies, Kaynes and Cyient. Some of the other key organizations supporting Indian railways include RVNL, Railtel, DFCC and Concor. RVNL is helping build engineering works required by the Indian Railways and Railtel is helping to modernise the train control operation and safety system of the railways. While in Aerospace segment, Kaynes, Avalon Technologies, Cyient and Centum are some of the key participants.

Growth drivers

a) Automotive

- **Support infrastructure and rising investment by foreign companies:** India is transforming into a global automotive R&D hub, as more players are entering into the automotive sector. The Indian government estimates that the automobile sector will attract USD 8,000 to 10,000 million in domestic and foreign investments by 2023.
- **Strong growth momentum in automotive electronics:** Automotive electronics are linked to solutions that improve safety, fuel efficiency, consumer comfort, infotainment, and related applications. There is a strong momentum towards acceptance among the customers across the automotive sector in India.
- **Cloud based infotainment:** Consumer demand for increased safety, comfort, and aesthetic elements has prompted substantial technological advancements in the automotive industry. One of these developments is cloud-based infotainment, which has increasingly been adopted by end-users.

b) Aerospace and defense

- As **India is rapidly modernizing its military segment**, the aerospace and defense industry is anticipated to consume electronics worth INR 70-72 billion over the coming decade in agreement with two industry associations—NASSCOM and IESA.
- **Strong A&D ecosystem** and increasing the defense budget will drive the A&D market in India

c) Railways

- **Increasing private sector participation:** Global players with a presence in rail infrastructure and ecosystem. The public private partnership has emerged as a resilient model to undertake infrastructural development in the Railway segment in India. The government has laid out an ambitious target to allocate USD 1.4 trillion between 2019 and 2023, including investment to the tune of USD 750 billion in the railway infrastructure by 2030.
- **Rising demand for urban mass transportation:** An increase in urbanization and rise in income for both urban and rural sectors is driving growth in this segment.
- **Improved safety and modernization:** An increase in automation of Urban Railway Infrastructure and importance of Safety are the key elements of Indian Railways segment.

C. Communication (Telecom and Satellite, Digital Infrastructure)

The Communication segment, which includes Telecom and Satellite, Digital Infrastructure, is valued at INR 57 billion in FY22, and is expected to grow at a CAGR of 17.6%, to reach INR 109 billion by FY26 in India.

Industry overview

The Telecom and Networking products industry primarily comprises telecom service providers, telecom equipment manufacturers and suppliers, and passive infrastructure providers. India is currently the world's second largest telecommunications market with a subscriber base of around 1.16 billion. Long-term growth in the segment requires a shift from traditional revenue streams to cloud alternatives. India has plans to roll out state-of-the-art 5G telecom services by the end of 2022. 5G connectivity will be used in emerging technologies and technology-enabled markets such as IoT, smart cities, and smart agriculture. Global players like Ericsson, Nokia, Samsung, ZTE and Huawei dominate the telecom equipment market.

Satellite: The Indian space agency, ISRO, intends to reuse rocket-launch technology and begin developing reusable rockets in the coming decade. With the admission of several firms, this sector has grown leaps and bounds. The Vikram Sarabhai Space Centre is active in the development of launch vehicles for heavy-lift capabilities by attaining partial reusability and scramjet engine research. Along with SMEs, PSUs and academic institutions, major private firms, including Reliance, L&T, Tata Power SED and Mahindra Aerospace, are investing heavily in this sector.

IoT adoption is growing in India, but enterprises struggle with legacy set-ups, connectivity protocols, and high costs associated with large-scale IoT deployment. IoT vendors can help enterprises in their digital transformation, including automation, by offering their global expertise and portfolio of IoT products and services. Apart from developing in-house capabilities, vendors partner with value ecosystem participants to capitalize on advanced technologies, such as Big Data analytics, artificial intelligence and machine learning, new connectivity protocols, and blockchain, to stay ahead of the curve and address the rising demand for IoT solutions.

EMS market landscape

Syrotech, Netlink, Tejas Networks, Alcatel Lucent, Bharat FIH, Syrma SGS, Avalon Technologies, Speech & Software Technologies, HFCL, Coral Telecom and Alphion India are key telecom and EMS players.

So far, the domestic EMS sector has been unable to meet demand because it is primarily driven by government entities. As slowly as the deeper value unlocking is happening in this sector, large EMS participation can also be observed. An inncreasing trend of outsourcing design, R&D and the manufacturing will open up opportunities for EMS players going forward. Most of the orders are also high tech low volume orders that can be seen in the current Indian space ecosystem. ISRO is looking for EMS partners, as they are scaling up and have long term goals going forward.

Growth Drivers

a) Telecom & Satellite

- **Removal of duty exemption on imported products:** In line with the 'Make in India' initiative, exemption from basic customs duty, special additional duty and countervailing duty has been removed on select components. This is intended to benefit domestic manufacturers by increasing the cost of imports.
- **Importance of 5G Infrastructure in India:** Service providers are gearing up for 5G roll out in India, which will boost the customer utilization of high-end data products.
- **Increasing need for satellite manufacturing:** The rising space-based needs of security agencies, ISRO will not only have to continue the routine development of remote sensing and telecommunications missions but also need to deliver for national security requirements.
- **Digitalization is the key driver of commercial success in NewSpace:** it also underscores the lower maturity of adoption of digital tools and resources by the Indian space businesses. Potential integration into the global value chains of local OEMs acts as a growth catalyst for the industry

b) Digital Infrastructure (IoT)

- **The dynamics of the IoT ecosystem** drive strategic partnerships among IoT components providers, enabling an extensive customer reach which translates into a robust go-to-market (GTM).
- The IoT space offers **multifaceted revenue opportunities for operators** and IT services companies in IoT consulting and services. Expanding existing businesses and building new business lines on top of developing expertise using existing capabilities and data are acquisition opportunities for participants. This can help cement participants' relationships with an existing customer base.

- The pandemic has accelerated **digital transformation** in companies. They are keen to deploy IoT solutions to acquire capabilities such as remote monitoring, predictive maintenance, and automation to reduce human intervention and implement business resiliency.

D. Industrial (Power and Automation)

The Industrial segment, which includes Power and Automation, is valued at INR 58 billion in FY22, and is expected to grow at a CAGR of 18.7%, to reach INR 115 billion by FY26 in India.
Industry Overview

Power electronics play a crucial role in electrified vehicle applications that require compact and highly efficient power conversion solutions. Power electronics devices are anticipated to be the key technologies of the future that increase system efficiency and performance in energy-saving and automotive applications. One of the major factors driving the demand for power electronics products is the increasing demand for energy-efficient products.

The **Industrial Automation** industry, on the other hand, presents numerous opportunities for innovative technology companies that support multiple other industries. Companies are focusing on automation in order to remain competitive, and it is expected that demand will increase further in the coming years. Moreover, industrial automation is becoming an integral part of India's manufacturing companies that utilize cutting-edge technologies.

EMS market landscape

Most of the large manufacturing companies are investing heavily in the technological upgrade of their facilities by adopting digitization and industry 4.0 concepts. This will increase demand for Industrial electronics products, which will in turn boost the EMS industry. The sector has huge potential in smart metering in electricity, water or gas.

The “Make in India” initiative is designed to strengthen India's manufacturing sector, boosting essential industries including power, metals and minerals, and chemicals. Some key EMS players operating in industrial space include, among others, Kaynes, Amber, SFO Technologies, Syrma SGS, Avalon Technologies, and VVDN Technologies.

Key Drivers

- Power electronic products are **integrated into all types of energy conversion applications**. Advancements in energy infrastructure, production of renewable energy, and energy-efficient portable electronics components drive the market growth at a higher rate.
- Several **initiatives by Government of India** to promote the growth of the industrial sector in the country in form of approving PLI schemes and improving electronics supply chain and assembly industry.

E. Medical Devices

The Medical Devices segment is valued at INR 23 billion in FY22, and is expected to grow at a CAGR of 43.0%, to reach INR 94 billion by FY26 in India.
Industry overview

The Indian Medical Devices market is experiencing dynamic changes with the emergence of advanced technologies, evolving clinical and administrative needs, and the introduction of new policies and regulations. There is a significant gap between the current market demand and supply of the medical devices in India, and this actually provides a substantial opportunity for the manufacturing devices market to grow in India.

Nearly 65% of the manufacturers in India are domestic players operating in consumables segment and catering to the local consumption with limited exports. Big MNCs lead the high technology end of Medical Devices market in India through widespread service networks. Major electronics in medical business include MRI, X-Ray, and Ultrasounds,. and Patient Aids include hearing aids and pacemakers, etc.

Key Drivers

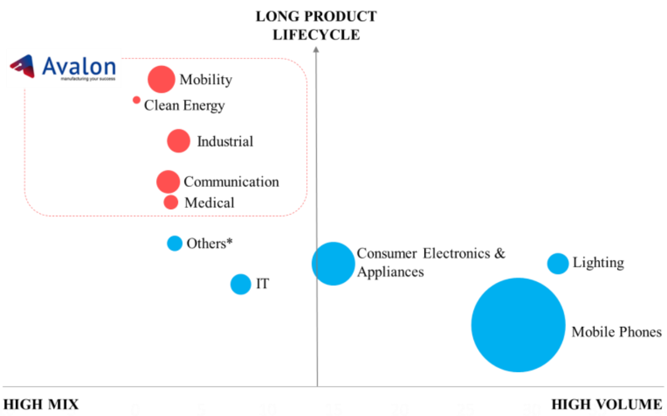
- **Population growth and an increase in the number of healthcare initiatives** are projected to fuel growth. Growing health consciousness, a shift toward preventive healthcare, and an increase in lifestyle diseases all serve as further catalysts.

- **Technological advancements** and an access to advanced equipment to address patients' needs, as well as increasing affordability of diagnostic devices by users, is expected to dominate the market.
- **Government setting up innovation centers** for medical diagnostics products
- Rapid growth and demand in **remote diagnostics and patient monitoring**

Chart 4.14: Indian EMS market – Product life cycle of end-user industries

Avalon Technologies Ltd. is one of the leaders in the high-mix, flexible volume product manufacturing segment. It is virtually present in every major industry vertical. Such diversified industry presence hedges against global market and industry cycle volatilities. Key focus segments of Avalon Technologies include:

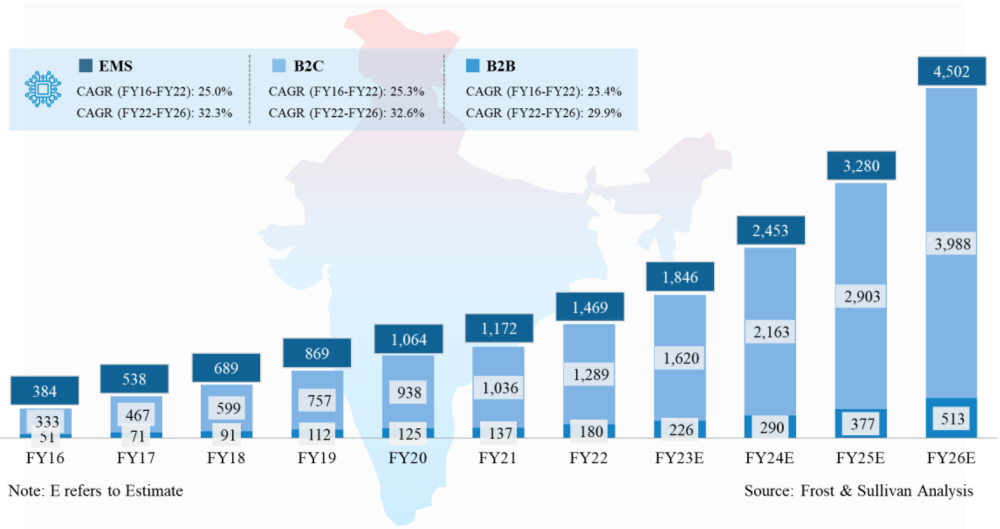
- Mobility (Aerospace, Railways, Automotive)
- Clean Energy (EV, Energy Systems, Solar, Hydrogen)
- Medical devices and equipment
- Industrial (Power and Automation)
- Communication (5G, Satellite, Digital Infrastructure)



EMS market segmentation by B2B and B2C

In India, the B2C market was valued at INR 1,289 billion in FY22 and is expected to maintain its dominance, reaching INR 3,988 billion in FY26, while the B2B market remains far behind. In FY22, the B2B market was valued at INR 180 billion, and it is expected to grow to INR 513 billion by FY26.

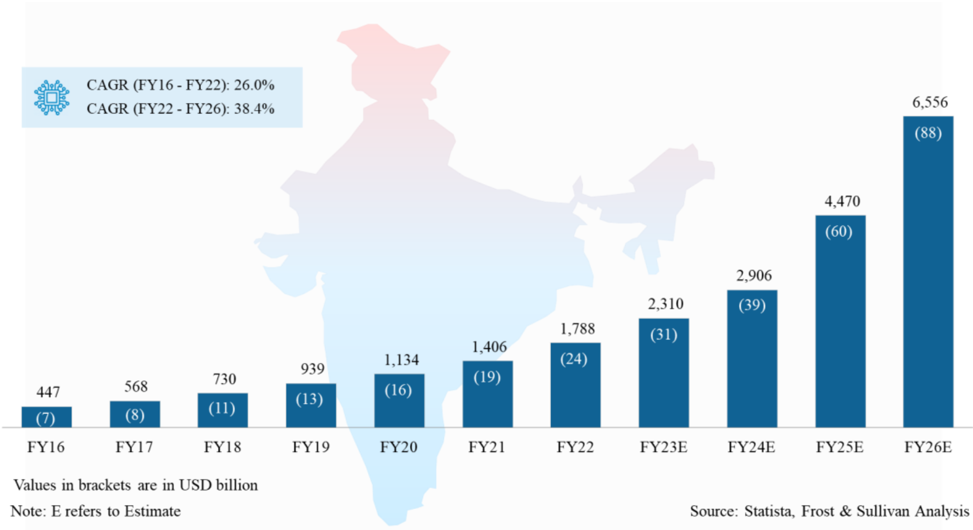
Chart 4.15: EMS market split by B2B and B2C, India, value in INR billion, FY16-FY26E



PCB assembly market opportunity

The Indian PCBA market was valued at INR 1,788 Billion (USD 24 billion) in FY22 and is expected to reach INR 6,556 billion (USD 88 billion) in FY26. The market is expected to grow at a CAGR of 38.4% till FY26.

Chart 4.16: PCB assembly market in India, value in INR billion, USD billion, FY16-FY26E



The National Policy on Electronics 2019 places India as the global hub for the EMS by concentrating on the size and the scale, endorsing the exports and enhancing the domestic added value by creating a facilitating environment for the industry to compete on global level, which is an important policy objective. Building PCBA manufacturing capabilities will be key to India's ambition to become the leading electronics manufacturing hub across the world. Investing in Printed Circuit Board Assembly is not only critical for maintaining the domestic manufacturing impetus but for India realizing its goal to reduce its dependency and trade deficit on China. There is now a very clear realization among multinational companies that supply chains must be de-risked, and these establishments are now looking at diversifying to the other countries.

Some of the key drivers of PCBA include growth in added value, increasing demand for electronic products globally, requirement for high-speed assembly and miniaturization. It is important for India to encourage the contract manufacturers and increase their manufacturing operations within India. This is expected to speed up the export of PCBA, position India as the source of the global supply and further strengthen India's hold on the electronic manufacturing. Avalon Technologies, Kaynes, Bharat FIH, Syrma and VVDN are among the leading players in PCBA in India. Avalon is one of the few EMS companies in India that offer one-stop services from PCB design and analysis to new product development (NPD) and subsequent volume production. Avalon's design division located in Bengaluru, Karnataka makes it one of the leading PCB analysis/design engineering companies in India.

Comparative analysis of industry in India, China and Vietnam

A. Economic comparison on favorable manufacturing parameters

Chart 4.17: Economic comparison on manufacturing parameters, India, China & Vietnam, 2021

PARAMETERS		INDIA	CHINA	VIETNAM
Population (Million)		1,390.0	1,410.0	98.30
Annual GDP (USD Trillion)		3.18	17.46	0.37
GDP Growth (%)	CY2021	8.9	8.1	2.6
	CY2026	6.5	4.9	6.8
Inflation (%)		5.5	0.9	1.9
Manufacturing Value Added (% of GDP)		14.4	26.2	25.0
Export (USD Trillion)		0.42	3.36	0.34
Imports (USD Trillion)		0.61	2.69	0.33
Manufacturing Risk Index (Rank)		2	1	4
FDI Investments (USD Billion)		45	334	20

Source: World Bank, IMF, Frost & Sullivan

Economic development in India is gaining traction as a result of the continuing increase in consumption and investments in key industries. The projected government expenditure increase would further stimulare growth by focusing on social infrastructure, making the best use of technology, digital India, 'Make in India', job creation in Micro, Small, and Medium Enterprises (MSMEs), and heavy investment in infrastructure.

China is now the world's second-largest economy. The primary difficulties for its expansion are excess capacity issues, labor costs, and financial market weaknesses. India and Vietnam are gaining ground as the second-best destinations after China. Various government initiatives and tax regimes are expected to stimulate India's domestic manufacturing sector. India has the potential to become a global manufacturing powerhouse, competing with China, which now produces one-fifth of the world's commodities. Chinese employees' aspirations have risen, and they are increasingly focused on high-tech jobs, leaving gaps in the industrial value chain. Due to a lack of manpower, this has resulted in a labor shortage and increased costs in China.

B. Labor market comparison

Chart 4.18: Labor market comparison, India, China and Vietnam, 2021

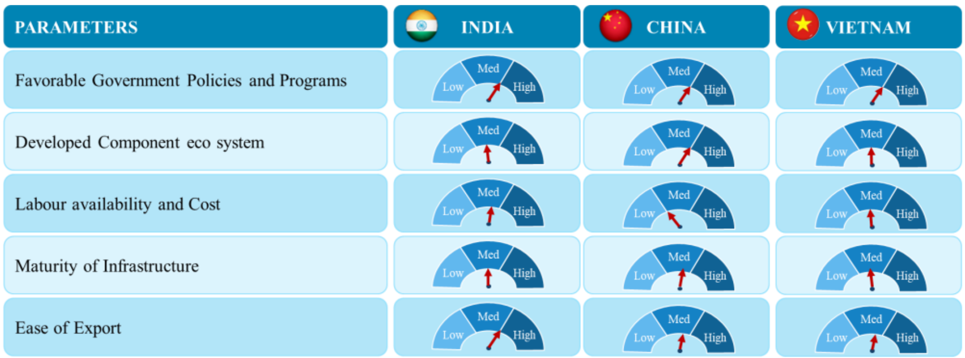
PARAMETERS	INDIA	CHINA	VIETNAM
Total Labour Force (Million)	471.3	793.8	56.2
Total Labour Force, Female (% of Total population)	20.3	44.5	47.6
Labour force participation rate (% of total population)	67.0	70.0	69.0
Employment in Industry (% of Total Employment)	26.18	28.18	28.36
Wage and salaried workers (% of Total Employment)	23.9	53.5	44.38
Average Daily Wages - Manufacturing (USD)	~6	~35.5	~10.48

Source: World Bank, IMF, Frost & Sullivan

In comparison to other Asian countries, India and Vietnam benefit from lower labor costs. Vietnam, with a population of less than one-tenth that of China, is experiencing skilled labor shortages as global manufacturers rush to set up shop to avoid US tariffs. It is also hampered by a scarcity of specialized supply chains. India is expected to fill this void due to its advantage in skilled and semi-skilled labor. With nearly 500 million people of working age, India has one of the world's largest workforces. Each year, millions of Indian students graduate from colleges and enter the workforce. Apart from a favorable labor environment, India has an abundance of design talent (hardware and software).

C. Manufacturing eco-system comparison

Chart 4.19: Manufacturing eco-system comparison, India, China and Vietnam, 2021



Source: Frost & Sullivan

China has been the ideal manufacturing destination due to its long history and supremacy in electronics manufacturing. The electronic sector in China has expanded at three times the rate of the country's GDP. Exports account for a large portion of China's electronics manufacturing, including notebooks, mobile phones, and flat panel displays. The current uncertainty in China's manufacturing favorability has stemmed from the global economic crisis and years of rapid expansion. Vietnam has benefited from the US-China trade war and is aggressively investing in infrastructure to facilitate strong inflows of FDI. Economic zones, industrial parks and clusters, hi-tech parks, and agri-tech zones are among the sectors targeted for investment. Vietnam has introduced new incentives to attract high-tech investment.

The position of the Indian electronics sector is changing, and electronics is recognized as a key segment for policy focus. The National Policy on Electronics (NPE), 2019 has highlighted the local added value and a supportive environment has been developed. The government is rapidly attracting the eyes of global and domestic companies with an unimpeded focus on manufacture through "Make inIndia! policies. Its favorable developments leave India with the potential to dominate electronics manufacturing in the region.

Indian electronics manufacturers are heavily dependent on imports for raw materials sourcing. The phased manufacturing program of the government involves a mix of local assembly import levies and incentives. Since plastic components are driven by international prices, there is no noticeable disadvantage for Indian producers. As many electronic manufacturing units are anticipated to undertake greater value addition, the component cost is likely to go down over the next three to four years. Various PLI schemes across sectors are expected to address this challenge by bridging the cost gap in between India and China.

Advantage India: A favorable destination for Electronic Manufacturing

The manufacturing scenario in India has changed significantly in the last few years. Among 190 countries, India ranked 63rd in 'Ease of Doing Business' in 2021, an improvement of 79 positions in the five years between 2014 and 2020. With the recognition of ethe lectronics sector as one of the key growth drivers for the Indian economy, the sector has attracted attention from the government in the last six ti seven years through various policies, schemes and incentives. The National Policy on Electronics (NPE) emphasized local value addition and created an enabling environment. The government's focus on manufacturing through 'Make-in-India' policies attracted the interest of both global and domestic companies. The following factors will contribute to India becoming the next Electronics manufacturing hub of the world.

- Stable political government that assures global investors on consistency in policies
- Rising cost of labor in China while India is still at a lower end of this cost
- Creation of National Manufacturing Zones (NMZ), Electronics Manufacturing Clusters (EMC), close coordination between center and states for investment promotion
- High domestic demand for products and services and local needs
- Investment by EMS companies in capabilities and capacities.
- Duties and tariffs to discourage imports and encourage domestic value addition
- Digitalization that accentuates demand for select products

<u>Key growth drivers for the industry</u>

Strong push towards Make in India: India is witnessing a major drive by the government of India to push for the domestic manufacturing of Electronics, especially in segments such as Mobile Phones, Televisions, and Medical & Strategic Electronics. The government's "Atmanirbhar Bharat Abhiyan" or "Self-Reliant India" campaign provides an increasing range of incentives to attract and localize manufacturing and production in India. These incentives promote manufacturing and exporting products in various industries.

Influx of new electronic applications going forward: New emerging opportunities like Electric Vehicles, Internet of things and Electronic Security system (Cameras or Storage) are opening up new Electronic market for India and these industries will also be driven by the Make in India thrust.

Strong regulatory push and GOI initiatives to drive electronics usage in India: New regulations like BS VI for Auto, Digital India program, Digital payments and Smart Cities program is going to drive more usage of electronics in India and therefore will lead to a far greater thrust on Make in India than it was seen before.

Changing geopolitical situation post COVID: Post Covid, alignments in the global markets has shown that there is a far greater resistance to rely on China as their key manufacturing source. There are discussions in numerous forums to diversify their manufacturing operations to counties other than China. India is seen as one of the possible diversification areas along with Vietnam and other SE Asian nations.

<u>Key restraints for the industry</u>

Inefficient supply chain for the required electronics: India has a limited component supplier base; a majority of high-value and critical components are imported. Components that are predominantly imported include ICs, PCBs, and other active components. As supply-chain resilience and localization are becoming more significant, India has to take the necessary steps to improve the domestic value chain capability for long-term benefits. The introduction of the PLI scheme to promote component sourcing; FDI policies relaxing companies' ability to set up bases in India; and the establishment of dedicated freight corridors that help in the advancement of transportation technology and increase in productivity are some of these steps.

Lack of manufacturing ecosystem: In India, there is lack of a stable component ecosystem. Moreover, FTAs with ASEAN countries make imports less expensive than domestic production, thereby intensifying the situation. Tax disputes, a scarcity of skilled engineers, and a sparse network of local component manufacturers are all significant factors impeding the growth of India's mobile component manufacturing industry.

Skilled labor shortage: There is substantial competition for R&D personnel, qualified technical experts, sales and marketing professionals and post-sales services providers.

<u>Emerging trends in EMS in India</u>

Faster replacement cycle and high demand for emerging technologies: Electronic products have shorter life cycles as a result of rapid technological improvement and newer products with enhanced technology. Customers are also replacing their electronics with newer products with constantly changing customer views and expectations.

This growing preference for advanced technology products has driven rapid innovation in the consumer electronics business. Emerging technologies, for example, IoT, AI, and the introduction of robotics and analytics in the industrial and strategic electronics segment, have all led towards the overall development of numerous electronic products, which has given a lift to local demand. Utilization of IoT/sensors, 5G, artificial intelligence, and machine learning are providing stimulus for the creation of advanced multi-utility electronic products.

Demand from emerging applications in electronics industry: The EV market is gaining traction, owing to the governments various initiatives to promote EV sales in India. As the EV segment is reliant on the electronic sector for a range of components, the EMS market is projected to gain impetus in the near future. The electronics market in Telecom and Networking Products segment is increasingly adopting 5G technology for enhanced mobile broadband and ultra-reliable low latency connectivity. Wearable technology and flexible displays (TV segment) are two emerging electronic applications that are gaining wide acceptance globally.

EMS companies offering design services: EMS companies are moving up the value chain and Indian design companies work on end-to-end product development, right from concept design to development to prototype testing. Advanced product development focusing on miniaturization, IoT, automation, AI, and defense applications is likely to be one of the biggest trends in electronics design. IoT-based advanced analytics and industrial automation provide manufacturers with better efficiency and productivity gains. Electronic Design Automation (EDA) is a category of software tools which drives the design of Integrated Circuits and PCBs. Until recently, EDA software tools were used to cater mainly to the semiconductor business. However, the fast rise of AI, ML, deployment of 5G communication, edge and cloud computing have created the need for invention in hardware, as an outcome such software tools are in very high demand.

Component miniaturization: During the course of the complete production cycle, an electronic device is being handled by a variety of manufacturing equipment. The ever-increasing complexity of electronic assemblies, as well as component miniaturization, has increased demand for advanced and dependable manufacturing equipment. The choice of PCB is dictated by three major factors from the product perspective, which is complexity of operation, form factor, and level of miniaturization. The dawn of the conjunction has led manufacturers to assimilate numerous devices and produce small-scale devices for mechanical, electronic, and optical products.

After sales service as part of offerings of the EMS companies: Repair and rework are no longer seen as non-value-added services in electronic manufacturing industry. It is increasingly becoming part of OEM and EMS/ODM service offerings. The high value of today's electronics assemblies justifies the purchase of rework equipment. Repairing and reworking equipment allows electronic manufacturers to save valuable electronic components and semiconductors instead of discarding them. It is also being accepted in the electronics industry due to the development of precise SMT repair and rework equipment. Complex, high density PCBA are simply too valuable to scrap. Due to the tight production runs of Just-In-Time manufacturing, even smaller boards with fewer components would need to be repaired.

Benchmarking With Indian EMS Peers

Comparative Analysis – Company background and Application segments

Chart 5.1: Company background of key EMS companies, India, FY22

Name of the EMS Company	Head Office	Company Background
Avalon Technologies Ltd	Chennai	• Avalon, incorporated in 1999, is a fully vertically integrated design and manufacturing services company that caters to a wide range of industry segments. They are a leader in high mix, flexible volume production.
Dixon Technologies India Ltd *	Noida	• Dixon Technologies, founded in 1993, is a leading EMS provider, offers design-focused solutions in consumer durables, home appliances, lights, mobile phones, and security systems.
Amber Enterprises India Ltd *	Gurugram	• Amber Enterprises, established in 1990, is a prominent solution provider for Air conditioner OEM/ODM Industry in India. It has a leading presence in complete RAC units and also deals in major RAC components.
Elin Electronics Ltd	Kolkata	• Elin Electronics, founded in 1969, is the flagship company of the Elin Group. Initially focused on switches and relays, later forayed into backward integration, producing motors and small appliances.
Syrma SGS Technology Ltd	Chennai	• Syrma SGS, founded in 1978 by industry pioneers (Tandon family), is a leading exporter of electronic products, providing high-value integrated design and production solution for globally recognized OEMs.
Kaynes Technology India Ltd	Mysore	• Kaynes Technology, is a prominent player in the Electronics System & Design Manufacturing Services, having a strong worldwide presence.
Bharat FIH Ltd	Chennai	• Bharat FIH, the subsidiary of the FIH Mobile Ltd (a Foxconn Technology Group Company), is currently India's leader in manufacturing and services of handset and the wireless communications
SFO Technologies Pvt Ltd	Kochi	• SFO Technologies, a subsidiary of the NeST Group of Companies, was founded in 1990. It has a diversified portfolio with a global footprint and multi-domain competence in EMS, ODM, SI, and ADM.
VVDN Technologies Pvt Ltd	Gurugram	• VVDN is a global leader in product engineering and manufacturing with clients in a range of technical domains. Apart India, the company supports global customers across US, Canada, Europe, Vietnam and Japan.

* Listed companies

Source: Company websites; Frost & Sullivan Analysis

Chart 5.2: Comparison of presence of key EMS companies in the Application segments, India, FY22

Name of the EMS Company	Clean Energy	Automotive	Railways	A&D**	Industrial	Telecom (Communication)	Medical	CEA&	Others#	Company focus
Avalon Technologies Ltd	✓	✓	✓	✓	✓	✓	✓		✓	B2B
Dixon Technologies India Ltd *							✓	✓	✓	B2C
Amber Enterprises India Ltd *		✓	✓					✓	✓	B2C B2B
Elin Electronics Ltd		✓					✓	✓	✓	B2C
Syrma SGS Technology Ltd	✓	✓			✓	✓	✓		✓	B2B
Kaynes Technology India Ltd		✓	✓	✓	✓		✓	✓	✓	B2C B2B
Bharat FIH Ltd	✓	✓				✓		✓	✓	B2C
SFO Technologies Pvt Ltd		✓		✓	✓	✓	✓		✓	B2B
VVDN Technologies Pvt Ltd					✓	✓			✓	B2B

* Listed companies

Source: Company websites; Frost & Sullivan Analysis

** A&D – Aerospace & Defence ; &CEA – Consumer electronics and appliances

Others include Mobile phones, IT Hardware, Lighting, Energy, Power, etc.

Comparative Analysis – Services offered and Segment wise revenue split

Chart 5.3: Services offered by key EMS companies, India, FY22

Name of the EMS Company	Design#	Testing	PCB Assembly	Box Build	Vertical Integration	Aftermarket	Manufacturing locations
Avalon Technologies Ltd	✓	✓	✓	✓	✓	✓	Chennai & Bengaluru (India) and Atlanta & Fremont (USA)
Dixon Technologies India Ltd *	✓	✓	✓	✓		✓	Noida, Dehradun, and Tirupati / Chittoor District
Amber Enterprises India Ltd *	✓	✓	✓	✓		✓	Rajpura, Jhajjar, Faridabad, Pune, Kala amb, Dehradun and Noida
Elin Electronics Ltd	✓	✓	✓	✓			Ghaziabad, Baddi and Goa
Syrma SGS Technology Ltd	✓	✓	✓			✓	Chennai, Bargur, Bengaluru, Baddi, Bawal, Gurugram and Manesar
Kaynes Technology India Ltd	✓	✓	✓	✓	✓	✓	Mysore, Bengaluru, Chamarajnagar, Chennai, Mumbai, Selaqui, Parwanoo, Sanand
Bharat FIH Ltd	✓	✓	✓	✓	✓	✓	Sri City, Sriperumbudur, Sungavarchatram
SFO Technologies Pvt Ltd	✓	✓	✓	✓	✓	✓	Kochi, Trivandrum and Bangalore
VVDN Technologies Pvt Ltd	✓	✓	✓				Gurugram

* Listed companies #Design includes product/ PCB design

Source: Company websites; Frost & Sullivan Analysis

Comparative Analysis – Financial metrics

Chart 5.4: Revenue and EBITDA of key EMS companies, India, Value in INR Million, FY19 - FY22

	Operating Revenue (INR million)					EBITDA (INR million)				
Name of the EMS Company	FY19	FY20	FY21	FY22	CAGR*	FY19	FY20	FY21	FY22	CAGR*
Avalon Technologies Ltd	NA	6,418.7	6,904.7	8,407.2	14.4%	NA	644.8	661.4	975.5	23.0%
Dixon Technologies India Ltd *	29,844.5	44,001.2	64,481.7	1,06,970.8	47.0%	1,348.7	2,230.6	2,865.9	3,790.5	45.8%
Amber Enterprises India Ltd *	27,519.9	39,627.9	30,305.2	42,064.0	4.9%	2,128.6	3,092.7	2,202.9	2,753.8	1.7%
Elin Electronics Ltd	8,285.5	7,855.8	8,623.8	NA	2.0%	570.2	554.6	664.8	NA	8.0%
Syrma SGS Technology Ltd	7,947.4	8,656.5	8,874.0	NA	5.7%	903.7	1,365.6	999.1	NA	5.2%
Kaynes Technology India Ltd	3,642.3	3,682.4	4,206.3	NA	7.5%	350.4	413.3	408.9	NA	8.0%
Bharat FIH Ltd	3,43,453.9	2,66,355.6	1,58,548.6	1,81,492.0	-32.1%	-269.2	6,932.8	3,869.3	4,927.8	-
SFO Technologies Pvt Ltd	16,696.5	17,889.7	16,593.4	NA	-0.3%	1,036.8	1,579.0	1,562.8	NA	22.8%
VVDN Technologies Pvt Ltd	2,632.2	3,090.9	6,659.9	NA	59.1%	305.8	-197.1	787.3	NA	60.5%

* Listed companies
NA - Data not available

Source: Annual Reports of Companies published in RoC, MCA; Frost & Sullivan Analysis
* CAGR for Avalon Technologies Ltd is considered from FY20 to FY22; for all other peers it is FY19 to FY21

Operating revenue (does not include other income); # EBITDA (Earnings before interest, tax, depreciation & amortization) = Profit Before Tax (PBT) – Other Income + Depreciation + Finance cost

Chart 5.5: Gross, EBITDA and PAT margins of key EMS companies, India, Ratio in %, FY19 - FY22

	Gross margin[1] (%)				EBITDA margin[2] (%)				PAT margin[3] (%)			
Name of the EMS Company	FY19	FY20	FY21	FY22	FY19	FY20	FY21	FY22	FY19	FY20	FY21	FY22
Avalon Technologies Ltd	NA	35.9%	34.0%	34.1%	NA	10.0%	9.6%	11.6%	NA	1.9%	3.3%	8.0%
Dixon Technologies India Ltd *	12.6%	12.3%	10.5%	8.6%	4.5%	5.1%	4.4%	3.5%	2.1%	2.7%	2.5%	1.8%
Amber Enterprises India Ltd *	15.7%	16.7%	17.1%	16.1%	7.7%	7.8%	7.3%	6.5%	3.4%	4.1%	2.7%	2.6%
Elin Electronics Ltd	26.5%	29.5%	27.6%	NA	6.9%	7.1%	7.7%	NA	3.5%	3.5%	4.0%	NA
Syrma SGS Technology Ltd	31.6%	36.0%	32.6%	NA	11.4%	15.8%	11.3%	NA	6.6%	10.4%	7.2%	NA
Kaynes Technology India Ltd	33.7%	34.4%	32.0%	NA	9.6%	11.2%	9.7%	NA	2.7%	2.5%	2.3%	NA
Bharat FIH Ltd	4.9%	6.5%	7.3%	7.1%	-0.1%	2.6%	2.4%	2.7%	-0.6%	1.5%	1.0%	1.1%
SFO Technologies Pvt Ltd	34.5%	35.8%	38.2%	NA	6.2%	8.8%	9.4%	NA	1.7%	4.2%	2.2%	NA
VVDN Technologies Pvt Ltd	63.9%	62.2%	47.8%	NA	11.6%	-6.4%	11.8%	NA	5.7%	-5.1%	6.4%	NA

* Listed companies; NA – Data not available

Source: Annual Reports of Companies published in RoC, MCA; Frost & Sullivan Analysis

[1] Gross margin = (Revenue from operation - Cost of goods sold) / Revenue from operation; [2] EBIDTA margin = EBIDTA / Revenue from operations
[3] PAT margin = Profit after tax / Total income

Chart 5.6: RoE, RoCE and Asset turnover of key EMS companies, India, Ratio in %, FY19 - FY22

	RoE[4] (%)				RoCE[5] (%)				Fixed Asset Turnover ratio[6]			
Name of the EMS Company	**FY19**	**FY20**	**FY21**	**FY22**	**FY19**	**FY20**	**FY21**	**FY22**	**FY19**	**FY20**	**FY21**	**FY22**
Avalon Technologies Ltd	NA	25.2%	40.4%	85.9%	NA	26.8%	21.3%	27.4%	NA	8.9	8.3	9.4
Dixon Technologies India Ltd *	18.3%	26.2%	25.0%	21.9%	27.0%	33.3%	31.9%	25.5%	12.6	14.1	15.9	14.1
Amber Enterprises India Ltd *	10.0%	15.0%	6.0%	6.5%	16.2%	20.5%	11.3%	9.8%	4.2	5.3	3.9	3.9
Elin Electronics Ltd	16.9%	12.9%	14.2%	NA	20.7%	15.8%	16.7%	NA	6.3	5.1	5.4	NA
Syrma SGS Technology Ltd	15.8%	23.5%	13.7%	NA	21.7%	32.3%	20.2%	NA	4.9	4.9	5.1	NA
Kaynes Technology India Ltd	11.3%	10.4%	8.3%	NA	15.1%	14.2%	13.9%	NA	8.0	7.3	7.4	NA
Bharat FIH Ltd	-14.9%	18.4%	5.9%	6.6%	-7.0%	19.0%	8.0%	9.5%	46.5	37.4	21.0	29.0
SFO Technologies Pvt Ltd	6.0%	14.1%	6.4%	NA	12.1%	15.0%	15.1%	NA	7.7	8.9	8.1	NA
VVDN Technologies Pvt Ltd	22.9%	-20.9%	45.6%	NA	52.3%	-9.6%	22.0%	NA	7.9	5.8	3.7	NA

* Listed companies; NA – Data not available

Source: Annual Reports of Companies published in RoC, MCA; Frost & Sullivan Analysis

[4] RoE (Return on equity) = Profit after tax attributable to the equity holders of the parent company / Average shareholders equity, excluding the non-controlling interest; [5] RoCE (Return on capital employed) = Earnings before interest and taxes (EBIT) / Average capital employed [EBIT = Profit before exceptional items and tax + Finance cost] [Average capital employed = Total borrowings + Tangible net worth]; [6] Fixed Asset turnover ratio = Revenue from operation / Property, plant and equipment (Fixed assets)

Based on the above, it can be concluded that among EMS peers, Avalon Technologies is a leading company on several metrics. Avalon Technologies has among the highest gross margin, EBITDA margin, return on capital employed and fixed asset turnover as of Fiscal 2021. Further, among B2B focused EMS peers, Avalon Technologies has among the highest revenue from operations as of Fiscal 2021.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our business plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements and "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Significant Factors Affecting our Results of Operations" on pages 30, 273 and 368, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 273. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the 12 months ended March 31 of that year.

*Unless otherwise indicated, industry and market data used in this section have been derived from the report titled "Market Assessment for India EMS Industry" dated August 4, 2022 (the "**F&S Report**") exclusively prepared for the purpose of the Offer and issued by Frost & Sullivan (India) Private Limited ("**F&S**"), and is commissioned and paid for by our Company. F&S was appointed by our Company pursuant to an engagement letter dated March 25, 2022. A copy of the F&S Report is available on the website of our Company at https://www.avalontec.com/investors/ until the Bid/Offer Closing Date. The data included herein includes excerpts from the F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors—Internal Risks—This Draft Red Herring Prospectus contains information from industry sources including the commissioned industry report from F&S." on page 55. Please also see "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation - Industry and Market Data" on page 14.*

OVERVIEW

We are one of the leading fully integrated Electronic Manufacturing Services ("**EMS**") companies with end-to-end capabilities in delivering box build solutions in India in terms of revenue in Fiscal 2022 (*source: F&S Report*), with a focus on high value precision engineered products. Through a unique global delivery model (*source: F&S Report*), we provide a full stack product and solution suite, right from printed circuit board ("**PCB**") design and assembly to the manufacture of complete electronic systems ("**Box Build**"), to certain global original equipment manufacturers ("**OEMs**"), including OEMs located in the United States, China, Netherlands and Japan. Through our end-to-end capabilities, we believe our customers may achieve tangible benefits such as reduced manufacturing costs, improved supply chain management and reduced inventory obsolescence.

Our capabilities include PCB design and assembly, cable assembly and wire harnesses, sheet metal fabrication and machining, magnetics, injection molded plastics and end-to-end box build of electronic systems. We specialize in manufacturing and providing design support for critical integrated assemblies, sub-assemblies, components and enclosures for multiple industry verticals. The end-use industries we cater to include a mix of established and long product lifecycle industries, such as industrial, mobility and medical devices and high growth "sunrise" industries, such as solar, electric vehicles and hydrogen in the clean energy sector and digital infrastructure in the communications sector.

We have developed long relationships with certain of our customers through a client servicing model which aims to provide fully integrated solutions, robust manufacturing capabilities, delivering quality products on time, supply chain efficiency as well as a focus on new product development. Our new product development approach typically starts with component level design engagement with customers. This allows us to be entrenched with the customer from the conception of their product, and subsequently move up the value chain with them by leveraging our fully integrated offerings. Certain of our key customers include Kyosan India Private Limited, Zonar Systems Inc., Collins Aerospace, e-Infochips Private Limited, The US Malabar Company, Meggitt (Securaplane Technologies Inc) and Systech Corporation, with whom we have had relationships for more than seven years. In addition to maintaining our relationships with existing customers, we have increased our key customer base over time from

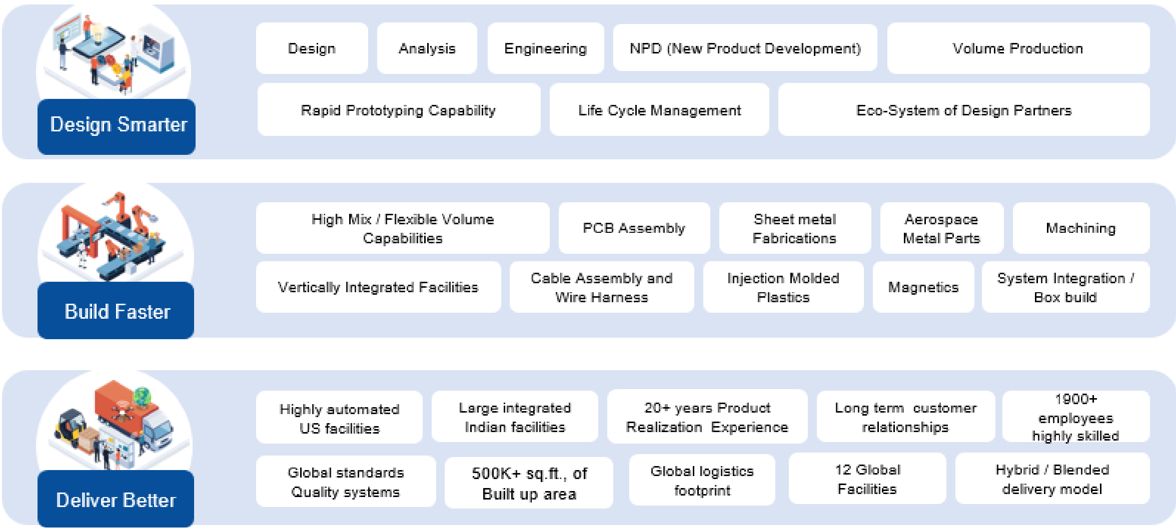
54 customers in Fiscal 2020 to 62 customers in Fiscal 2021, to 81 customers in Fiscal 2022, increasing our order book (open order) from ₹5,046.72 million as of March 31, 2020, to ₹6,345.79 million as of March 31, 2021, to ₹8,578.69 million as of March 31, 2022 and further to ₹10,391.49 million as of June 30, 2022. We have been recognized by our customers with various awards including "Best Supplier Award for demonstrated sustained performance" from Collins Aerospace, Bengaluru in 2019 and "Supplier Excellence Award for Strategic Partnership" from Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company in 2018. As we have a diversified client base across multiple end-use industries, we have minimal concentration risk.

We have a unique global delivery model, comprising design and manufacturing capabilities across both India and the United States (*source: F&S Report*). We are the only Indian EMS company with full-fledged manufacturing facilities in the United States, which gives us a unique competitive advantage in the North American markets (*source: F&S Report*). We have 12 manufacturing units located across the United States and India: one unit in Atlanta, Georgia, one unit in Fremont, California, seven units in Chennai, Tamil Nadu, one unit in Kanchipuram, Tamil Nadu and two units in Bengaluru, Karnataka. This enables us to offer clients local manufacturing services across these locations depending on their needs, and also leverage favorable policy initiatives such as the 'Make in India' program of the Government of India, leading to high customer retention and cost-efficient manufacturing. We also benefit from leveraging manufacturing cost arbitrage, through our manufacturing facilities located in India, for the global market. Further, we stand to benefit from the tailwinds of Aatmanirbhar Bharat and the Production Linked Incentive Scheme ("**PLI Scheme**") (which we are eligible for) across verticals, which would help to reduce import dependence as well as position India as an export hub. This is a unique competitive advantage of the Indian market (i.e. Aatmanirbhar Bharat, PLI Scheme, low labor cost, geographical diversification, among others). The EMS sector is a sizeable industry globally and in India, and is expected to grow at a significant pace. While the EMS market in India was valued at ₹1,469 billion (US$20 billion) in Fiscal 2022 and is expected to grow at a CAGR of 32.3% to reach a value of ₹4,502 billion (US$60 billion) in Fiscal 2026, the EMS market in the United States was valued at approximately US$140 billion in 2021 and is expected to grow at a CAGR of 6.1% to reach US$188 billion by 2026. (*source: F&S Report*).

Each of our manufacturing facilities integrates manufacturing, warehousing and logistics. Our electronic manufacturing facilities comprise an aggregate of 65 production lines, consisting of ten Surface Mount Technology ("**SMT**") lines, 12 Through Hole Technology ("**THT**") lines and 43 assembly lines. We have separate lines for our sheet metal fabrication, machining, cable assembly and wire harnesses, magnetics and plastics to mention a few. Each of our facilities is accredited with global quality standards and certifications. Our manufacturing facilities are staffed by a workforce of 1,933 persons, as of June 30, 2022. Our operations are enhanced by our 209 member strong product engineering teams, as of June 30, 2022, who have backgrounds in multiple engineering disciplines, including electrical and electronics, mechanical, aeronautical, plastics engineering and mechatronics, among others. We believe our engineering capabilities will enable us to offer customers innovative EMS solutions, and provide technological solutions to increase operational and cost efficiencies.

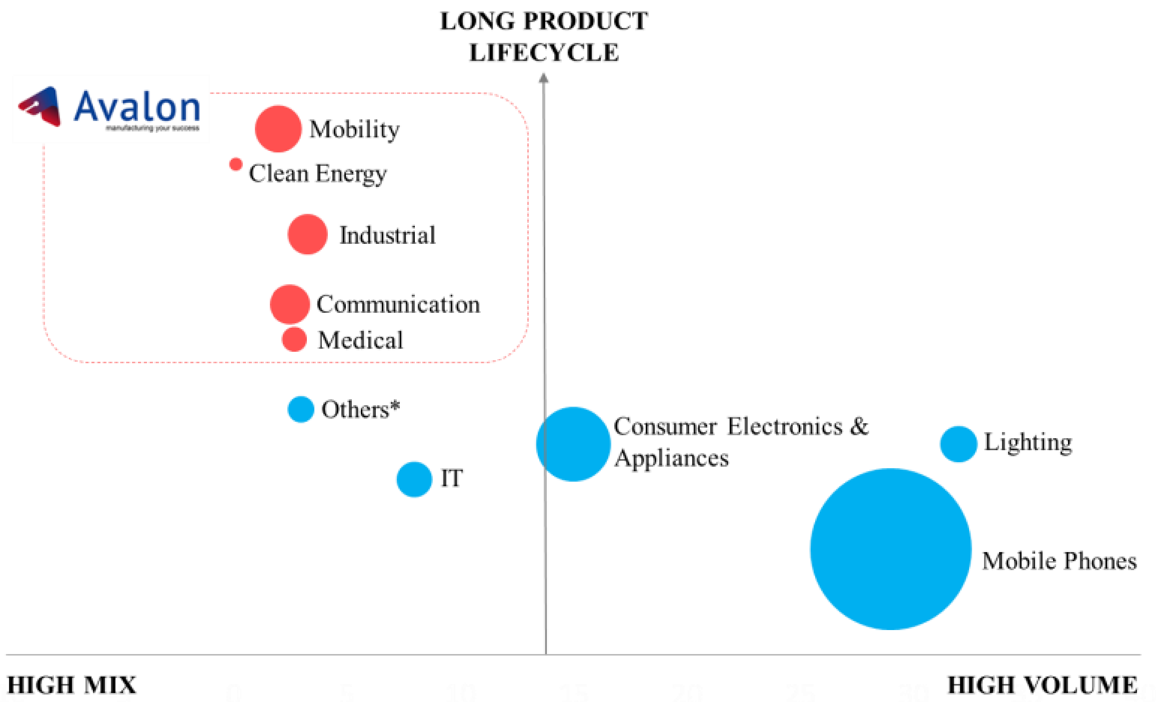
Our Capabilities and Value Propositions

We are a fully integrated EMS provider and continue to expand our offerings. We started in 1999 as a pure play PCB assembler and have invested in our capabilities and become vertically integrated to include multiple offerings as listed below. We have a significant level of vertical integration in the EMS industry (*source: F&S Report*), that includes PCB assembly, cable assembly and wire harnesses, sheet metal fabrications and machining, injection molded plastics, magnetics and end-to-end box build. Each of our diversified capabilities stands alone on its own merit, providing customers with a number of options while also enabling our growth in each of these areas. Further, we also provide design and new product development services, leading to an end-to-end service offering. In addition, we have a unique set of customers for each capability.



Note: 500K+ sq ft build up area refers to our (including our subsidiaries') total built up area dedicated to design and manufacturing.

We are one of the leaders in the high mix, flexible volume product manufacturing segment and are present across multiple industry verticals with a focus on complex integrated solutions with significant engineering content, leading to profitability (in terms of gross margins/EBITDA margins) (*source*: *F&S Report*). We service a variety of industries including the power, clean energy, railways, aerospace and medical industries, which according to the F&S Report are characterized by long life cycles. Our business has expanded into products such as electric mobility, energy systems, satellite communications, and telematics, among others, that are used in industries such as clean energy and emerging communication technology, which according to the F&S Report are upcoming high growth sectors. These businesses, which have demanding technical requirements, enable us to provide our advanced full spectrum engineering solutions, which enable us to cater to industries such as aerospace and defense, which according to the F&S Report are "high precision" industries. For details of the industries that our current products portfolio caters to, see "- *Our Capabilities*" on page 202.



(*Source: F&S Report*)

The continuous learning from our diversified offerings makes our workforce capable and creates a platform for nurturing talent. This ensures cost efficiency in developing special processes for specific product iterations such as ultrasonic welding on piston assemblies for fuel dispensers and vacuum and pressure impregnation system which ensures reliable coating of magnetics and transformers. We focus on integrated solutions as opposed to standalone products, led by an engineering-driven new product development approach and sustained by fully integrated in-house capabilities, which enables us to provide holistic solutions to our customers.

Our total income has increased at a CAGR of 14.19% between Fiscal 2020 and Fiscal 2022, from ₹6,531.48 million in Fiscal 2020 to ₹6,958.97 million in Fiscal 2021 and ₹8,516.50 million in Fiscal 2022 and our profit after tax has increased at a CAGR of 135.17% between Fiscal 2020 and Fiscal 2022 from ₹123.26 million in Fiscal 2020 to ₹230.82 million in Fiscal 2021 and ₹681.64 million in Fiscal 2022. In Fiscals 2020, 2021 and 2022, our EBITDA was ₹644.79 million, ₹661.43 million and ₹975.48 million, respectively, our EBITDA margin was 10.05%, 9.58% and 11.60%, respectively, and our PAT margin was 1.89%, 3.32% and 8.00%, respectively.

History

Our Company was incorporated in 1999 at Chennai, India as a manufacturing facility catering mainly to ABV Electronics Inc, USA (doing business as Sienna Corporation), and in 2000 we commenced our operations of pure play Printed Circuit Board ("**PCB**") design and assembly in India. The inception of the business originally commenced with the setup of ABV Electronics Inc, for manufacturing of PCB assemblies at Fremont, California in the US in 1995 by our Promoters. We have enhanced our offering to include sheet metal fabrication, cable assembly and wire harnesses, magnetics, electromechanical assemblies, injection molded plastics along with in-house design capabilities, thus making us a fully integrated player in the EMS industry. We continuously diversified our product portfolio in order to evolve with changing customer trends.

Our Company was set up by Kunhamed Bicha and Bhaskar Srinivasan, who have more than two decades of experience in the field of EMS, and they have been instrumental in the growth of our business. We also have a diversified Board of Directors, which is supplemented by a strong management team with experience in the EMS sector and with a track record of performance. Our senior management team, which includes Kesavan P, Michael Robinson, Shamil Bicha, OJ Sathish, Savita R Ganjigatti, Dr. Rajesh V and Arjun Balakrishnan, have significant experience and has been associated with us for several years. Further, R M Subramanian, our Chief Financial Officer has significant experience and has been associated with us since 2019. Our experienced and dedicated management team also enables us to capture market opportunities, formulate and execute business strategies, manage client expectations, and proactively manage changes in market conditions. For further details, see "- *Experienced board, management and operating team*" on page 198.

Our Market Opportunity

The EMS sector is a sizeable industry globally and in India, and is poised for robust growth over the next five years. While the EMS market in India was valued at ₹1,469 billion (US$20 billion) in Fiscal 2022 and is expected to grow at a CAGR of 32.3% to reach a value of ₹4,502 billion (US$60 billion) in Fiscal 2026, the EMS market in the United States was valued at approximately US$140 billion in 2021 and is expected to grow at a CAGR of 6.1% to reach US$188 billion by 2026. (*source: F&S Report*)

In particular, the advent of semiconductor manufacturing in India promises significant opportunities for EMS manufacturing, as a key component of such semiconductor manufacturing is PCB design and assembly. In Fiscal 2022, revenue from the India semiconductor industry amounted to ₹2,310 billion (US$31 billion), and the market is expected to grow at a CAGR of 19.9%, to reach a market value of ₹4,768 billion (US$64 billion) in Fiscal 2026. (*source: F&S Report*)

We stand to benefit from government initiatives in infrastructure, clean energy and sustainability, both in India and North America. For instance, the rising stringency in the government policies in North America to curb the carbon footprint is witnessing an expansion of electric vehicles and will encourage automakers to opt for electronic manufacturing services. Similarly, the government in India has taken ample initiatives to effectively integrate renewable energy into the present energy mix, which presents an enormous opportunity to establish regional hubs for exporting high-value green products. (*source: F&S Report*)

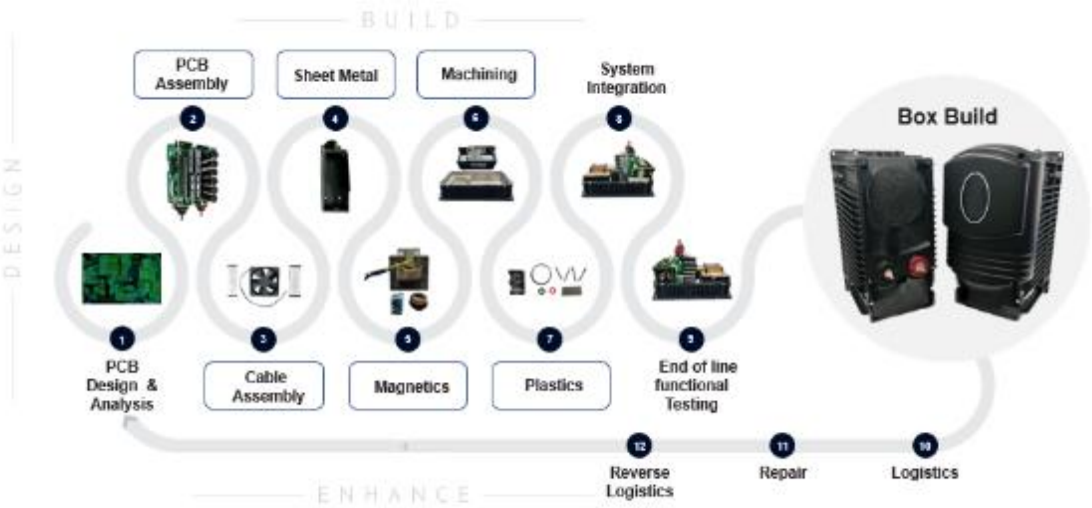
Further, India has a unique competitive advantage due to low labor costs, a diverse product offering and geographical diversification. The "Make in India" initiative of the Government of India, a part of the "Aatmanirbhar Bharat Abhiyan" or Self-Reliant India campaign, will provide an additional boost to India's business operations by encouraging substitution of imports of low-technology products from other countries and generating demand for local manufacturing. The PLI Scheme announced by the Government of India in 2019 expects a total production of ₹11,500 billion including ₹7,000 billion exports in the next five years. These initiatives are estimated to grow the Indian economy at a CAGR of approximately 6.6% (real GDP) and 8.3% (nominal GDP) by Fiscal 2026. We stand to benefit from the tailwinds of 'Aatmanirbhar Bharat Abhiyan' and the PLI Scheme across verticals, which would help in reducing import dependence and positioning India as an export hub. (*source: F&S Report*)

The EMS industry is witnessing a trend to examine practical alternatives to manufacturing in China due to tariff conflicts and the after-effects of the COVID-19 pandemic including supply chain issues, together with rising manufacturing cost structures and the changing geo-political landscape. In addition to China, OEMs are now considering an alternative country for supply chain diversification. India is well positioned, as both, a cost-effective option and a high-quality destination for design, to benefit from this "China plus one" strategy. (*source: F&S Report*)

COMPETITIVE STRENGTHS

End-to-end integrated solutions, providing a "One Stop Shop" for electronics and electro-mechanical design and manufacturing services

With a focus on our customers' needs, we offer an integrated and well diversified solution suite comprising PCB design and assembly, manufacture of cable assembly and wire harnesses, sheet metal fabrication, sheet metal machining, plastic injection molding, magnetics, and electro-mechanical integration, which combined allow us to offer end-to-end box build solutions. We are one of the few EMS companies in India, that offer one-stop services from PCB design and analysis to new product development ("**NPD**") and subsequent volume production (*source: F&S Report*). We focus on NPD as a means to build long-term customer relationships. We are able to support NPD initiatives by virtue of our diversified offerings and our ability to catalyze transformation of products from the prototype stage to production. As of March 31, 2022, we had 21 customers for our box-build services, which contributed to 44.48% of our revenue from operations in Fiscal 2022. Further, our capabilities in high precision engineering has led to robust gross margins. Set out below are details of our capabilities.



Further, we focus on continually expanding our technological expertise in manufacturing for diverse industries, integrating our services, and thereby enhancing our capability to serve multiple industry verticals. Our dedication to manufacturing and supply of quality products throughout our infrastructure ensures customer satisfaction, fosters customer loyalty and generates repeat business. Further, the continuous learning from our diversified experience enhances the knowledge level of our workforce, makes it capable of delivering solutions and creates talent. In several cases, we provide final integrated solutions to our customers' end clients, realizing significant supply chain efficiencies for such customers. In addition to having dedicated lines, certain of our customers locate their distribution centers inside our manufacturing facilities. This ensures highly efficient distribution operations for the customer as well as sustained customer relationships. Each of these capabilities has contributed to our becoming one of the leading EMS companies in India (*source: F&S Report*).

High entry barriers to business through our collective cross-industry experience, customer engagement capabilities and leading position in the high mix flexible volume product manufacturing segment

Our experience in offering EMS services across product and industry verticals for customers globally for several years serves as an entry barrier in the industry for any new entrants (*source: F&S Report*). We have built long term relationships, with certain of our customers extending for more than seven years. As of March 31, 2022, we had an average relationship of more than seven years, with customers who accounted for 80% of our revenue in Fiscal 2022.

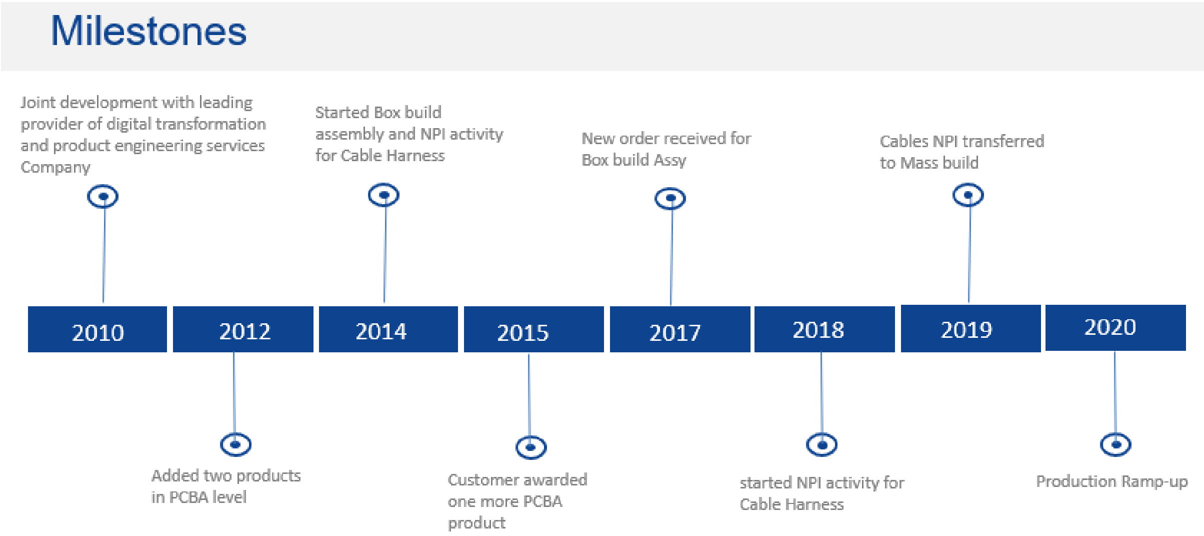
We believe that, given the depth and nature of our engagement with longstanding customers, our customers would not find it easy to switchover to alternative EMS providers as the cost, time and effort for such transitions is high. Particularly in the case of engagements with long lifecycle industries such as power, railways, aerospace, medical, etc. (*source: F&S Report*), we have expended resources to penetrate the market and sustain the business.

For instance, in response to the Government of India's focus and high budget outlay on modernizing existing railway infrastructure, an international signaling contractor approached our Company to be the local manufacturing partner for the project. Joint development efforts commenced in early 2009 and prototype and mass production OEM approval took more than six years and concluded in early 2015. The initial lots of supply for the stations commenced in late 2015. During the course of the development, pursuant to a non-disclosure agreement the customer shared their proprietary information with respect to this project with us, an indication of their trust in our Company. This customer was among our top five customers in Fiscal 2022. Given the long lead time for customer acquisition, onboarding, prototyping, OEM approvals and production, coupled with the criticality and requirement for high reliability anti-collision signaling systems, there are significant barriers to entry for railway projects (*source: F&S Report)*. Similarly, the aerospace industry has a development lead time that can extend to several months, if not years depending on the complexity of the product under consideration (*source: F&S Report*). In the aerospace industry typical product development has to pass through number of gates starting with sample development, transition development, pilot lot and subsequently production (*source: F&S Report*).

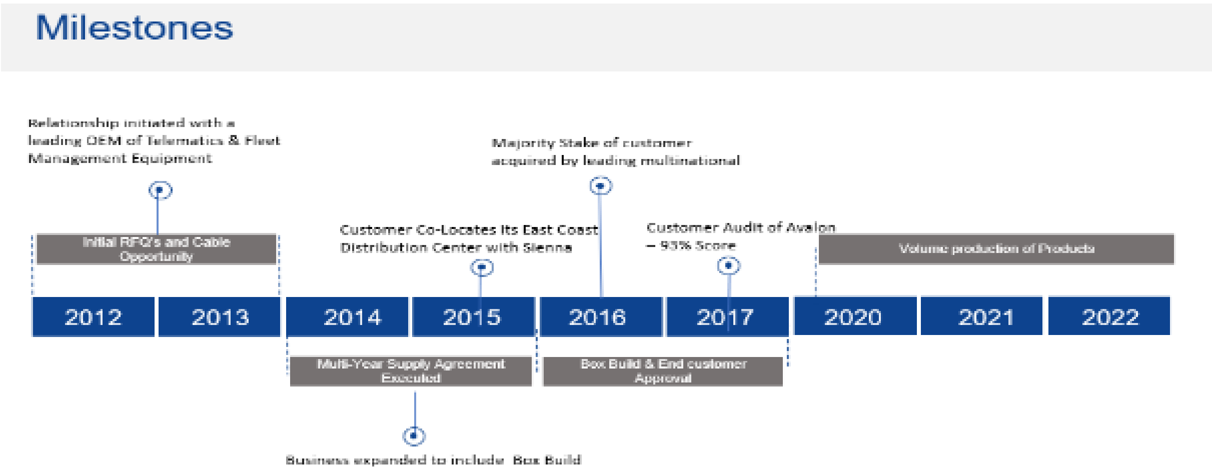
We are one of the leaders in high mix, flexible volume product manufacturing (*source: F&S Report*) and are present in most industry verticals including the power, industrial, railways, communications, automotive, aerospace and medical industries. We believe that our leading position in the market is driven by our focus on quality and customer relationships nurtured through reliable and efficient services. Specifically, for the purposes of the monitoring and maintenance of quality of our products, we have a team of 202 employees who are dedicated to quality assurance and quality control, as of June 30, 2022.

We also provide design and NPD services, which acts as a first step to building long-term customer relationships. We start our NPD programs at a component level and use our experience in the sector as well as our vertical integration capabilities to cement a delivery proposition for integrated box build solutions. This is supplemented by our in-house logistics capabilities including warehousing services, thus engaging the client from design stage to entire system delivery and creating a unique positioning in the industry versus other players.

An example of our evolution from component level penetration to box build with a given customer is that of our engagement with a provider of digital transformation and product engineering services company. We initiated a relationship and business with them with design services and then moved up the value chain to offer cables, PCBA and box build services. This customer contributed to 2.54% of our revenue from operations in Fiscal 2022. Set out below is a timeline of our relationship with the client:



Similarly, we entered into a relationship through the supply of cable assemblies to a leading OEM of telematics and fleet management equipment in the US, and subsequently, went on to provide a full box build with PCBA. This customer contributed to 8.01% of our revenue from operations in Fiscal 2022. Set out below is a timeline of our relationship with the client:



Well-diversified business leading to strong growth avenues

Our business is well-diversified, in terms of end-use industries, customers, geographies and offerings. We have, over the years, diversified and expanded our customer bases, and developed our operations to cater to various end-use industries across multiple product capabilities, as set out below.

We are well diversified and are present in virtually every major industry vertical, including clean energy, mobility, industrial, communication and medical (*source: F&S Report*). We service a variety of industries, including the power, clean energy, railways, aerospace and medical industries, which according to the F&S Report are characterized by long life cycles. This diversified industry presence hedges against global market and industry cycle volatilities (*source: F&S Report*). We have also penetrated sunrise industries such as clean energy with presence in the solar, hydrogen, and electric vehicles industries. In Fiscal 2022, clean energy accounted for 20.28% of our sales. We also cater to industries which require high precision manufacturing, including aerospace, defense and medical.

Details of revenue contribution by end-use industry for the last three Fiscals is set out below.

S. No	Industry Category	Industry Vertical	Contribution to total income					
			Fiscal 2020		Fiscal 2021		Fiscal 2022	
			(in ₹ million)	%	(in ₹ million)	%	(in ₹ million)	%
1.	Clean Energy	• Solar • Electric Vehicle • Hydrogen	1,026.19	15.71	1,234.30	17.74	1,726.93	20.28

S. No	Industry Category	Industry Vertical	Contribution to total income					
			Fiscal 2020		Fiscal 2021		Fiscal 2022	
			(in ₹ million)	%	(in ₹ million)	%	(in ₹ million)	%
2.	Mobility/Transportation	• Railways • Automotive • Aerospace	2,011.99	30.80	1,983.71	28.51	2,264.70	26.59
3.	Industrial	• Power • Automation	1,823.41	27.92	2,042.49	29.35	2,558.28	30.04
4.	Communication	• Telecom and Satellite • Digital Infrastructure (IOT and 5G)	409.36	6.27	546.65	7.86	611.40	7.18
5.	Medical	-	527.39	8.07	544.72	7.83	656.39	7.71
6.	Others*	• Defense • Design	733.14	11.22	607.10	8.72	698.80	8.21
	TOTAL		**6,531.48**	**100.00**	**6,958.97**	**100.00**	**8,516.50**	**100.00**

**Others also includes other income.*

Set out below are details of the total number of customers by end-use industry.

Sl No	End-Use Industry	No of Customers by End-Use Industry		
		Fiscal 2020	Fiscal 2021	Fiscal 2022
1	Clean Energy	4	6	11
2	Mobility	11	12	14
3	Industrial	26	30	38
4	Communication	5	6	8
5	Medical & Others	8	8	10
	Total	**54**	**62**	**81**

** For Fiscals 2020 and 2021, we have counted those customers whose revenue is greater than US$ 200,000. For Fiscal 2022, we have counted those customers whose revenue is greater than US$ 200,000 and those new customers whose annual business value is greater than US$ 200,000, but are currently in the prototype or sample development stage. Further, for all three fiscal years, NPD, job work and Sienna Ecad customers have not been included, as these account for many small customers.*

We are also diversified in terms of our offerings, namely PCBA, cable assembly and wire harnesses, sheet metal fabrication, machining, magnetics and injection molded plastics, and end to end box-build. Each of these verticals exists as separate profit and loss centers, besides serving as a captive supplier for our EMS offering. The diversification in this front enables us to grow in multiple verticals. The diversification and expansion of our portfolio is primarily driven by the needs of our customers and technological advancements in the industry. Our evolving portfolio has helped accelerate our growth enabling us to retain both new and existing customers. Set out below is our revenue from operations by service offering.

S. No	Service Offerings	Revenue from Operations					
		Fiscal 2020		Fiscal 2021		Fiscal 2022	
		(in ₹ million)	%	(in ₹ million)	%	(in ₹ million)	%
1	Design	139.78	2.18	151.20	2.19	184.68	2.20
2	Printed Circuit Board	2,286.11	35.62	2,429.46	35.19	2,961.71	35.23
3	Box Build	2,830.86	44.10	3,276.76	47.46	3,739.86	44.48

4	Cables	545.08	8.49	635.35	9.20	846.36	10.07
5	Metal	454.80	7.09	291.20	4.22	351.56	4.18
6	Magnetics	67.93	1.06	87.79	1.27	265.65	3.16
7	Plastics	94.11	1.47	32.95	0.48	57.36	0.68
Total		**6,418.67**	**100.00**	**6,904.71**	**100.00**	**8,407.18**	**100.00**

The products we manufacture are sold to customers primarily in the US and in India. We also have a subsidiary in the US to facilitate our operations there. During Fiscals 2020, 2021 and 2022, ₹4,066.32 million, ₹4,359.64 million and ₹5,296.55 million, which accounted for 62.26%, 62.65% and 62.19%, respectively of our revenue from operations, was attributable to sales from the US (i.e., the destination of the products) (revenues from India for this purpose include (i) customers whose revenue is less than US$200,000 and (ii) other income).

Our business is also diversified in terms of customer revenue contribution. Set out below are details of the revenue contribution from our top ten customers:

S. No	Customer	Revenue Contribution					
		Fiscal 2020		Fiscal 2021		Fiscal 2022	
		in ₹ million	%	in ₹ million	%	in ₹ million	%
1.	Top five customers	2,983.16	45.67	3,386.29	48.66	4,228.30	49.65
2.	Top ten customers	4,140.41	63.39	4,577.54	65.78	5,499.33	64.57

We had 30, 34 and 48 customers in the US and 24, 28 and 33 customers in India, as of March 31, 2020, 2021 and 2022, respectively. Set out below are details of our revenue contribution based on geography:

S. No	Region	Revenue Contribution					
		Fiscal 2020		Fiscal 2021		Fiscal 2022	
		₹ million	%	₹ million	%	₹ million	%
1.	United States	4,066.32	62.26	4,359.64	62.65	5,296.55	62.19
2.	India*	2,465.16	37.74	2,599.34	37.35	3,219.95	37.81

*_India includes (i) customers whose revenue is less than US$200,000 and (ii) other income._

Established relationships with marquee customer base

Our thrust to become a significant player in the EMS industry has hinged on our performance and ability to build longstanding relationships with our customers. This has been made possible by virtue of our adaptability to changing customer needs and our ability to service product lines right through their life cycle.

Our product portfolio has helped us forge strong relationships with our major clients. We have established and will continue to focus on strengthening longstanding relationships with well-known customers across the end-use industries that we cater to. We have a number of reputed multinational companies as our customers across industry vertical, thus indicating the quality of our client base. The varied applications of our products have helped us build a wide customer base across many end-use industries. This is complemented by a strong client value delivery process, with strong focus on up-selling and cross-selling. For instance, we were awarded a new product development order for cable harnesses by an entity in motor and drive technology. We were thereafter able to move up the value chain to provide PCB assemblies as well, due to our performance and relationship building skills. Further, our Company had an initial engagement with a major OEM through metal to one division of the customer. Over a period of time, we have successfully penetrated multiple divisions (which are separate going concerns) of the same OEM through the supply of both sheet metal fabricated parts and injection molded plastics. We have several global brands as customers both in India and overseas. Some of our marquee customers across the end-use industries that we cater to include Kyosan India Private Limited, Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company, TransDigm Technologies India Private Limited, Zonar Systems Inc., and Collins Aerospace in the mobility industry, Caire Inc, in the medical industry, e-Infochips Private Limited and Haas Automation, Inc. in the industrial sector, TMEIC and Ohmium India Private Limited in the clean energy sector. Our wide customer base across various sectors reduces our dependence on any one end-use industry and provides a natural hedge against market instability in a particular end-use industry (*source: F&S Report*).

We have a history of strong customer retention and have been growing our customer base. For instance, we acquired 27 new customers over the last two years and our total customer base amounted to 54, 62 and 81 customers during the fiscal 2020, 2021 and 2022 respectively.

Set out below are details of the length of relationship with certain of our customers:

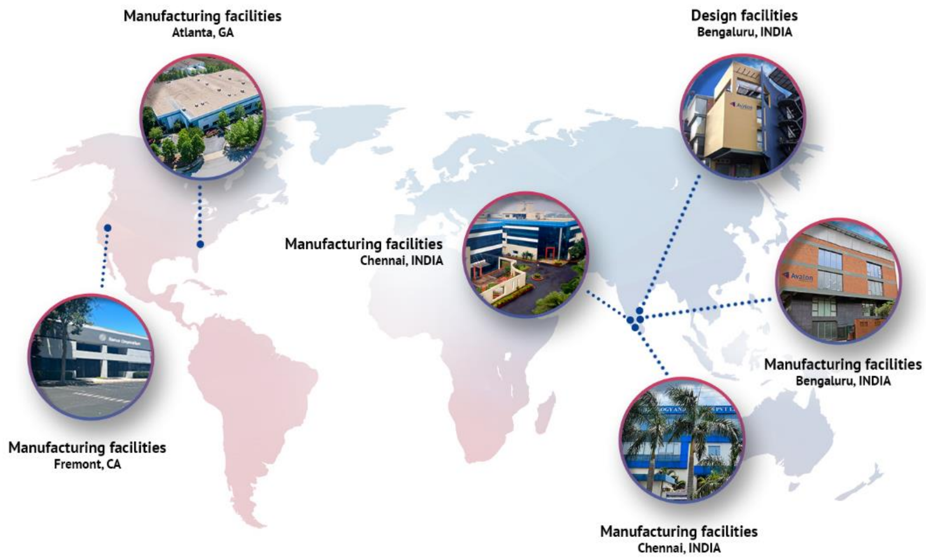
Sl No	Description	Fiscal 2020	Fiscal 2021	Fiscal 2022
1	Average length of relationship with customers who contribute to top 80% revenue (in number of years)	7.15	7.68	7.95

Our strong and growing customer base and our focus on up-selling and cross-selling has been instrumental in our success to date and is expected to be a strong driver of our future growth and to help expand our market share, develop new products and enter newer markets. Further, we are a supplier to certain key customers in the railway and aerospace vertical in India, which shows the confidence our customers have in our offerings and service delivery. We also provide final integrated solutions to some of our customers' end clients, through logistics and warehousing support, realizing significant supply chain efficiencies for such customers. Certain customers locate their distribution centers inside our manufacturing facilities in addition to having dedicated lines, ensuring highly efficient distribution operations for our customers. Our customer-focused approach to our operations ensures that any issues raised by our customers are immediately addressed by a dedicated team of 48 customer-specific program managers. We consider feedback from our OEM customers critical to our operations, as this allows us to anticipate and address our customer requirements in the future as well.

In addition, we have been recognized by our customers with various awards including "Best Supplier Award" from Collins Aerospace, Bengaluru in 2019, "Supplier Excellence Award for Strategic Partnership" from Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company in 2018 to ATSPL, "Prime Supplier" from Toshiba Mitsubishi Electric Industrial Systems Corporation, Japan in 2017, "Environmental Leadership Award" at the Indian ABO Suppliers Conference from Cummins in 2015, and "Best Indian Supplier 2012" from CE+T.

Global delivery footprint with high quality standards and advanced manufacturing and assembly capabilities

We currently operate through 12 manufacturing units, spread across two states in the US (California and Georgia) and two states in India (Karnataka and Tamil Nadu), and are supported by 1,652 permanent employees and 281 persons employed as contract workers/temporary employees, as of June 30, 2022. All our locations have been chosen keeping in mind the availability of skilled labor and a strong pool of engineering/managerial talent. We serve customers primarily in North America, India and Europe through these locations.



Our manufacturing facilities have an aggregate of 65 production lines, consisting of ten SMT lines, 12 THT lines and 43 assembly lines, with total installed SMT capacity of 366 million component placements per year in Fiscal 2022. We operate two shifts a day, with sufficient buffer capacity to ramp up production and address spikes in order volumes. Our manufacturing facilities have obtained international quality certifications such as ISO 9001:2015, IATF 16949:2016, AS 9100D and ISO 13485:2016. We have a track record of fulfilling the product requirements of our customers within the stipulated timelines, and we continue to pursue greater efficiencies in cost, time, quality and scale in our manufacturing processes. As a result of the above, our customer parts per million ("**PPM**"), i.e., the number of parts which are defective out of a million, has improved from 132 PPM in Fiscal 2020 to 66 PPM in Fiscal 2021 and further to 27 PPM in Fiscal 2022.

Our manufacturing facilities in EMS are equipped with modern and high speed equipment that can handle surface mount components and through hole components for PCBs. Our machinery capabilities allow us to reduce manual intervention in the manufacturing process, thereby improving product quality of the PCBs. We constantly seek to improve our production efficiencies, for instance we made certain improvements in cycle time by modifying the process flow, introducing new jigs and fixtures and automating the test systems in Fiscal 2022, on account of which our standard minute value reduced from 34.91 minutes/board to 13.01 minutes/board and our manpower hours reduced from 81.00 to 43.00. In addition, we cater to industries such as aerospace, defense and medical, which are quite technical and require a high degree of precision. Further, certain of our clients conduct audits and inspections from time to time, which ensures that we maintain our quality and standards.

We have developed a global manufacturing footprint which leverages local manufacturing capabilities, to provide localized services to global clients, through our manufacturing facilities located in India and the US, while leveraging manufacturing cost arbitrage, through our manufacturing facilities located in India, for the global market. Our Indo-US manufacturing footprint gives customers the leverage to buy directly from India or through our US operations or through a hybrid model that leverages the strengths of the US and India. For instance, certain customers approach us with the proposition to have the end product configured or system integrated in the US, while the component / sub-assembly level manufacturing is carried out in India. Through this, our customers can cater to 'Made in USA' initiatives, while at the same time being able to procure products at optimal cost. We also benefit from the 'Made in India for the US'.

We are located in a special economic zone in the port city of Chennai, India that enables us to cater easily to international customers. We also benefit from various incentives, such as the ability to import raw material without duties as long as we export the finished product.

Strong financial performance, stable cash flows and visible growth profile

We have a track record of sustained growth in revenue and profitability. Our strong product capabilities, high quality and loyal customer base have enabled us to maintain strong financial performance.

In Fiscal 2021, our gross margin, EBITDA margin, ROCE and fixed asset turnover were one of the highest among our EMS industry peers. Further, among business to business focused EMS peers, we had one of the highest revenue from operations in Fiscal 2021. (*source: F&S Report*) For further details see "*Industry Overview – Benchmarking with Indian EMS Peers*" on page 182.

Set out below are certain key financial and performance indicators, as of and for the periods mentioned.

S. No	Particulars	Period		
		Fiscal 2020	Fiscal 2021	Fiscal 2022
1.	Total Income (in ₹ million)	₹6,531.48	₹6,958.97	₹8,516.50
2.	Material Margin (%)*	35.93%	33.96%	34.09%
3.	EBITDA (in ₹ million)**	₹644.79	₹661.43	₹975.48
4.	EBITDA Margin (%)#	10.05%	9.58%	11.60%
5.	Profit after tax (in ₹ million)	₹123.26	₹230.82	₹681.64
6.	PAT Margin (%)	1.89%	3.32%	8.00%

S. No	Particulars	Period		
		Fiscal 2020	Fiscal 2021	Fiscal 2022
7.	ROCE (%)@	26.83%	21.26%	27.41%
8.	Asset Turnover^	8.92	8.30	9.40

**Material Margin is revenue from operations less material cost*
*** EBITDA is profit for the period plus tax expenses plus finance costs plus depreciation and amortization less exceptional items and other income*
 # EBITDA margin is EBITDA/Revenue from operations
##PAT Margin is PAT/ Total Income
@ROCE is EBIT/(total borrowings + tangible net worth). EBIT = Profit before exception items and tax + Finance cost.
^Asset turnover is revenue from operations/net block

We have been able to increase our total income from Fiscal 2020 to Fiscal 2022 at a CAGR of 14.19%. Our order book (open order) has increased from ₹5,046.72 million as of March 31, 2020, to ₹6,345.79 million as of March 31, 2021, to ₹8,578.69 million as of March 31, 2022 and further to ₹10,391.49 million as of June 30, 2022. A majority of our open orders will be fulfilled within one year to 18 months. Our robust financial position illustrates not only the growth of our operations over the years, but also the effectiveness of allocation of our capital and strong working capital management across our business. Among other things, our strong financial position has enabled us to increase our production capacities and diversify into newer products and services through internal accruals without increasing our external borrowings.

Our financial stability and positive cash flow from operations enable us to meet the present and future requirements of our customers. Our strong balance sheet gives our customers the confidence that we will be able to support them in terms of both capabilities and capacities. This also helps strengthen trust and engagement with our customers, thereby increasing customer stickiness.

Experienced board, management and operating team

The Promoters of our Company are Kunhamed Bicha and Bhaskar Srinivasan, who have several decades of pioneering experience in the field of EMS, and they have been instrumental in the growth of our business. We also have a diversified Board of Directors, which is supplemented by a strong management team with extensive experience in the EMS sector and a proven track record of performance. Our key management team, which includes Kesavan P, Michael Robinson, Shamil Bicha, OJ Sathish, Savita R Ganjigatti, Rajesh V and Arjun Balakrishnan, has significant experience and has been associated with us for several years. Further, R M Subramanian, our Chief Financial Officer has significant experience and has been associated with us since 2019. Our Board comprises eminent individuals with significant experience who have worked across various industries and functions.

Our highly experienced and dedicated management team also enables us to capture market opportunities, formulate and execute business strategies, manage client expectations, and proactively manage changes in market conditions. The quality and experience of our management team has been critical in achieving our business results and allowing us to make strategic and timely business decisions in response to evolving customer needs and market conditions. In particular, our management team has sound cross-functional expertise across product design and technology and deep industry experience. In addition to our senior management team, our middle management team and skilled workforce, comprising 1,558 engineers which includes 25 sales and marketing professionals and other skilled workers as of June 30, 2022, provide us with the depth of expertise and managerial skills required to manage our business.

STRATEGIES

Sustaining and catering to high growth sunrise industry sectors such as clean energy and emerging communication technologies

Going forward, we intend to leverage our experience and expertise to focus on upcoming, high growth sectors, such as clean energy and emerging communication technologies. We aim to focus on high margin value products with medium to long life cycles that need precision engineering, expertise to innovate, the ability to deliver flexible manufacturing plans, and rapid development in the NPD stage, such as the clean energy and emerging communication technologies sectors. The clean energy sector comprises solar, electric vehicles and hydrogen. The communication sector comprises telecom, satellite and digital infrastructure.

Set out below are details highlighting our strategy to grow within these sectors, and industry trends within these sectors which will support our growth.

- *Clean Energy*: We cater to 11 customers within the clean energy sector, as of March 31, 2022 and, since 2020, we have onboarded seven new customers within this industry, including Ohmium India Private Limited. Revenues from clean energy were ₹1,026.19 million, ₹1,234.30 million and ₹1,726.93 million in Fiscals 2020, 2021 and 2022, representing 15.71%, 17.74% and 20.28%, respectively, of our total income during these periods. The clean energy sector, which includes electric vehicles, solar and hydrogen industries, was estimated at ₹6 billion in Fiscal 2022 in India, and is expected to grow at a CAGR of 87.3%, to reach ₹76 billion by Fiscal 2026 (*source: F&S Report*).

- *Communication Technology*: We cater to eight customers in the communication technology sector, as of March 31, 2022, and since 2020, we have onboarded three new customers within this industry, including LiveView Technologies, Inc. Revenues from telecom and satellite were ₹409.36 million, ₹546.65 million and ₹611.40 million in Fiscals 2020, 2021 and 2022, representing 6.27%, 7.86% and 7.18%, respectively, of our total income during these periods.

Consolidate and expand our position in global markets for existing industry verticals

In Fiscals 2020, 2021 and 2022, we catered to 54, 62 and 81 customers, respectively. We have built long-term relationships with certain key customers that span from five to more than seven years. We have been able to do this by offering multiple product solutions, besides offering vertically integrated box build solutions. We intend to increase cross-selling of our products to increase wallet share with our existing customers and expand into new or adjacent product verticals with our existing customers. We also provide design services and NPD services. We focus on NPD as a means to building long-term customer relationships. We started our NPD programs at a component level and use our experience in this domain as well as our vertical integration capabilities to cement a delivery proposition for integrated box build solutions.

Many of our customers are large OEMs that have multiple divisions and facilities across various countries. While our initial entry is into one of our customer's divisions, we have through continuous engagement and relationship building penetrated multiple divisions of the same customer, thereby increasing the wallet share and upselling with that particular customer.

In particular, we plan to continue to focus on customers with whom we have longstanding relationships in order to develop and supply more sophisticated, higher margin products. For instance, in the past, we started manufacturing cable harnesses for an entity in motor and drive technology in 2014 and are now also manufacturing PCBA for them, having started in 2017. Similarly, we started manufacturing cable harnesses for an OEM of telematics and fleet management equipment in 2014 and are now also manufacturing box builds with PCBA for them.

We intend to continue to consolidate our position in well-established end-use industries including industrial, communications, mobility, and medical devices. Set out below are details highlighting our strategy to grow within these sectors, and industry trends within these sectors which will support our growth.

- *Industrial*: We cater to 38 customers in the industrial sector, as of March 31, 2022 and, since January 1, 2020, we have onboarded 12 new customers within this industry. Revenues from the industrial sector were ₹1,823.41 million, ₹2,042.49 million and ₹2,558.28 million in Fiscals 2020, 2021 and 2022, representing 27.92%, 29.35% and 30.04%, respectively, of our total income during these periods. The industrial sector, which includes power and automation, was estimated at ₹58 billion in Fiscal 2022 in India, and is expected to grow at a CAGR of 18.7% to reach ₹115 billion by Fiscal 2026. Similarly, the industrial segment was estimated at US$11 billion in CY2021 in North America, and is expected grow at a CAGR of 5.4% to reach US$14 billion by CY2026. (*source: F&S Report*)

- *Communications:* We cater to eight customers in the communications sector, as of March 31, 2022 and, since January 1, 2020, we have onboarded three new customers within this industry, including LiveView Technologies, Inc. Revenues from the communications sector were ₹409.36 million, ₹546.65 million and ₹611.40 million in Fiscals 2020, 2021 and 2022, representing 6.27%, 7.86% and 7.18%, respectively, of our total income during these periods. The communications sector, which includes the telecom and satellite sector and digital infrastructure sector, was estimated at ₹57 billion in Fiscal 2022 in India and is expected to grow at a CAGR of 17.6% to reach ₹109 billion by Fiscal 2026. Further, the telecom/communication segment, which includes telecom equipment, 5G, satellite, digital infrastructure, was estimated at US$29 billion in CY2021 in North America, and is expected grow at a CAGR of 5.2% to reach US$37 billion by CY2026. (*source: F&S Report*)

- *Mobility:* We cater to 14 customers as of March 31, 2022 and, since 2020, we have onboarded three new customers within this industry. Revenues from the mobility sector were ₹2,011.99 million, ₹1,983.71 million and ₹2,264.70 million in Fiscals 2020, 2021 and 2022, representing 30.80%, 28.51% and 26.59%, respectively, of our total income during these periods. The mobility sector, which includes automotive, railways and aerospace, was estimated at ₹78 billion in Fiscal 2022 in India and is expected to grow at a CAGR of 21.6% to reach ₹171 billion by Fiscal 2026. The automotive segment was estimated at US$5 billion in CY2021 in North America, and is expected grow at a CAGR of 3.9% to reach US$6 billion by CY2026. (*source: F&S Report*)

- *Medical and Others:* We cater to ten customers in the medical and ancillary sectors as of March 31, 2022 and, since 2020, we have onboarded two new customers within these sectors. Revenues from the medical devices sector were ₹527.39 million, ₹544.72 million and ₹656.39 million in Fiscals 2020, 2021 and 2022, representing 8.07%, 7.83% and 7.71%, respectively, of our total income during these periods. Revenue from others were ₹733.14 million, ₹607.10 million and ₹698.80 million in Fiscals 2020, 2021 and 2022, representing 11.22%, 8.72% and 8.21%, respectively, of our total income during these periods. The medical devices sector was estimated at ₹23 billion in Fiscal 2022 in India and is expected to grow at a CAGR of 43% to reach ₹94 billion by Fiscal 2026. The medical electronics segment was estimated at US$8 billion in CY2021 in North America, and is expected grow at a CAGR of 6.4% to reach US$11 billion by CY2026 (*source: F&S Report*)

Creating high growth opportunities for our existing offerings

Given that our business lines of PCBA, cable assembly and wire harnesses, sheet metal fabrication, machining, magnetics and injection molded plastics are capable of functioning independently, we intend to focus on high growth opportunities in each of these business verticals. For instance, in sheet metal and injection molded plastics we have witnessed high growth potential in the aerospace vertical, where we are already present. Due to strict engineering and quality requirements in the aerospace industry, supplier onboarding and development is characterized by the need for quality systems for special process and traceability documentation for materials. Further, product development in this industry is characterized by long lead times as a number of approvals and audits are typically required by the customers, before finally going into production. Aerospace development typically presents a number of challenges compared with other industry verticals due to stringent tolerance requirements and difficulty of working with materials such as cobalt and nickel alloys. Further, the development of skill for this vertical often follows a long time cycle with a continuous learning curve. (*source: F&S Report*) We have invested significant time, effort and resources to penetrate this vertical, which has yielded results.

In magnetics, where we already have a significant presence, we see high growth opportunities in the power electronics and clean energy vertical. With the emergence of the trend to add new applications by leading manufacturers to their portfolios, a number of opportunities have arisen for power electronic devices such as transformers, chokes and inductors, for the control and operation of heavy machinery. Further, the on-going global climate change policies emphasizing an increase in contributions from green energy, directly impacts the demand for EMS from solar and wind-energy companies. Electric vehicles are one of the key growth opportunity verticals, due to the technology transformation currently underway with autonomous car development and electric vehicle commercialization activities. (*source: F&S Report*) We intend to continue to leverage our capabilities to focus on such high growth opportunities.

Focus on expanding our local manufacturing presence in our largest markets, namely the United States and India by leveraging country specific government policy initiatives

We intend to continue focusing on increasing our customer base within the US and Indian markets. The EMS industry is poised for robust growth over the next five years. While the EMS market in India was valued at ₹1,469 billion (US$20 billion) in Fiscal 2022 and is expected to grow at a CAGR of 32.3% to reach a value of ₹4,502 billion (US$60 billion) in Fiscal 2026, the EMS market in the United States was valued at approximately US$140 billion in 2021 and is expected to grow at a CAGR of 6.1% to reach US$188 billion by 2026. (*source: F&S Report)*

The Indian market opportunity is driven by the expected geographical diversification by global OEMs of their manufacturing needs to reduce dependence on China and the availability of government incentives and other schemes, among others. We aim to continue benefiting from the Government of India's "Aatmanirbhar Bharat Abhiyaan," or Self-Reliant India campaign, which provides an additional boost to India's business operations by encouraging substitution of imports of low-technology products from other countries and generating demand for local manufacturing, which would help in reducing import dependence and positioning India as an export hub. . Further, the advent of semiconductor manufacturing in India promises significant opportunities for EMS manufacturing as a key component of such semiconductor manufacturing is PCB design and assembly. In Fiscal 2022, revenue from the India semiconductor industry amounted to ₹2,310 billion (US$31 billion), and the market is expected to grow at a CAGR of 19.9%, to reach a market value of ₹4,768 billion (US$64 billion) in Fiscal 2026. Further, India is well positioned, as both, a cost-effective option and a high-quality destination for design, to benefit from "China plus one" strategy for supply chain diversification. (*source: F&S Report*)

Our order book in the US (i.e., orders received directly by our US entity, namely Sienna) has been steadily increasing from ₹2,010.24 million as of March 31, 2020 to ₹3,271.03 million as of March 31, 2021 and further to ₹3,703.31 million as of March 31, 2022, representing 30.78%, 47.00% and 43.48% of our total income, respectively. We intend to continue focusing on increasing our order book and customer base in the US. The EMS market in North America is benefitting from the US-China trade tensions that are causing a reshoring of manufacturing back to the United States, which is further strengthened by the supply chain issues caused by the COVID-19 pandemic inducing OEMs and EMS companies to rethink their supply chain strategy that is reliant on the local network. Further, the rising stringency in the government policies in North America to curb the carbon footprint is witnessing an expansion of electric vehicles and will encourage automakers to opt for electronic manufacturing services (*source: F&S Report*). We stand to benefit from the government initiatives in infrastructure, clean energy and sustainability in the US, as and when they arise.

Continue to build on hybrid model of delivery leveraging access to high value market and low cost production base

Our locations are spread between the US and India; accordingly we are ideally poised to offer a hybrid model of delivery to our customers, where we have access to high value markets (the US) while at the same time being able to leverage low cost production bases (India). Through this model, we offer two modes of delivery, depending on customer preference: (i) the automated portion of manufacturing is conducted in our manufacturing facilities in the US, and the labor intensive portion is conducted in India and the product is configured in the US; and (ii) the option to cater directly to customers in the US from our Indian manufacturing bases, leveraging high value markets and optimal cost manufacturing in India. To this effect, we have recently acquired a new manufacturing facility spread over a total built up area of 93,552 sq. ft. in the Special Economic Zone (SEZ), Chennai and we intend to continue using this model as demonstrated by the inclusion of a new SMT line at Atlanta, Georgia for expansion.

Invest in expanding our technological capabilities and manufacturing capacities

We intend to continue to invest in technology infrastructure to enable further technical innovation, improve our operational efficiencies, increase customer satisfaction and improve our sales and profitability. We intend to continue to focus on optimizing and automating our manufacturing processes to improve returns in a rapidly changing technological environment. We constantly endeavor to reduce the costs of our operations while ensuring the quality of our products. For example, over the last two years we have introduced three new SMT lines at Atlanta, Bangalore and Chennai as part of our ongoing commitment to ensure productivity improvement.

In late 2021, we adopted lean methodologies such as daily management, standard work and Kaizen to improve our productivity, quality and cost effectiveness. Our existing manufacturing facilities in Tamil Nadu are located on 0.37 million sq ft, of which we are utilizing only 0.25 million sq ft, as of March 31, 2022, which leaves additional area for any expansion which may be required. This includes our proposed new manufacturing facility in MEPZ, Chennai, through which we will increase our capacity for PCBA and Box build. From Fiscal 2020 to Fiscal 2022, we have increased the aggregate SMT production lines of our manufacturing facilities from eight to ten, and the total installed SMT capacity from 244 million component placement per year to 366 million component placement per year.

In order to maintain our competitive position in the industry, we plan to continue developing or purchasing new equipment, which can improve our production efficiency to satisfy consumer demand. In our manufacturing facilities in India, we plan to upgrade our existing manufacturing equipment to increase automation, with an aim to further increase our efficiencies. We carefully monitor capacity utilization and work two shifts a day, and have capacity to increase to three shifts a day, indicating sufficient headroom for optimizing our asset utilization.

DESCRIPTION OF OUR BUSINESS

Towards a simplified corporate structure, our organization over the last few years undertook a series of subsidiarization and corporate restructuring activities to result in our current corporate structure as follows:

*100% of the common stock is held by our Company.

We offer integrated design and manufacturing solutions for domestic and internationally recognized OEMs, along with promising start-ups. Our solutions spectrum spans EMS box builds, PCB assemblies, cable assembly and wire harnesses, sheet metal fabrication, injection molded plastics, machining and magnetics. We also offer design services and new product development services.

As a result of our experience in specific markets, we have developed a deep understanding of market dynamics, giving us the ability to anticipate trends that impact customers' businesses. Our expertise can help improve customers' market positioning by effectively adjusting product plans and roadmaps to efficiently deliver high quality products that meet their geographic and time-to-market requirements.

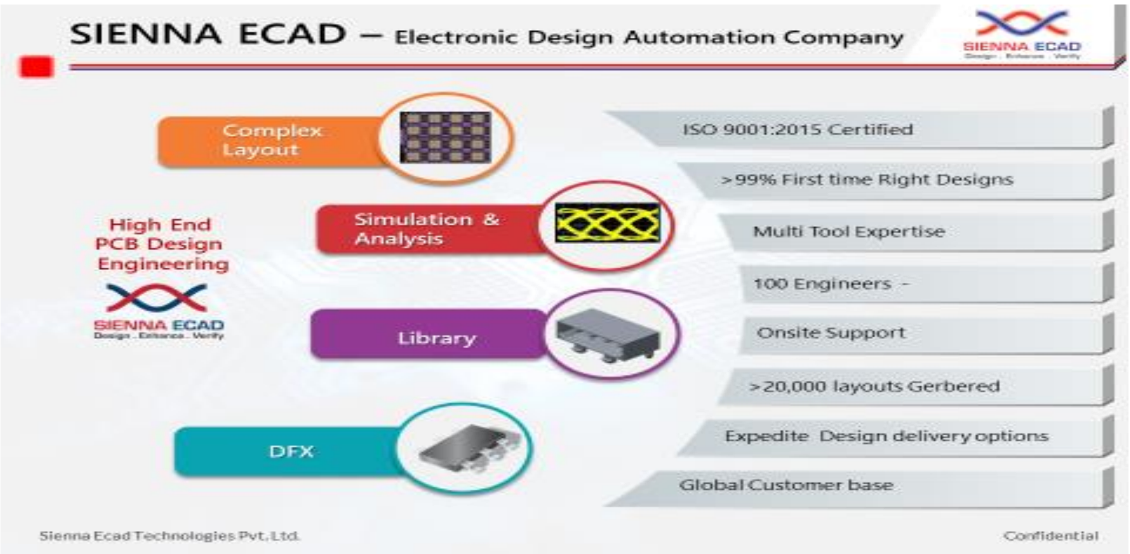
Our key functional aspects of our business are as follows:

- Manufacturing and assembly
- Design, analysis and prototyping of printed board assemblies
- Engineering and development
- Components
- Sourcing
- Supply chain development
- Logistics and distribution
- Aftermarket services

OUR CAPABILITIES

Design Services

Our design division located in Bengaluru, Karnataka makes us a PCB analysis/design engineering company operating in various verticals including networking, power, transportation, semiconductor, IOT and medical. We serve our customers across the globe and provide complex PCB design solutions, including PCB design, signal integrity analysis (time domain and frequency domain), thermal electromagnetic compatibility ("**EMC**") and electromagnetic interference ("**EMI**") protection and reliability analysis that meet the specifications prescribed by the Institute for Printed Circuits. Further, we have a large installed base of advanced computer aided engineering software tools to cater to the growing demand in the electronic design automation vertical.

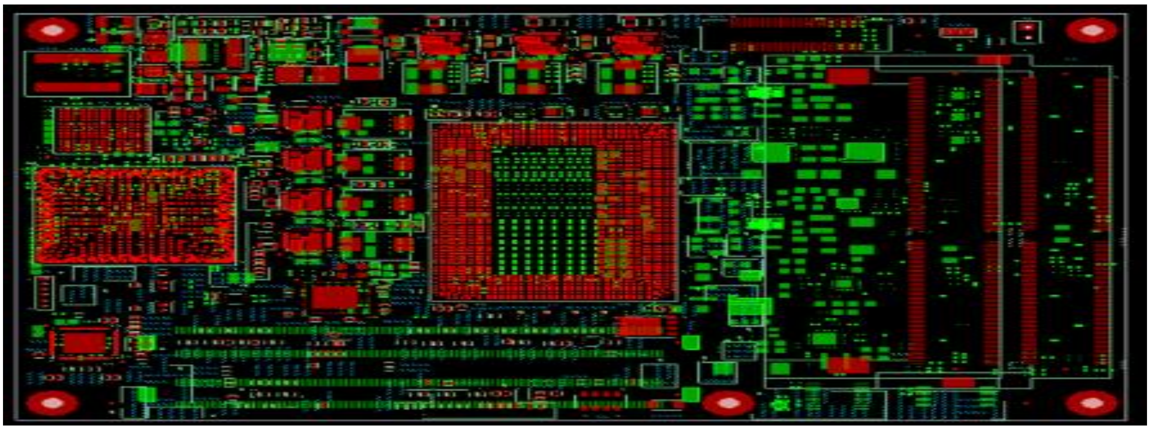


Our key customers in design services include TransDigm Technologies India Private Limited, Atonarp Micro Systems India Private Limited, Innominds Software Private Limited and ATOS Global IT Solutions & Services Private Limited. These customers primarily operate in the United States, Europe and India. As of March 31, 2022, the term of our relationship with our largest customers by revenue contribution in design services, ranges from approximately two to ten years.

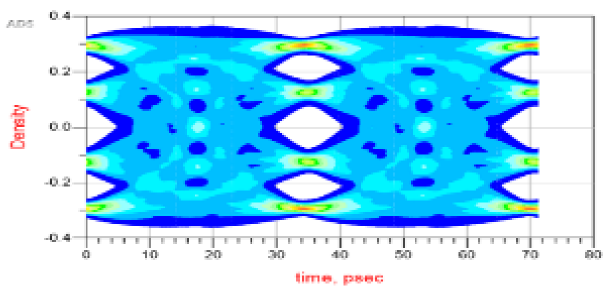
Set forth below are the four major departments of our design division:

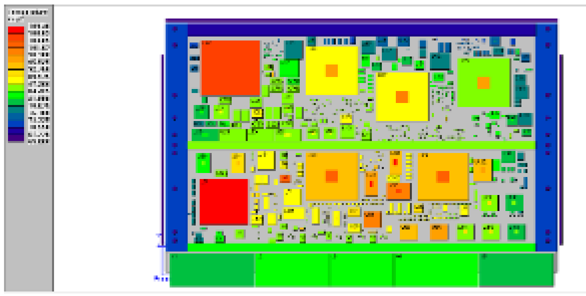
- *Library*: We ensure that the basic elements used in our designs are accurate and validated with intelligent data. To this end, we have a repository of 65,733 PCB footprints across software platforms, 4,153 schematic symbols, a 85,237 valor part library for design for manufacturing parts count, and 9,650 3D step model parts count in our library. This gives us a competitive advantage for faster design implementation.

- *PCB Design*: Our PCB layout team has designed complex PCBs used in the electronics industry including high end supercomputing, 5G, radar/networking, medical, power and certain other critical end-use applications. It has designed up to 72 layers of interconnect and has experience in micro-vias, mixed signal processing, high speed digital and high power designs. With a success rate of 99% in first time right designs, our team has completed more than 20,000 complex and high density interconnect ("**HDI**") designs for our customers.



- *Simulation & Analysis*: Beginning in 1997, our design team has been one of the earlier users of signal integrity analysis. We have since increased our portfolio of services to power integrity, system/board thermal analysis, EMI and reliability analysis. Our experience of handling high speed interfaces such as DDR5, PCIE – Gen5 and PAM4, and the customer success obtained in testing our design analysis, have helped us grow our business and maintain market leadership. This has enabled customers to build their electronic systems with lesser iterations including the recently launched India's own 5G test bed.

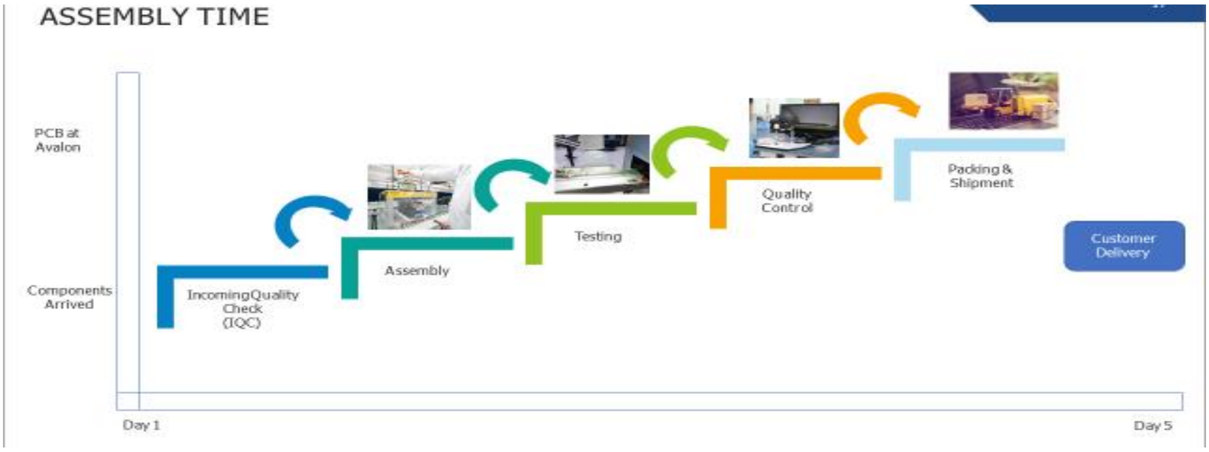




- *Design for Excellence*: We implement checks such as design for PCB fabrication (DFF) and design for assembly, thereby helping our customers to avoid costly reworks on PCBs. Given that we validate all manufacturing related specifications, we further help our customers to more quickly launch their products in the markets.

New Product Development

Our NPD division is equipped with an advanced PCB assembly/test facility focused on quick turn-arounds of assembly processes. This enables us to support turn-key solutions, and assists our customers to validate their designs and thereafter seamlessly move from designs to prototypes. In addition to aiding our customers to focus on their product roadmap, it allows us to gain early entry into the product life cycle. Our NPD division handles the latest technology of component packages in their NPD assembly line, including new releases of component packages by semiconductor companies, securing a competitive advantage for us in the PCB assembly market by a few years. Further, our NPD division includes a dedicated component sourcing team which focuses on getting the PCBs and components into the NPD facility at shorter timeframes.



Electronics Manufacturing Services

PCB Design and Assembly

We are a leading EMS provider serving customers across the globe. We are an end-to-end service provider of PCBAs, with in-house capabilities to support the entire value chain for our customers. From product concept, to design/prototyping, and on to volume production, we provide turnkey solutions to customers across multiple industries. Our services and capabilities include:

Printed Circuit Board (PCB) Design and Analysis

- Multiple PCB Design Software Tools – Cadence/Mentor/Altium/ADS
- 99% First Time Right PCB Designs
- Complex Layout Design
- Simulation and Analysis
- Component Footprint Libraries
- Design for Manufacturability and Test
- Rapid Prototyping Services

Printed Circuit Board Assembly (PCBA)

- Solder paste screen printing
- SMT pick and place automation
- THT assembly
- Ball grid array ("**BGA**") assembly and rework
- Double-and single-sided reflow
- Wave and selective soldering
- Clean room for Assembly and Testing for Class 1000
- RoHS compliance certification
- Conformal coating
- High mix / flexible volume production
- Serialization and traceability
- Reverse logistic support
- End of life product management and support

Inspection and Test

- Solder paste inspection ("**SPI**")
- Automated optical inspection ("**AOI**")
- In-circuit testing ("**ICT**")
- Flying probe testing ("**FPT**")

- Functional testing
- Burn-in testing
- X-ray inspection
- Regulatory compliance and certification

We provide a variety of services including highly complex double-sided PCB assembly, high mix assembly, low to medium volume assembly, flex and rigid PCB assembly, RoHS and non-RoHS processes, SMT assembly, through-hole and mix technology assembly, and backplanes assembly.

PCB Gallery

An overview of our PCBA capability is given below, along with a diagram of our typical workflow for a double sided (components on both sides), mixed technology (both SMT and THT components) PCBA. We continue to add equipment capabilities to our roadmap for the future.

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of PCBA SMT Lines	8	9	10
Production Capacity (in millions of component placements / year)	244	279	366
Total placements achieved (in millions of component placements / year)	181	139	234
Percentage Utilization (%)	74	50	64

Notes:

1. Capacity utilization has been derived from Component Placements per Hour (CPH) in the SMT Lines.

2. Assumptions and estimates taken into account for arriving at above include the following:

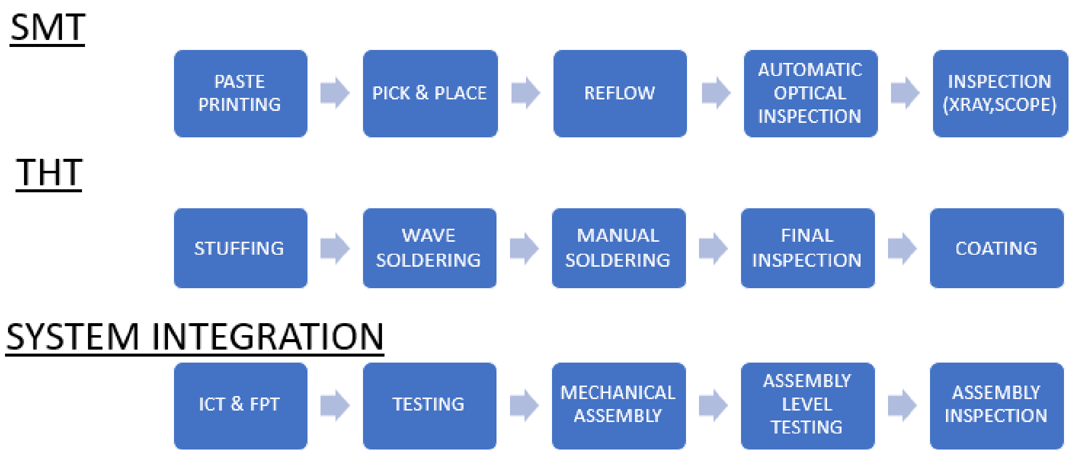
a. SMT lines rated at various efficiency percentages for various locations based on the extent of product mix, setup time and preventive maintenance.

b. Available capacity has been calculated based on two shifts

c. Fiscal 2021 was affected by COVID related disruptions and this has been factored in the above computation.

d. We have the ability to add a third shift for capacity expansion with additional manpower and other resources.

Typical Workflow for PCB Assembly



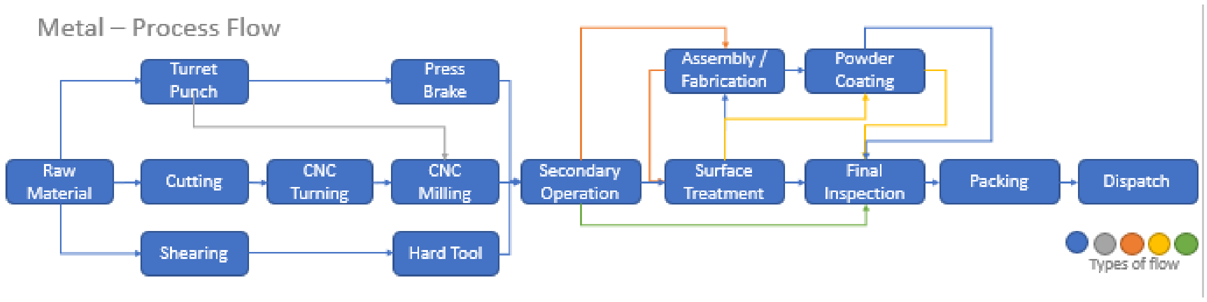
The following table sets forth details of our PCB assembly facilities as of March 31, 2022:

PCB Assembly facilities	Chennai	Bangalore	Atlanta	Total
Automatic SMT Lines	4	3	3	**10**
X-ray Machines	2	1	1	**4**
Automatic Optical Inspection systems	5	3	3	**11**
Wave Soldering Machines Leaded	2	1	1	**4**
Wave Soldering Machines Lead free	2	1	1	**4**
Conformal coating machines	2	2	1	**5**
In Circuit Tester	3	1	2	**6**
Flying Probe Tester	1	0	1	**2**
Potting Machine / Dispenser	1	1	0	**2**
Robot soldering	1	0	2	**3**
Thermal chamber	2	3	3	**8**
Selective Solder Machines	1	0	3	**4**
SPI Inline Machine	0	0	1	**1**
Stencil Cleaning Machine	1	0	1	**2**
BGA Rework Machine	1	1	1	**3**
X-ray reel counting machine	0	0	1	**1**

Our key customers in the PCB design and assembly business primarily operate in the US, India and Europe. Our key customers include Kyosan India Private Limited, Zonar Systems Inc., Caire Inc, e-Infochips Private Limited and TMEIC, Japan. As of March 31, 2022, the term of our relationship with our key customers ranges from five to ten years.

Metals/Sheet Metal Fabrication

Sheet metal fabrication is the process of forming desired shapes from metal sheets using various manufacturing methods, starting from CAD engineering to implementing other processes such as punching, bending, stamping, riveting, welding and surface finish treatment. We are an AS 9100D and ISO 9001:2015 certified company for sheet metal fabrications. We are certified for tungsten inert gas and resistance welding by the Center for Military Airworthiness and Certifications (CEMILAC), a regulatory body under the Defence Research and Development Organisation (DRDO) and by the National Aerospace and Defence Contractors Accreditation Program (NADCAP), a worldwide co-operative program within the aerospace and defense industry. Further, we have our own powder coating facility and an ecosystem of special process (such as surface treatments, heat treatment and X-ray inspection to mention a few) suppliers which enables us to manufacture both aero and non-aero products. We have a medium to complex sheet metal fabrication job shop and provide such services on all types of metals including mild steel, stainless steel, copper, aluminum and super alloys.



We serve our customers from the sheet metal fabrication business in various industries including industrial, aerospace, railways, power and communication. Our key customers include Collins Aerospace, The US Malabar Company and Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company. As of March 31, 2022, the term of our relationship with such customers ranges from approximately five to seven years.

Set out below are the capacity utilization figures of our sheet metal fabrication facilities:

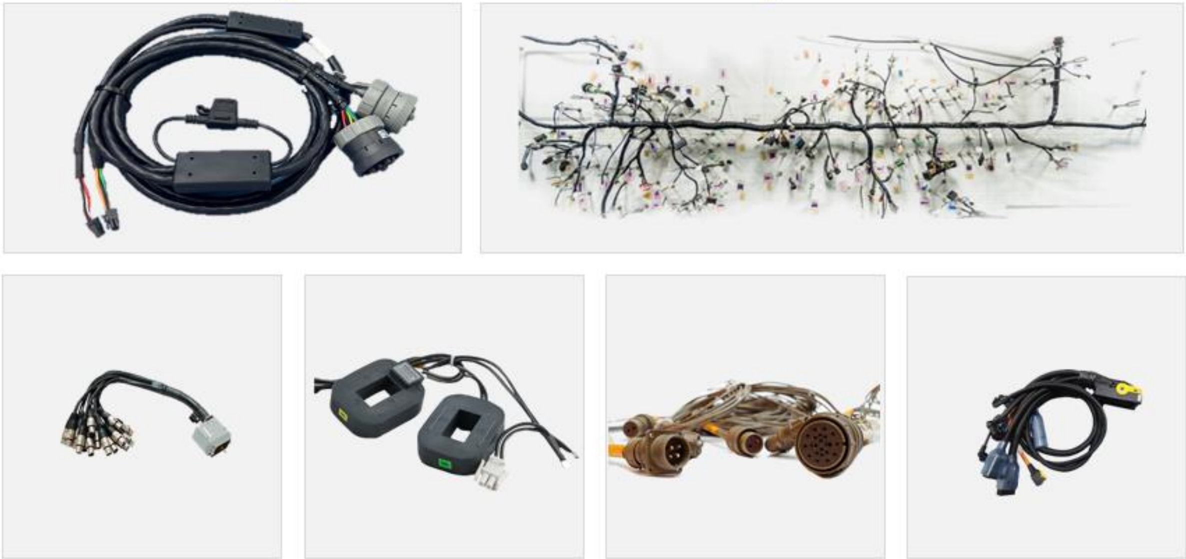
Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
Production Capacity (in millions of parts/ year)	2.7	2.3	2.7
Actual parts achieved (in millions of parts / year)	1.7	1.2	1.6
Percentage Utilization (%)	62	55	60

Notes:
1. Capacity utilization is calculated taking into account the average output from 32 machines.
2. Cycle time per part can vary considerably based on complexity of the part.
3. Theoretical parts per year is taken at 80% efficiency to account for setup time and preventive maintenance.
4. Capacity utilization calculation considers metal main facility and metal II as a single integrated unit.
5. Fiscal 2021 was affected by COVID related disruptions and this has been factored in our computation.
6. The metal operations for key machines run for three shifts and accordingly the calculation has been taken into account based on this.
7. We have the ability to add a third shift for capacity expansion with additional manpower and other resources.

Cable Assembly and Wire Harnesses

Our cable assembly and wire harness assemblies cover commercial and military applications and designs, which are customizable to suit specific demands of our customers. We maintain an integrated manufacturing facility for custom wire harnessing and over-molding, which is equipped to carry out processes such as automatic wire stripping, cutting, crimping, soldering, laser stripping and harness braiding. We also provide test solutions for high quality mold and die fixtures. Further, we conform to various international standards including those prescribed by the Institute for Printed Circuits and the United States Military. Our cable assembly and wire harness division is AS 9100D and ISO 9001:2015 certified.

Cable Assembly & Wire Harnesses Gallery



We serve our customers from the cables and wire harnesses business in various industries including solar, medical, power, industrial and automotive. As of March 31, 2022, the term of relationship with our key customers operating in the US, India and Europe, ranges from approximately four to seven years.

Set out below are the capacity utilization figures of our cable and wire harness assembly facilities:

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
Production Capacity (in millions of lead wires cut/ year)	17.2	15.1	17.2
Actual lead wires cut (in millions of lead wires cut/ year)	7.8	8.8	10.2
Percentage Utilization (%)	45	58	59

Notes:

1. Capacity utilization has been based on total number of lead wires cut, since for the production of cable, a combination of manual intervention and machine for lead wire cutting are utilized.

2. We have assumed 80% efficiency as applicable to manual and machine outputs. 80% efficiency comprises of setup time, preventive maintenance time and accounts for product mix.
3. Assumptions and estimates taken into account for arriving at above include the following:
a. We have calculated available capacity based on two shifts
b. Fiscal 2021 was affected by COVID related disruptions and this has been factored in our computation.
4. We have the ability to add a third shift for capacity expansion with additional manpower and other resources.

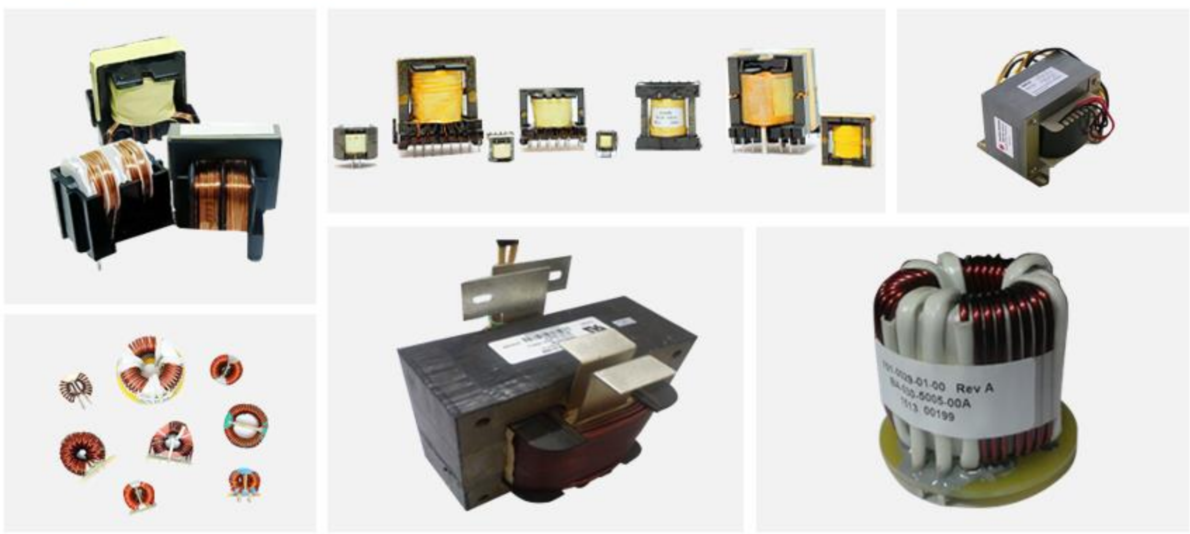
Magnetics

Our magnetics division, originally set up to serve as a supplier to our subsidiaries, is now rapidly evolving. Our products and services include the following:

- *Transformers*: Our transformers are used in various industries including aerospace, industrial and pharmaceuticals. Our single phase and toroidal transformers are used in invertor assemblies for step up and step down applications. While the three phase transformers are used in the CNC computer numerical control machine to provide power supplies for motors, the isolation transformers are used in medical computer devices and laboratory instruments. We also manufacture power transformers, current transformers, ferrite transformers and fly back transformers.

- *Chokes and Inductors*: We manufacture common mode and differential mode chokes, powered iron core inductors, ferrite core inductors, laminated core inductors and ferrite rod inductors.

Magnetics Gallery



Raw material → Winding → Core Fixing → Varnishing / Potting → Secondary Process → Testing → Final Inspection

We derive a majority of our revenues in this division from our subsidiaries, ATL and Sienna.

Our magnetics division is largely a labor intensive unit and our ability to increase capacity is contingent on our ability to increase our manpower.

Set out below are the capacity utilization figures of our magnetics facilities:

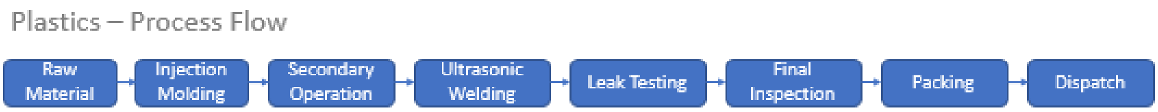
Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
Production Capacity (in thousands of transformers varnished / year)	25	26	34
Total transformers varnished (in thousands / year)	13	12	22
Percentage Utilization (%)	55	47	64

Notes:

1. Transformers varnished has been used as the central metric for capacity utilization calculation. Transformer varnish operations operate for three shifts and we have assumed the same
2. In Fiscal 2020, three phase transformer winding machine was operational only for the last three months, being a new machine. Available capacity was accordingly adjusted
3. In Fiscal 2021, an accidental fire incident at our magnetics facility rendered the plant inoperable for one month and hence available capacity was accordingly adjusted
4. In Fiscal 2022, our magnetics plant was fully operational.
5. We have the ability to add a third shift for capacity expansion with additional manpower and other resources as magnetics is a highly manpower intensive manual operation.

Injection Molded Plastics

We specialize in small precise plastic injection molded parts for a variety of applications including aerospace. We use various types of plastic resins and additives in our injection molding process, including polyetherimide, polyphthalamide, polyphenylene sulphide, polyethylene terephthalate, polybutylene terephthalate, polycarbonate, polyphenylene ether, polyoxy methylene, acrylonitrile butadiene styrene and acrylonitrile butadiene styrene. In addition to injection molding, we also undertake ultrasonic welding, a solid-state welding process that produces a weld by local application of high-frequency vibratory energy.



Our plastics division is AS 9100 certified. We serve our customers from the injection molding plastic business in various industries including aerospace, industrial and power. The term of relationship with our key customers such as Collins Aerospace, operating in India and the US, is approximately seven years as of the date of this Draft Red Herring Prospectus.

Set out below are the capacity utilization figures of our plastics/injection molded plastics facilities:

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
Production Capacity (in millions of parts / year)	1.0	1.0	1.0
Actual parts achieved (in millions of parts / year)	0.4	0.4	0.5
Percentage Utilization (%)	39	38	53

Notes:
1. Capacity utilization is calculated taking into account the average output from six machines.
2. Theoretical parts per year is taken at 80% efficiency to account for setup time and preventive maintenance.
3. Fiscal 2021 was affected by COVID related disruptions and this has been factored in the above computation.
4. The plastic operations for key machines run for two shifts and therefore we have calculated based on the same
5. We have the ability to add a third shift for capacity expansion with additional manpower and other resources.

End-to-End Box Build

Our vertically integrated capabilities through our business verticals including cables and wire harnesses, plastics/injection molded plastics, metals/sheet metal fabrication, PCB design and assembly, and magnetics, enable us to manufacture highly complex, big and medium forms of electromechanical assemblies that are either turn-key products or critical sub-systems/sub-assemblies for OEMs.

An electromechanical assembly process typically starts from the cabinet/ enclosure preparation, followed by power and electronic component assembly, PCB assembly, harness assembly and routing, system integration assembly, torque process for fastening, non-functional testing such as hi-pot tests for safety and continuity, functional testing and quality visual inspection.

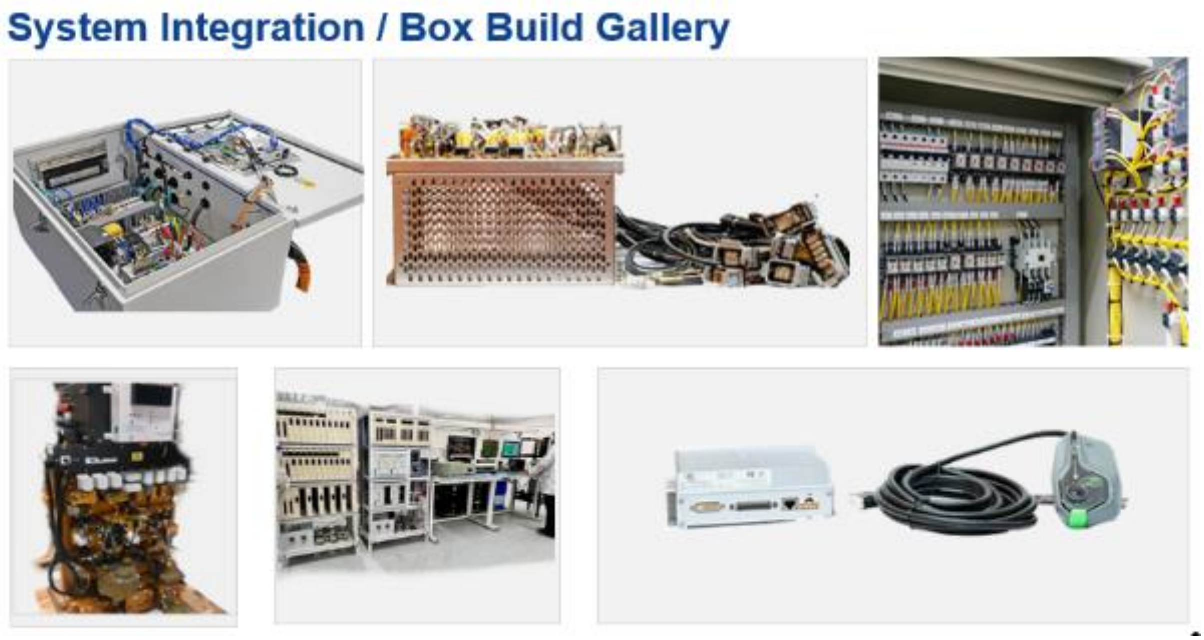
The following are certain illustrations of complex box build assemblies:

CONTROL PANEL ASSEMBLIES

Railway Signalling Panel

Power Distribution Industrial Panel

Tele-Communication Panel



We generate revenues in the end-to-end box build business from our key customers, primarily operating in the mobility, industrial and communication sectors. As of March 31, 2022, the term of our relationship with such customers Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company, e-Infochips Private Limited, Kyosan India Private Limited and Zonar Systems Inc. ranges from approximately two to ten years.

The approximate weighted average group capacity utilization is estimated as follows.

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Group Capacity Utilization	67%	52%	63%

Notes:
1. *The weighted average capacity for each offering has been arrived by multiplying the weights into the original capacity calculation.*
2. *The figures arrived in point 1 above are then summed to arrive at a group capacity utilization.*
3. *Please note due to the difficulty of capturing capacity utilization for Box build and Design services, the same has been omitted for the purpose of this calculations*
4. *The weights have been arrived at using revenue proportion for each offering for each year.*

DESCRIPTION OF CONTRACTS

Typically, the product procurement process followed by our customers entails such customers issuing a request for proposal ("**RFP**") with specific requirements to a limited number of suppliers. The suppliers then send a detailed proposal including the price quote. Thereafter, the customers typically conduct a technical evaluation and price evaluation. The lowest bidder satisfying the technical criteria is decided based on all costs, including logistics, warranty and servicing. Finally, the customer issues a purchase order, based on which the supplier will provide the products and services. Under the terms of the purchase orders we receive, bullet payments are made at the time of delivery on proof of dispatch, proof of receipt and inspection of the products, etc. The final products are delivered as per the delivery schedule under the purchase orders. Our customers detail the specifications of the products and we are required to supply the products in accordance with such specifications. For our product development business, the customers issue the purchase order; and we enter into a long-term agreement for mass manufacturing after a prototype has been agreed on.

CLIENT CASE STUDIES

Set out below are certain client case studies, which depicting our capabilities and strengths.

Combustion Liner – an aircraft engine part – Sheet metal fabrication

We provide sheet metal fabrication by manufacturing and assembling 32 sheet metal child parts with high temperature alloys involving complexities like specialized welding processes, brazing and heat treatment, for a customer in the aerospace industry.

The product delivery system involves working on the process flow diagram, stage wise and manufacturing control plan. As of the date of this Draft Red Herring Prospectus, we have delivered over 4,000 combustion liners for this customer.

Piston assembly – for a fuel system – Injection moulded plastic

We provide a plastic piston assembly part as per customer print, for a customer in the industrials vertical. This part is eventually used in the fuelling system of the customer's product.

Delivery of this product involves working on the intricate injection insert moulding, ultrasonically welding seals and ensuring that it is leak proof between the fuel and non-fuel side plastics. We were able to develop the part and design the process for mass production. We have successfully ramped up production of this product and have delivered more than 30,000 pieces of this product, as of the date of this Draft Red Herring Prospectus.

Inverter – Box build / System integration

We deliver the complete box build for a customer in the clean energy vertical.

We were initially engaged by the customer initially only for PCBA and have expanded into building the complete product, thereby leveraging our vertically integrated manufacturing capabilities. By increasing our wallet share for this customer, we also brought logistics efficiency for this customer.

Control Unit for Pneumatic Braking system – Box build / System integration

We deliver the control unit and box build for a customer in the mobility (rail) vertical. The product is used in the pneumatic braking system of the locomotive.

Delivery of this product involves working on the component engineering, mechanical fitment analysis, rugged mechanical enclosure design and build, PCBA redesign and adherence to environmental and reliability specifications.

Production of this product requires PCBA, cables, fabricated sheet metal and system integration from the various divisions of our Company.

Control unit for Railway signalling system – Box build / System integration

We deliver the control unit for the railway signalling system for a customer in the mobility (rail) sector. The customer is in an international railway signalling contractor.

Delivery of this product involves PCBA, cables, fabricated sheet metal and system integration from the various divisions of our Company. As on the date of this Draft Red Herring Prospectus, we have delivered over 900 control units for railway signalling system.

PRODUCTION

Set out below is a graphical representation of the locations of our manufacturing facilities

Our manufacturing and assembly operations are conducted across four locations: two in India, in the states of Karnataka and Tamil Nadu and two in the US in the states of California and Georgia. Our factories comprise a total aggregate of 65 production lines, consisting of ten SMT lines, 12 THT lines and 43 assembly lines. Our manufacturing and assembly lines include dedicated and flexible lines. We have dedicated lines which are specialized and tailored to few specific customers such as e-Infochips Private Limited and Kyosan India Private Limited. We also have flexible lines which can be allocated to any unit as and when required. This ensures maximum capacity utilization and mitigates the risk of idle non-producing lines.

Set out below are details of our manufacturing facilities and quality certification

Sl.No	Divisions	Certifications standards	Certification body	Valid Up to
1	ATS, Chennai (Magnetics)	ISO 9001:2015	TUV SUD	September 9, 2024
2	ATS Bengaluru, (PCBA)	ISO 9001:2015	TUV SUD	September 9, 2024
		ANSI/ESD S20.20-2014	NQA	July 2, 2023
3	ATS, Chennai (Metal, Plastics, Powder coating)	ISO 9001:2015	TUV SUD	August 18, 2024
		AS 9100D	TUV SUD	August 18, 2024
4	Avalon, Chennai (PCBA)	ISO 9001:2015	TUV SUD	June 6, 2024
		IATF 16949:2016	TUV SUD	May 26, 2024
5	Avalon, Chennai (Cable)	ISO 9001:2015	TUV SUD	August 23, 2023
		IATF 16949:2016	TUV SUD	May 26, 2024
		AS 9100D	TUV SUD	August 18, 2024

Sl.No	Divisions	Certifications standards	Certification body	Valid Up to
6	ABV Electronics Inc (Fremont, CA, USA)*	ISO 9001:2015	DNV	April 17, 2024
7	ABV Electronics Inc (Suwanee, GA, USA)*	ISO 9001:2015	DNV	April 6, 2024
8	ABV Electronics Inc (Suwanee, GA, USA)*	ISO 13485:2016	DNV	April 6, 2024

Provides design support services, cable assemblies, PCB assemblies and system integration / box build.

We consume a substantial amount of power and fuel for our business operations. Our power requirement for our manufacturing facilities in India is sourced from local providers and the state electricity board. Our manufacturing processes require an uninterrupted supply of power and fuel in order to ensure that we are able to manufacture high quality products. We have also installed generators in our manufacturing facilities to ensure a constant supply of power. In Fiscals 2020, 2021 and 2022, power and fuel expenses amounted to ₹51.41 million, ₹44.78 million and ₹50.68 million, which accounted for 0.81%, 0.67% and 0.65%, respectively, of our total expenses.

RAW MATERIALS, COMPONENTS AND SUPPLY CHAIN

We mainly source our raw materials, including integrated circuits, sensors and transistors, from certain suppliers including from the United States.

Raw materials comprise a major portion of cost for all our products. Our total cost of goods sold (which includes cost of materials consumed and change in inventories of finished goods, work in progress and stock in trade) for Fiscals 2020, 2021 and 2022 was ₹4,112.52 million, ₹4,559.99 million and ₹5,541.33 million, which constituted 62.96%, 65.53% and 65.07%of our total income for such periods. Our ability to manage relationships with our domestic as well as international suppliers is a key competitive advantage and is critical to maintaining a cost-competitive margin structure. This advantage is largely dependent on the scale of our manufacturing.

We have a robust supplier network, which includes suppliers, in India and overseas. Most of our major suppliers are separately audited and verified by our supplier quality engineers. We have comprehensive documented procedures for vendor selection and certification. We also conduct audits to ensure compliance with our quality standards and specifications.

DISTRIBUTION AND LOGISTICS

Once the products are finished, we carry out the packaging at our manufacturing facilities in accordance with the specifications provided by the customers. Most of our orders are on an ex-works basis and transportation of products from our manufacturing facilities is the responsibility of the customer. In certain instances, where we handle logistics, it is mostly executed through third party freight forwarders.

ENGINEERING CAPABILITIES

Robust engineering capabilities are critical to maintaining our competitive position in our business verticals, and to addressing changing consumer trends, industry developments and business models. Our engineering initiatives broadly focus on production process development, cost optimization through design for manufacture (DFM) methodologies, operating efficiencies, and environmental management by understanding current market demands and evolving customer trends. Our new product development efforts are particularly geared to go from sample development to production with optimal lead time. Engineering is a continuous process and our engineering team is constantly engaged in creating or improving our manufacturing processes.

QUALITY CONTROL

We place strong emphasis on product and process quality control, which we consider crucial to our success. We have established a strict quality management system, which is designed to ensure quality product design, production efficiency and high yields at our manufacturing facilities.

We subject our products to a rigorous multi-stage design and manufacturing process, beginning with component selection, supplier qualification and management, thorough reliability testing, design simulation, reviews, tests and manufacturing. These controls are followed for each vertical and are managed by a team dedicated to quality management. Quality checks are undertaken at various stages, including for incoming raw material / components, during the work in process stage, at packaging and lastly, a quality check is undertaken prior to dispatch of our products.

We have obtained ISO 9001:2015, IATF 16949:2016, AS 9100D, ISO 13485:2016 certifications certifying implementation of quality management system for manufacturing of our products and NADCAP certification for welding. In addition, we have obtained Research Design and Standards Organization approval, Centre for Development of Telematics approval and approval from the Defence Research and Development Organization.

SALES AND MARKETING

As of June 30, 2022, our marketing team consists of 25 members. We have an established marketing team in India, comprising 22 members, and in the US, comprising three members, as of June 30, 2022.

Our teams approach new customers to display our capabilities to bring in new business and, accordingly, our existing customers often approach us to get additional/new products manufactured. We follow a business development process for customer acquisition and retention for both new and existing customers. For example, the process includes receiving product details from product manager, internal review of inputs and clarifications from customer, prepare product development activities and review product characteristics, conduct prototype run and product testing, incorporate customer feedback and prepare required facilities, work plans and control modules, design packaging, receive quality sign offs and release of production documentation. Our strong relationships with our customers as well as our strategy to cross sell our products to existing customers enable us to market our products with negligible expenditure on marketing.

INSURANCE

Our operations are subject to various risks inherent in manufacturing operations, such as work accidents, fire, theft, earthquake, flood, acts of terrorism and other *force majeure* events. For certain of our manufacturing facilities, we maintain a standard fire and special perils insurance policies for certain movable and immovable assets, and for stock and tools as well as a burglary insurance policies for certain movable assets and for stock and tools. We also maintain a commercial general liability insurance policies and. In addition, we also maintain group mediclaim policy, group personal accident, money insurance policy marine cargo open insurance policy, insurance for workmen compensation, buyer exposure insurance, insurance for machinery breakdown, all risk insurance, electronic equipment insurance, plate glass insurance, public liability insurance (non-industrial risk), private car bundled insurance policies and two wheeler liability insurance and fidelity guarantee insurance policy.

INTELLECTUAL PROPERTY

Our Company is a build to print company, therefore there are no registered trademark or patents with respect to product, sub assembly or assembly design. However, in certain cases, we initiate design and process innovation keeping in mind ‘Design For Manufacturing’ (DFM) methods. As on the date of this Draft Red Herring Prospectus, our Company has not filed any patents or trademarks for such innovations. Further, our Company has submitted application for registration of our corporate logo under classes 6, 7 and 9 and the same have been published in the trade marks journal in accordance with the Trade Marks Act, 1999.

Further, we deal with confidential information such as drawings, 3D models, process information and specifications provided by our customers. Protection of our customers’ intellectual property is critical to our business. Our clients retain ownership of all associated intellectual property, including those they provide to us and those arising from the services we provide. We execute non-disclosure agreements with each of our customers to protect their intellectual property and we ensure that similar non-disclosure agreements are executed with our suppliers and sub-contractors to ensure protection of our customers’ intellectual property, with the same degree of care as the customer expects of the company.

For a list of intellectual property owned and registered by us, see “*Government and Other Approvals – Intellectual Property Rights*” on page 406. We cannot be certain that the steps we have taken will prevent unauthorized use of our intellectual property. See “*Risk Factors— If we are unable to protect our intellectual property or if we* *infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected*” on page 51.

EMPLOYEES

Our employees contribute significantly to each of our business operations. As of June 30, 2022, we had 1,652 permanent employees. In addition, we have entered into arrangements with third party personnel companies for the supply of contract staff, and as on June 30, 2022, we engaged 281 such contract staff.

Set out below are employee details categorized by company as of June 30, 2022:

Company	Number of Employees				
	Staff	Worker	Consultant	Contract Labor	Total
Avalon Technologies	333	433	14	130	910
Our Subsidiaries					
Avalon Technology and Services – Chennai	185	161	2	110	458
Avalon Technology and Services – Bengaluru	101	187	1	0	289
Sienna ECAD	138	4	0	0	142
Sienna	54	56	0	24	134
Grand Total	**811**	**841**	**17**	**264**	**1,933**

Set out below are employee details categorized by function as of June 30, 2022:

Department	Number of Employees					
	Avalon Technologies	Avalon Technology and Services - Bengaluru	Avalon Technology and Services - Chennai	Sienna	Sienna ECAD	Total
Business Development/Sales/Marketing	4	6	6	3	6	25
Finance	33	6	6	4	5	54
Human Resources and Administration/Environment, Health and Safety	20	8	4	3	6	41
Maintenance	19	7	13	2	-	41
Production	587	187	313	91	-	1,178
Program Management	24	8	11	5	-	48
Quality	95	28	59	9	11	202
Sourcing	10	-	-	-	-	10
Supply Chain/Exim/Logistics	45	9	11	6	-	71
NPI	5	9	1	-	-	15
Engineering	50	15	27	7	110	209
Operations /Management	1	1	2	4	1	9
IT /SAP	17	5	5	-	3	30
Grand Total	**910**	**289**	**458**	**134**	**142**	**1,933**

Our success depends to a great extent on our ability to recruit, train and retain quality managerial and technical professionals. We place significant emphasis on training our personnel and increasing their skill levels, and fostering ongoing employee engagement in our Company. We organize in-house training for our employees through skill building programs and professional development programs at various levels and across various functions. Our human resources department continuously focuses on employee engagement and motivation, which further helps in achieving the strategic objectives of the organization. Our human resources practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner.

As of June 30, 2022, none of our employees were members of labor unions.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE MATTERS

We are subject to various environmental protection laws and regulations in India and in the United States. Our manufacturing facilities' by-products primarily comprise scrap metal, plastics and electric materials. Where possible, we have entered into an agreement with recycling / disposing companies who recycle these by-products or dispose of the same in an authorized manner prescribed by the government. We have not been subject to any material fines or legal action involving non-compliance with any applicable environmental laws or regulations, nor are we aware of any threatened or pending action against us by any environmental regulatory authority.

We have a system of recording and handling accidents in accordance with our relevant internal policies. Our manufacturing, administrative and human resources teams, from time to time, may adjust our internal policies to accommodate for material changes that have been implemented under the relevant labor and safety laws. This ensures our compliance with the applicable laws and regulations. In order to ensure the safety of our workforce, we implement operational procedures and safety standards for our manufacturing process, including fire safety, plant protection, work-related injuries, electricity safety, and emergency and evacuation procedures. We provide our workforce with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure its smooth and safe operation. We have not encountered any safety-related accidents that had any material impact on our operations in Fiscal 2020, 2021 and 2022, and during that period no material claim has been brought against us as a result of an accident.

INFORMATION TECHNOLOGY

We have implemented various IT policies governing the Company's computing and IT communication resources. We have executed a software license agreement for purchase of enterprise resource planning software solutions to cover key areas of our operations. We intensively use technology in relation to sales order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling materials requirement planning/ direct material procurement. We intend to continue to focus on and make investments in our IT systems and processes, including our backup systems, to improve our operational efficiency, customer service and decision making processes; and to reduce manual intervention and the risk of system failures and the negative impacts these failures may have on our business, thereby improving reliability and efficiency of our business and operations. We have also implemented a company-wide SAP ERP system. This system is used to manage and co-ordinate all resources, information and functions of the business on a real-time basis. This also helps in integration of different functional areas to ensure proper communication, material management, production planning, productivity, quality and efficiency in decision making. It further helps in tracking customer demands and assisting in maintaining optimum inventory levels. We have a dedicated IT team that is responsible for maintaining the SAP ERP system.

COMPETITION

We face competition from Indian EMS providers such as Dixon Technologies India Ltd, Amber Enterprises India Ltd, Elin Electronics Ltd, Syrma SGS Technology Ltd, Kaynes Technology India Ltd, VVDN Technologies Pvt Ltd and Bharat FIH Ltd, SFO Technologies Pvt Ltd, international providers such as Hon Hai Precision Industry Co. Ltd. (Foxconn), Pegatron Corp, Quanta Computer, Inc., Compal Electronics, Inc., Wistron Corp, Flex Ltd, Jabil, Inc., and Sanmina Corp. (*source: F&S Report*)

CORPORATE SOCIAL RESPONSIBILITY

We have constituted a Corporate Social Responsibility Committee and have adopted a Corporate Social Responsibility ("**CSR**") policy on June 9, 2022 and in Fiscals 2021 and 2022, we spent ₹1.75 million and ₹2.83 million, respectively, towards our CSR activities.

PROPERTY

Our registered and corporate office is B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai 600045, Tamil Nadu, India. We operate two manufacturing facilities in the US in Fremont, California and Atlanta, Georgia. We have seven manufacturing facilities in Chennai, Tamil Nadu, one manufacturing facility in Kanchipuram, Tamil Nadu and two manufacturing facilities in Bengaluru, Karnataka. As of the date of this Draft Red Herring Prospectus, all of our manufacturing facilities and offices, including our registered and corporate office, are held on a leave-and-license or leasehold basis. Additionally, our Company has won the e-auction conducted by the

MEPZ for the building located at MEPZ, Chengalpattu, Chennai and a sale deed for the same has been executed by our Company.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain key statutes, rules, regulations, notifications, memorandums, circulars and policies which are applicable to our Company, the Indian Material Subsidiary and the business undertaken by our Company.

Taxation statutes such as the Income Tax Act, 1961, the Customs Act, 1962 and the relevant goods and service tax legislation apply to us as they do to any Indian company. For details of government approvals obtained by our Company and Material Subsidiaries, see "Government and Other Approvals" beginning on page 403.

The information detailed in this chapter, is based on the current provisions of key statutes, rules, regulations, notifications, memorandums, circulars and policies which are subject to amendments, changes and/or modifications. 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 indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended b subsequent legislative, regulatory, administrative or judicial decisions.

INDUSTRY-SPECIFIC LEGISLATIONS APPLICABLE TO OUR COMPANY AND INDIAN MATERIAL SUBSIDIARY

Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2021

The Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2021 (the "Compulsory Registration Order") has been notified in supersession of the Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012. The Compulsory Registration Order states that the manufacturing, storage, import, sale or distribution of goods, which do not meet the specified standard and/or bear a self-declaration confirming conformance to the relevant Indian standard is prohibited. Such goods shall also bear the "Standard Mark" under a license from the Bureau of Indian Standards in accordance with the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018. The only exception is for those goods or articles which are meant for export which conform to the specification required by the foreign buyer and to goods or articles, for which the Central Government has issued a specific exemption letter, based on reasons to be recorded in writing.

Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010

The Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 lay down regulations for safety requirements for electric supply lines and accessories (meters, switchgears, switches and cables). It requires all relevant specifications prescribed by the BIS or the International Electro-Technical Commission to be adhered to. These include requiring all electric supply lines and apparatus to:

a) have sufficient rating for power, insulation and estimated fault current;

b) be of sufficient mechanical strength for the duty cycle which they may be required to perform under the environmental conditions of installation;

The supplier is also required to provide a suitable switchgear installation in each conductor of every service line other than an earthed or earthed neutral conductor or the earthed external conductor of a concentric cable within a consumer's premises and such switchgear is required to be encased in a fireproof receptacle.

The construction, installation, working and maintenance of such supply lines must be in a method which will ensure the safety of human beings, animals and property.

Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016, as amended (the "**Bureau of Indian Standards Act**"), provides for the establishment of a bureau for the standardization, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others (a) adopt as an Indian standard, any standard established for any goods, article, process, system or service by any other institution in

India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any goods, article, process, system or service in relation to which the standard mark has been used conforms to the relevant standard or whether the standard mark has been properly used in relation to any goods, article, process, system or service with or without a license.

Bureau of Indian Standards Rules, 2018

The Bureau of India Standards Rules, 2018 (the "**Bureau of Indian Standards Rules**") have been notified, in supersession of the Bureau of Indian Standards Rules, 1987, in so far as they relate to Chapter IV A of the said rules relating to registration of the articles notified by the Central Government, and in supersession of the Bureau of Indian Standards Rules, 2017 except in relation to things done or omitted to be done before such supersession. Under the Bureau of Indian Standards Rules, the bureau is required to establish Indian standards in relation to any goods, article, process, system or service and shall reaffirm, amend, revise or withdraw Indian standards so established as may be necessary.

Legal Metrology Act, 2009

The Legal Metrology Act, 2009, as amended (the "**Metrology Act**"), was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Metrology Act states that any transaction/contract relating to goods/class of goods or undertakings shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state. Rules are issued under the Metrology Act to regulate various matters including pre-packing, sale, distribution and delivery of commodities in packaged form.

Fire prevention laws

The state legislatures in India have the power to endow the municipalities with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India, which includes fire prevention and firefighting services. The state legislatures have also enacted fire control and safety rules and regulations such as the Tamil Nadu Fire Service Act, 1985 read with Tamil Nadu Fire Services Rules 1990, and the Karnataka Fire Services Act, 1964, which are applicable to our manufacturing facilities established in Tamil Nadu and Karnataka. The legislations include provisions in relation to fire safety and life saving measures by occupiers of buildings, licensing provisions and penalties for non-compliance.

National Policy on Electronics, 2019 ("NPE, 2019")

The NPE, 2019 envisions positioning India as a global hub for Electronics System Design and Manufacturing - (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally. The NPE 2019 replaces the National Policy of Electronics 2012. The NPE 2019 when implemented will lead to formulation of several schemes, initiatives, projects, etc., in consultation with the concerned Ministries/ Departments, for the development of ESDM sector in the country. It will enable flow of investment and technology, leading to higher value addition in the domestically manufactured electronic products, increased electronics hardware manufacturing in the country and their export, while generating substantia! employment opportunities.

Labour law legislations

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following in an indicative list of labour laws which may be applicable to our Company due to the nature of our business activities:

The Factories Act, 1948 ("Factories Act")

The term '*factory*', as defined under the Factories Act, includes any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power. State Governments have issued rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act mandates the '*occupier*' of a factory to ensure the health, safety and welfare of all workers in the factory premises. Further, the "*occupier*" of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training and supervision to ensure workers' health and safety; and (iv) cleanliness and safe working conditions in the factory premises. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

Employees' Compensation Act, 1923

The Employees Compensation Act, 1923 ("**EC Act**") (and the amendments thereof) provides for payment of compensation to injured employees or workmen by certain classes of employers for personal injuries caused due to an accident arising out of and during the course of employment. Under the EC Act, the amount of compensation to be paid depends on the nature and severity of the injury. The EC Act also lays down the duties/ obligations of an employer and penalties in cases of non-fulfilment of such obligations thereof. There are separate methods of calculation or estimation of compensation for injury sustained by the employee. The employer is required to submit to the Commissioner for Employees' Compensation a report regarding any fatal or serious bodily injury suffered by an employee within seven days of death\serious bodily injury.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "**EPF Act**") is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act frames Employees Provident Scheme, 1952

The Employees' State Insurance Act, 1948 (the "**ESI Act**") an act to provide for certain benefits to employees in case of sickness, maternity and 'employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government) other than seasonal factories. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

Shops and establishments legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All industries have to be registered under the shops and establishments legislations of the state where they are located. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations.

Environmental laws

***The Environment (Protection) Act, 1986* ("*EPA*")**

The EPA has been enacted for the protection and improvement of the environment. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take all measures necessary to protect and improve the environment such as laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and generally to curb environmental pollution.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. Any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the consent of the relevant state pollution control board by making an application.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards. The Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. The term "*hazardous waste*" has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an "*occupier*". Every occupier and operator of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and must pay any financial penalty that may be levied by the respective state pollution control board.

The Batteries (Management and Handling) Rules, 2001, as amended ("Batteries Rules")

The Batteries Rules are framed under the EPA and apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. It prescribes the responsibilities of manufacturer, importer, assembler and dealers of the batteries as well as lays down the responsibilities of the recycler of the batteries.

In addition to the above-mentioned environmental laws, following in an indicative list of the environmental laws which may be applicable to our Company due to the nature of the business activities:

- Plastic waste management Rules, 2016;
- Bio-medical waste management Rules, 2016;
- E-waste (Management) Rules, 2016;
- Ozone Depleting Substances (Regulation and Control) Rules, 2000;
- Noise Pollution (Regulation and Control) Rules, 2000, as amended; and
- Gas Cylinders Rules, 2016.

Tax laws

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every domestic or foreign company whose income is taxable under the provisions of this Act or rules made under it depending upon its "Residential Status" and "Type of Income" involved. Under section 139(1) every Company is required to file its income tax return for every previous year by October 31 of the assessment year. Other compliances like those relating to tax deduction at source, fringe benefit tax, advance tax, and minimum alternative tax and the like are also required to be complied with by everycompany.

Goods and Service Tax ("GST")

GST is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST is levied as Dual GST separately but concurrently by the Union (central tax - CGST) and the States (including Union Territories with legislatures) (State tax - SGST) / Union territories without legislatures (Union territory tax- UTGST). The Parliament has exclusive power to levy GST (integrated tax-IGST) on inter-State trade or commerce (including imports) in goods or services. It was introduced as The Constitution (One Hundred and First Amendment) Act, 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India.

Central Goods and Services Tax Act, 2017 ("CGST Act")

CGST Act regulates the levy and collection of tax on the intra-State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs.

The Customs Act, 1962

All the laws relating to customs are consolidated under the Indian Customs Act, 1962. The provisions relating to appointment of customs ports, airports, warehousing stations are laid down under the Act. There shall be absolute or partial prohibition on import or export of goods by the Central Government for maintenance of security in India. The interest on levy of or exemption of customs duty is laid down under Chapter V of the Act. The clearance of imported goods and export shall not apply to baggage and goods imported or to be exported by post.

Foreign Investment Laws

The Foreign Trade (Regulation and Development) Act, 1992 and the rules framed thereunder ("FTA")

The FTA is the main legislation concerning foreign trade in India. The FTA, read along with Foreign Trade (Regulation) Rules, 1993, provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. The FTA seeks to increase foreign trade by regulating imports and exports to and from India. It authorizes the government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The FTA read with the Indian Foreign Trade Policy, 2015-20 (extended till March 31, 2021) prohibits anybody from undertaking any import or export except under an Importer-Exporter Code number ("**IEC**") granted by the Director General of Foreign Trade pursuant to section 7. Hence, every entity in India engaged in any activity involving import/export is required to obtain an IEC unless specifically exempted from doing so. The IEC shall be valid until it is cancelled by the issuing authority. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

The Foreign Exchange Management Act, 1999 ("FEMA") and regulations framed thereunder

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications thereunder, as issued by the RBI from time to time and the FEM Rules and the FDI Policy. In terms of the FDI Policy, foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which the foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA has now been entrusted to the concerned administrative ministries/departments.

The FEM 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. The total holding by any individual NRI, on a repatriation basis, shall not exceed five percent of the total paid-up equity capital on a fully diluted basis or shall not exceed five percent 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 percent may be raised to 24 percent if a special resolution to that effect is passed by the general body of the Indian company.

The total holding by each FPI or an investor group, shall be less than 10 percent of the total paid-up equity capital on a fully diluted basis or less than 10 percent 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 FPIs put together, including any other direct and indirect foreign investments in the Indian company permitted under these rules, shall not exceed 24 per cent of paid-up equity capital on a fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10 percent and 24 percent shall be called the individual and aggregate limit, respectively.

With effect from April 1, 2020, the aggregate limit shall be the sectoral caps applicable to Indian company as laid out in paragraph 3(b) of Schedule I of FEM Rules, with respect to paid-up equity capital on fully diluted basis or such same sectoral cap percentage of paid-up value of each series of debentures or preference shares or share warrants. Further, in accordance with Press Note No. 4 (2020 Series), dated October 15, 2020 issued by the DPIIT, all investments 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 of India, as prescribed in the FDI Policy.

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.

Overseas Direct Investment ("ODI")

In terms of the Master Direction No. 15/2015-16 on "Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad" issued by the RBI, dated January 1, 2016, an Indian entity is allowed to make ODI under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a financial year would require prior approval of the RBI.

Foreign Trade Regulations

Imports and exports are governed by the Foreign Trade (Development and Regulation) Act, 1992, as amended (the "**FTDR**") and the Export and Import Policy (the "**EXIM Policy**") formulated by the Central Government from time to time. FTDR provides for an Importer Exporter Code ("**IEC**") to be granted to those persons licensed to carry out imports and exports, which may be suspended or cancelled in case of violation of the provisions of FTDR or the EXIM Policy. No person is allowed to carry out imports and exports without a valid IEC. Failure to mention IEC number attracts a penalty of not less than ₹10,000 and not more than five times the value of the goods or services or technology in respect of which any contravention is made or is attempted to be made, whichever is more.

Competition Act, 2002 ("Competition Act")

The Competition Act is an act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of (i) certain agreements such as anti-competitive agreements and (ii) abuse of dominant position and regulation of combinations. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Competition Act.

The prima facie duty of the Competition Commission of India ("**Commission**") is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The Commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General (as appointed under Section 16(1) of the Competition Act) he shall be punishable with a fine which may exceed to ₹0.1 million for each day during such failure subject to maximum of ₹10.0 million, as the Commission may determine.

Government Schemes

Production Linked Incentive Scheme (PLI) for Automobile and Auto Component Industry

Production Linked Incentive Scheme (PLI) for Automobile and Auto Component Industry was notified on 23 September 2021. An eligible company shall be eligible for benefits for five consecutive financial years, beginning from Financial Year 2023 but not extending beyond Financial Year 2027. Financial Year 2020 shall be treated as the base year for calculation of incentives. Incentive shall be provided based on the sales value of the automobiles and automotive components covered under this scheme.

This scheme has two components; i) champion OEM incentive scheme; and ii) component champion incentive scheme. The champion OEM incentive scheme is applicable to battery electric vehicles and hydrogen fuel cell vehicles, including two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, tractors, automobile meant for military use and other vehicles powered by advanced automotive technology in accordance with standards prescribed by the Ministry of Heavy Industries GoI. The component champion incentive scheme is applicable to pre-approved advanced automotive technology vehicle components, completely knocked-down/semi knocked-down (CKD/SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and tractors including automobile meant for military use and other advanced automotive technology components in accordance with standards prescribed by the Ministry of Heavy Industries GoI. Both the components shall be applicable to automotive OEM companies (including their group companies) and new non-automotive investor companies (including their group companies).

Production Linked Incentive Scheme (PLI) for Promoting Telecom and Networking Products Manufacturing in India

Production Linked Incentive Scheme (PLI) for Promoting Telecom and Networking Products Manufacturing in India was notified on 3 June 2021. Under this scheme, an incentive of 4% to 7% on incremental sales (over the base year) of goods manufactured in India and covered under target segments shall be extended to eligible companies, for a period of five years subsequent to a base year. Financial Year 2020 shall be treated as the base year for computation of incremental investment and incremental sales of manufactured goods. This scheme shall only be applicable for target segments namely core transmission equipment, 4G/5G, next generation radio access network and wireless equipment, access and customer premises equipment (CPE), internet of things (IOT) access devices and other wireless equipment, enterprise equipment such as switches and routers and any other products determined by the Empowered Group of Secretaries, GoI.

Production Linked Incentive Scheme (PLI) for IT Hardware

The Production Linked Incentive Scheme (PLI) for IT Hardware was notified on 3 March 2021. Under this scheme, an incentive of 4% to 2%/1% on net incremental sales (over the base year) of goods manufactured in India and covered under target segments shall be extended to eligible companies, for a period of four years subsequent to a base year. Financial Year 2020 shall be treated as the base year for computation of net incremental sales of manufactured goods. This scheme shall only be applicable for target segments which shall include (i) laptops (ii) tablets (iii) all-in one personal computers and (iv) servers.

Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing

The Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing was notified on 1 April 2020. Under this scheme, an incentive of 4% to 6% on incremental sales (over the base year) of goods manufactured in India and covered under target segments shall be extended to eligible companies, for a period of five years subsequent to a base year. Financial Year 2020 shall be treated as the base year for computation of incremental investment and incremental sales of manufactured goods. This scheme shall only be applicable for target segments namely mobile phones and specified electronic components. In light of the COVID 19 pandemic, the operation of the scheme was extended by one year i.e. till Financial Year 2026.

Modified Special Incentive Package Scheme (M-SIPS)

The Modified Special Incentive Package Scheme (M-SIPS) was notified on 27 July 2012. Under this scheme, an incentive of 20% on the capital expenditure on plant and machinery is given to units situated in a SEZ and engaged in designing and manufacturing of electronic and nano-electronic products and their accessories. Further, an incentive of 25% is given for units which are not situated in a SEZ. The scheme shall apply to 44 categories/verticals across the value chain, including telecom products, IT hardware, consumer electronics, health and medical electronics, automotive electronics, intermediaries etc. The minimum investment thresholds for each product category/ vertical vary from ₹10 million for manufacturing of accessories to ₹50,000 million for manufacturing of semiconductor chips. Application under this scheme were accepted till 3 August 2015. However, the Ministry of Electronics and Information Technology, by way of a notification dated 30 January 2017 further extended the deadline till 31 March 2018. Further, incentives will be available for investments made withihn five years from the date of approval of the application.

Industrial Development Policy, 2015-2020

The Government of Andhra Pradesh notifed the Industrial Development Policy, 2015-2020 (the "**Industrial Policy**") and various sectoral policies including the i) Automobile and Automobile Components Policy, 2015-2020; ii) Textile and Apparel Policy, 2015-2020; iii) Biotechnology Policy, 2015-2020; iv) MSME Policy, 2015-2020; and v) Aerospace and Defence Manufacturing Policy. 2015-2020 (collectively, the "**Sectoral Policies**"). Under these policies, various incentives and benefits are offered to new industrial enterprises being set up in Andhra Pradesh and for the expansion/diversification of existing industries. Further, Operational Guidelines for the Implementation of the Industrial Development Policy and Sectoral Policies of Andhra Pradesh, 2015-2020 ("**Operational Guidelines**") were notified on 14 November 2015. The Operational Guidelines prescribe the quantum of reimbursement and subsidies, eligibility criteria, procedures for sanction and reimbursement etc. to be complied by industrial enterprises which are applying for incentives and benefits including, inter alia, i) subsidies on investment; ii) reimbursement of stamp duty, transfer duty, mortgage duty etc; iii) reimbursement of tax; iv) reimbursement of power consumption charges; and v) reimbursement of land conversion charges. As per the Operational Guidelines, projects which commenced commercial production between 1 April 2015 and 31 March 2020 (inclusive of both dates) are eligible for benefits and incentives under the Industrial Policy and the Sectoral Policies.

Other applicable laws

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. It lays down provisions in relation to transmission and distribution of electricity. It states that the State Government can specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use.

Labour related legislations

Depending upon the nature of the activity undertaken by us, the applicable labour enactments other than state-wise shops and establishments acts includes the following:

- The Apprentices Act, 1961;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employee's Compensation Act, 1923;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Maternity Benefit Act, 1961;
- The Minimum Wages Act, 1948;
- The Employees' State Insurance Act, 1948;
- The Payment of Wages Act, 1936;

- The Industrial Disputes Act, 1947;
- The Trade Unions Act, 1926;
- Industrial Employment (Standing Orders) Act, 1946;
- Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Karnataka Industrial Establishments (National and Festival Holidays) Act, 1963;
- The Equal Remuneration Act, 1976; and
- The Child Labour (Prohibition and Regulation) Act, 1986

In order to rationalize and reform labour laws in India, the GoI has notified four labour codes which are yet to come into force as on the date of this Draft Red Herring Prospectus, namely, (i) the Code on Wages, 2019 which will repeal the Payment of Bonus Act, 1965, Minimum Wages Act, 1948, Equal Remuneration Act, 1976 and the Payment of Wages Act, 1936, (ii) the Industrial Relations Code, 2020 which will repeal the Trade Unions Act, 1926, Industrial Employment (Standing Orders) Act, 1946 and Industrial Disputes Act, 1947, (iii) the Code on Social Security, 2020 which will repeal certain enactments including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Maternity Benefit Act, 1961, Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the Payment of Gratuity Act, 1972 and (iv) the Occupational Safety, Health and Working Conditions Code, 2020 which will repeal certain enactments including the Factories Act, 1948, Motor Transport Workers Act, 1961 and the Contract Labour (Regulation and Abolition) Act, 1970.

LEGISLATIONS APPLICABLE TO OUR FOREIGN MATERIAL SUBSIDIARY

Further, the following description is a summary of certain key United States Federal and California State statutes, rules, and regulations, which are applicable to our foreign Material Subsidiary, Sienna

General Laws applicable

U.S. Foreign Corrupt Practices Act of 1977

The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("**FCPA**"), was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

Since 1977, the anti-bribery provisions of the FCPA have applied to all U.S. persons and certain foreign issuers of securities. With the enactment of certain amendments in 1998, the anti-bribery provisions of the FCPA now also apply to foreign firms and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place within the territory of the United States.

The FCPA also requires companies whose securities are listed in the United States to meet its accounting provisions. See 15 U.S.C. § 78m. These accounting provisions, which were designed to operate in tandem with the anti-bribery provisions of the FCPA, require corporations covered by the provisions to (a) make and keep books and records that accurately and fairly reflect the transactions of the corporation and (b) devise and maintain an adequate system of internal accounting controls.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

In the aftermath of the 2008 financial crisis, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("**Dodd-Frank Act**") enhanced the Commodity Futures Trading Commission's authority to oversee more than $400 trillion swaps market. The Dodd-Frank Act was passed to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end "too big to fail", to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Tax Cuts and Jobs Act of 2017

The Tax Cuts and Jobs Act of 2017 (TCJA) changed deductions, depreciation, expensing, tax credits, and other tax items that affect businesses. Major elements of the changes include reducing tax rates for businesses and individuals, increasing the standard deduction and family tax credits, eliminating personal exemptions, and making it less beneficial to itemize deductions, limiting deductions for state and local income taxes and property taxes, further limiting the mortgage interest deduction, reducing the alternative minimum tax for individuals and eliminating it for corporations, doubling the estate tax exemption, and cancelling the penalty enforcing mandate of the Affordable Care Act (ACA).

Export Control Laws

U.S. Export Administration Act of 1979

The Export Administration Act of 1979 sets forth the export control policies of the United States, including the policy that the United States shall: (1) cooperate with nations with which the United States has defense treaties to restrict exports which would significantly contribute to the military potential of any country which may threaten U.S. security or the security of countries with which the United States has defense treaties; (2) control export trade by U.S. citizens only in limited circumstance; and (3) minimize restrictions on agricultural exports.

Export Administration Regulations

The Export Administration Regulations (EAR) are issued by the United States Department of Commerce, Bureau of Industry and Security (BIS) under laws relating to the control of certain exports, reexports, and activities. In addition, the EAR implement antiboycott law provisions requiring regulations to prohibit specified conduct by United States persons that has the effect of furthering or supporting boycotts fostered or imposed by a country against a country friendly to the United States.

Arms Export Control Act of 1976

The Arms Export Control Act imposes certain restrictions on American manufacturers, prohibiting them from the sale of certain sensitive technologies, particularly those with military applications, to certain parties and requiring thorough documentation of such trades to trusted parties.

International Traffic in Arms Regulations

The International Traffic in Arms Regulations (ITAR) is a United States regulatory regime to restrict and control the export of defense and military related technologies to safeguard U.S. national security and further U.S. foreign policy objectives.

Environmental Laws

Comprehensive Environmental Response, Compensation, and Liability Act

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund, was enacted by the United States Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad Federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. Over five years, $1.6 billion was collected and the tax went to a trust fund for cleaning up abandoned or uncontrolled hazardous waste sites. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA):

- established prohibitions and requirements concerning closed and abandoned hazardous waste sites;
- provided for liability of persons responsible for releases of hazardous waste at these sites; and
- established a trust fund to provide for cleanup when no responsible party could be identified.

The law authorizes two kinds of response actions:

- Short-term removals, where actions may be taken to address releases or threatened releases requiring prompt response.

- Long-term remedial response actions, that permanently and significantly reduce the dangers associated with releases or threats of releases of hazardous substances that are serious, but not immediately life threatening. These actions can be conducted only at sites listed on the United States Environmental Protection Agency's (EPA) National Priorities List.

CERCLA also enabled the revision of the National Contingency Plan ("**NCP**"). The NCP provided the guidelines and procedures needed to respond to releases and threatened releases of hazardous substances, pollutants, or contaminants. The NCP also established the National Priorities List.

Clean Air Act

The Clean Air Act (CAA) is the comprehensive federal law that regulates air emissions from stationary and mobile sources. Among other things, this law authorizes the United States Environmental Protection Agency to establish National Ambient Air Quality Standards (NAAQS) to protect public health and public welfare and to regulate emissions of hazardous air pollutants.

Consumer Safety Laws

Consumer Product Safety Act

This law established the United States Consumer Product Safety Commission (CPSC), defines CPSC's basic authority and authorizes the agency to develop standards and bans. It also gives CPSC the authority to pursue recalls and to ban products under certain circumstances.

Consumer Product Safety Improvement Act

This law amended the Consumer Product Safety Act (CPSA) in 2008 to provide the United States Consumer Product Safety Commission ("**CPSC**") with significant new regulatory and enforcement tools. The Consumer Product Safety Improvement Act (CPSIA) addresses, among other things, lead, phthalates, toy safety, third party testing and certification, imports, ATVs, civil and criminal penalties and SaferProducts.gov. It repeals a funding limitation on the number of CPSC commissioners.

Antitrust and Unfair Competition Laws

Sherman Antitrust Act of 1890

Sherman Antitrust Act of 1890 is a federal statute which prohibits activities that restrict interstate commerce and competition in the marketplace. It outlaws any contract, conspiracy, or combination of business interests in restraint of foreign or interstate trade.

Clayton Antitrust Act of 1914

The Clayton Antitrust Act of 1914 outlaws (1) price discrimination, (2) conditioning sales on exclusive dealing, (3) mergers and acquisitions when they may substantially reduce competition, and (4) serving on the board of directors for two competing companies.

Federal Trade Commission Act

The Federal Trade Commission Act is the primary statute of the United States Federal Trade Commission. Under this Act, as amended, the Commission is empowered, among other things, to (a) prevent unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce; (b) seek monetary redress and other relief for conduct injurious to consumers; (c) prescribe rules defining with specificity acts or practices that are unfair or deceptive, and establishing requirements designed to prevent such acts or practices; (d) gather and compile information and conduct investigations relating to the organization, business, practices, and management of entities engaged in commerce; and (e) make reports and legislative recommendations to Congress and the public.

Labor and Occupational Safety Laws

Williams-Steiger Occupational Safety and Health Act of 1970

The Williams-Steiger Occupational Safety and Health Act of 1970 requires, in part, that every employer covered under the Act furnish to its employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to its employees. The Act also requires that employers comply with occupational safety and health standards promulgated under the Act, and that employees comply with standards, rules, regulations, and orders issued under the Act which are applicable to their own actions and conduct. The Act authorizes the Department of Labor to conduct inspections, and to issue citations and proposed penalties for alleged violations. The Act, under section 20(b), also authorizes the Secretary of Health, Education, and Welfare to conduct inspections and to question employers and employees in connection with research and other related activities. The Act contains provisions for adjudication of violations, periods prescribed for the abatement of violations, and proposed penalties by the Occupational Safety and Health Review Commission, if contested by an employer or by an employee or authorized representative of employees, and for judicial review.

Title VII of the Civil Rights Act of 1964

Title VII of the Civil Rights Act of 1964 (Title VII) makes it unlawful to discriminate against someone on the basis of race, color, national origin, sex (including pregnancy, sexual orientation, and gender identity) or religion. The Act also makes it unlawful to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit.

Title VII prohibits not only intentional discrimination, but also practices that have the effect of discriminating against individuals because of their race, color, national origin, religion, or sex. Under Title VII, it is unlawful to discriminate in any aspect of employment, including:

- Hiring and firing;
- Compensation, assignment, or classification of employees;
- Transfer, promotion, layoff, or recall;
- Job advertisements and recruitment;
- Testing;
- Use of company facilities;
- Training and apprenticeship programs;
- Retirement plans, leave and benefits; or
- Other terms and conditions of employment.

Discriminatory practices under Title VII also include:

- Harassment on the basis of race, color, national origin, sex (including pregnancy, sexual orientation, and gender identity) or religion;
- Refusal or failure to reasonably accommodate an individual's sincerely held religious observances or practices, unless doing so would impose an undue hardship on the operation of the employer's business;
- Employment decisions based on stereotypes or assumptions about the abilities, traits, or performance of individuals of a certain race, color, national origin, sex (including pregnancy, sexual orientation, and gender identity), or religion;
- Denial of employment opportunities to an individual because of marriage to, or association with, an individual of a particular race, color, national origin, sex (including sexual orientation and gender identity) or religion; and
- Other employment decisions based on race, color, national origin, sex (including pregnancy, sexual orientation, and gender identity) or religion.

Wages and the Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. Covered nonexempt workers are entitled to a minimum wage of not less than $7.25 per hour effective July 24, 2009. Overtime pay at a rate not less than one and one-half times the regular rate of pay is required after 40 hours of work in a workweek.

- FLSA Minimum Wage: The federal minimum wage is $7.25 per hour effective July 24, 2009. Many states also have minimum wage laws. In cases where an employee is subject to both state and federal minimum wage laws, the employee is entitled to the higher minimum wage.
- FLSA Overtime: Covered nonexempt employees must receive overtime pay for hours worked over 40 per workweek (any fixed and regularly recurring period of 168 hours – seven consecutive 24-hour periods) at a rate not less than one and one-half times the regular rate of pay. There is no limit on the number of hours employees 16 years or older may work in any workweek. The FLSA does not require overtime pay for work on weekends, holidays, or regular days of rest, unless overtime is worked on such days.
- Hours Worked: Hours worked ordinarily include all the time during which an employee is required to be on the employer's premises, on duty, or at a prescribed workplace.
- Recordkeeping: Employers must display an official poster outlining the requirements of the FLSA. Employers must also keep employee time and pay records.
- Child Labor: These provisions are designed to protect the educational opportunities of minors and prohibit their employment in jobs and under conditions detrimental to their health or well-being.

Other California State Laws

California Hazardous Waste Laws and Regulations

California laws regarding hazardous waste are outlined in California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), which were enacted to protect the public health and the environment and to conserve natural resources; to establish regulations and incentives which ensure that the generators of hazardous waste employ technology and management practices for the safe handling, treatment, recycling, and destruction of their hazardous wastes prior to disposal; to assist the generators of hazardous waste in meeting the responsibility for the safe disposal of hazardous waste through establishment of the Hazardous Waste Management Council; to provide compensation to people injured or damaged through hazardous wastes through a system of insurance and mechanisms establishing liability; and to administer a state hazardous waste program in lieu of the federal program pursuant to Section 3006 of Public Law 94-580, as amended, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6926). California regulations regarding hazardous waste are found in the California Code of Regulations (CCR), division 4.5, title 22, which provides rules, requirements, and standards for generators and transporters of hazardous waste, and to owners and operators of hazardous waste transfer, treatment, storage, and disposal facilities.

Fictitious Business Name

A Fictitious Business Name (FBN) or Doing Business As (DBA) statement is required when the business name does not include the surname of the individual owner(s) and each of the partiers; or the business name suggests the existence of additional owners; or the nature of the business is not clearly evident by the name of the business.

Discrimination Laws

Harassment or discrimination in employment is prohibited if it is based on a person's race, ancestry, national origin, color, sex (including pregnancy), sexual orientation, religion, physical disability (including AIDS), mental disability, marital status, medical condition, and refusal of family care leave.

Occupational Safety and Health

Businesses with employees must prepare an injury and Illness Prevention Plan.

Wage and Hour Laws

Businesses with employees must comply with laws establishing minimum standards for wages, hours, and working conditions.

Workers' Compensation

Businesses with employees must maintain Workers' Compensation Insurance coverage on either a self-insured basis, or provided through a commercial carrier, or the State Workers' Compensation Insurance Fund.

Proof of Residency

Employees hired after November 6, 1986, must provide proof of eligibility to work in the United States.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Avalon Technologies Private Limited, a private limited company, at Chennai under the Companies Act, 1956 on November 3, 1999, and was granted the certificate of incorporation by the RoC. Subsequently, the name of the Company was changed to Avalon Technologies Limited pursuant to a special resolution passed by the shareholders of the Company on July 6, 2022, and a fresh certificate of incorporation dated July 29, 2022 was issued by the RoC consequent upon change of name upon conversion into a public limited company under the Companies Act, 2013.

Changes in the registered office

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

Date of change of registered office	Details of change of registered office	Reasons for change in registered office
August 12, 2005	***Old Address***: A – 1 / D, Anugraha Apartments, #19, Nungambakkam High Road, Chennai – 600 034, Tamil Nadu, India ***New Address***: B – 7, First Main Road, MEPZ, Tambaram, Chennai – 600 045, Tamil Nadu, India	For administrative convenience

Main objects of our Company

The main objects contained in our Memorandum of Association are as follows:

1. To manufacture, develop, assemble produce, design improve, maintain service, buy, sell, import, export, exchange and otherwise supply the deal in all kinds of telecommunication systems, accessories, computer media, Internet, Computer Services in all disciplines, assemblies and sub-assemblies, electronic, video and audio equipments, data processing, networking services, electronic devices, Computer and micro-processors base; systems, their parts, components, peripherals, parts, equipments, spares and systems, computer hardware, accessories of all description software, their programmes and consultancy in computer and allied fields.

2. To carry on the business of R&D in the field of electronics, computers and allied items, industry and domestic automation equipments, robotics, development of new product lines and to use the technology so developed for industrial and commercial production in India and abroad

3. To establish and carry on business as manufacturers, producers, designers, assemblers, consultants, importers, exporters, wholesalers, retailers of nondestructive testing equipment like Ultrasonic, acoustic emission dye penentrant eddy current, thermography and related technology.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last 10 years:

Date of Shareholders' Resolution / Effective Date	Details of the modifications
February 24, 2018	Clause V of the MoA was amended to reflect the increase in our authorised share capital from ₹20,000,000 divided into 2,00,000 equity shares of ₹100 each to ₹70,000,000 divided into 200,000 equity shares of ₹100 each and 500,000 Preference Shares.
June 10, 2022	Clause V of the MoA was amended to reflect the increase in our authorised share capital from ₹70,000,000 divided into 200,000 equity shares of ₹100 each and 500,000 Preference Shares to ₹ 220,000,000 divided into 1,700,000 equity shares of ₹100 each and 500,000 Preference Shares
June 27, 2022	Clause V of the MoA was amended to reflect the sub-division of equity shares of our Company from ₹220,000,000 divided into 1,700,000 equity shares of ₹100 each and 500,000 Preference Shares to ₹220,000,000 divided into 85,000,000 Equity Shares and 500,000 Preference Shares

Date of Shareholders' Resolution / Effective Date	Details of the modifications
July 6, 2022	Clause I of the MoA was amended to reflect the change in name of our Company from Avalon Technologies Private Limited to Avalon Technologies Limited pursuant to conversion of our Company from a private limited company to a public company.

Major events and milestones of our Company and Subsidiaries

Calendar Year	Event
1999	Incorporation of our Company
2000	Allotment of 301 square meter factory space by Development Commissioner, Madras Export Processing Zone ("**MEPZ**") for setting up of a unit by our Company
2001	Export of the first consignment by our Company to Sienna
	Allotment of additional 301 square meter factory space by MEPZ for setting up of an additional unit by our Company
2002	Allotment of additional 301 square meter factory space by MEPZ for manufacture and export by our Company.
2003	Commencement of production of metal parts, sub-assemblies and plastics and other material for exports at MEPZ-SEZ, Chennai by our Company
2005	Inauguration of the new facility constructed on the one acre plot allotted to our Company at MEPZ-SEZ, Chennai
2008	Incorporation of Avalon Technology and Services Private Limited ("**ATSPL**")
2009	Purchase of equity shares of Sienna ECAD by Sienna ECAD LLC
2013	Commencement of operations at the new electronics manufacturing services facility at Bengaluru
2014	Commencement of the new products introduction ("**NPI**") / proto-type build division by Sienna ECAD
2016	Expansion of the metal and aero division at the newly inaugurated 60,000 square feet facility at MEPZ-SEZ, Chennai by ATSPL
2018	Transfer of the NPI division from Sienna ECAD, to enable Sienna ECAD to focus on core design function
2019	Subsidiarisation of ATSPL
2020	Commencement of operations at the manufacturing facility established at Pillaipakkam for fabrication by our Company
2021	Commencement of the use of Class 1000 clean room facility for assembling high resolution cameras by our Company
	Subsidiarisation of Sienna ECAD
2022	Subsidiarization of Sienna
2022	Our Company won the e-auction conducted by the MEPZ for the building admeasuring 11,657 square meters, located at MEPZ, Chengalpattu, Chennai.

Awards, accreditations and recognitions received by our Company:

Calendar Year	Award
2015	Environmental Leadership award at the India ABO Suppliers Conference, 2015
2017 2017	Export Excellence award for second place in highest exports in electronic hardware sector from MEPZ
	"Prime Supplier" award from one of our Customers
2018	Supplier award for 'Strategic Partnership' from Faiveley Transport Rail Technologies
2019	Awarded ANSI/ESD S20.20 certification by NQA, USA for manufacture of printed circuit board assemblies, PCBA prototypes and box builds to ATS
	"Best Supplier Award" for demonstrated sustained performance by Collins Aerospace
2020	Awarded ISO 9001:2015 accreditation by TUV SUD South Asia Private Limited for manufacture, assembly and supply of cable and harness assemblies
2021	Awarded AS 9100D and ISO 9001:2015 accreditation by TUV SUD America Inc for manufacture, assembly and supply of fabricated sheet metal and machined components including powder coating, manufacture, assembly and supply of cable and harness assemblies and injected cable over molded parts for aviation, space and defence applications
	Awarded ISO 9001:2015 accreditation by TUV SUD South Asia Private Limited for manufacture of printed circuit board assemblies, PCBA prototypes and box build
	Awarded IATF 16949 accreditation by TUV SUD Management Service GmBH for manufacture of electronic products covering PCB assemblies, cable assemblies, wiring harnesses and electro-mechanical assemblies

Calendar Year	Award
	Platinum winner (shutdown type) at the 9th CII National Poka Yoke competition organised by the Confederation of Indian Industry
	Star champion award, Poka Yoke competition – Shutdown type, organised by the Confederation of Indian Industry
	Gold winner in the Innovative Category at the 4th CII National Kai – Zen competition organized by the Confederation of Indian Industry
	Awarded AS 9100D and ISO 9001:2015 certification by TUV SUD America Inc for manufacture and supply of powder coated components for aviation, space and defense applications to ATS
	Awarded AS 9100D and ISO 9001:2015 certification by TUV SUD America Inc for manufacture and supply of injected molded plastic parts and assemblies for aviation, space and defense applications to ATS
	Awarded AS 9100D and ISO 9001:2015 certification by TUV SUD America Inc for manufacture and supply of fabricated sheet metal and machined components for aviation, space and defense applications to ATS
	Awarded ISO 9001:2015 certification by TUV SUD South Asia Private Limited for manufacture, assembly & supply of transformers, magnetic winding assemblies and electro mechanical assemblies to ATS
	Awarded ISO 9001:2015 certification by TUV SUD South Asia Private Limited for manufacturing of wiring and electro-mechanical assemblies (including cabinets and sub racks) to ATS
	Awarded ISO 9001:2015 certification by TUV SUD South Asia Private Limited for manufacturing of printed circuit board assemblies, PCB prototypes, box builds, cable harness and electro mechanical assemblies to ATS

Time and cost over-runs

There have been no time and cost over-runs in respect of our business operations.

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 from any financial institutions or banks.

However, in response to the COVID-19 pandemic, the RBI through its regulatory package dated March 27, 2020 had allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020. Pursuant to such measures, we had availed moratorium for certain of our borrowings including two borrowings availed by our Material Subsidiary, ATSPL.

Significant financial or strategic partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation, location of our manufacturing facilities, see "*Our Business – Description of our Business*" on page 202.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years

Other than as disclosed below, our Company has not acquired or divested any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets in last 10 years:

1. Acquisition of Avalon Technology and Services Private Limited ("ATSPL")

Pursuant to the share purchase agreement dated September 25, 2019, executed by and amongst T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan and Anand Kumar (collectively, the "**Sellers**"), ATSPL and our Company, the Sellers agreed to sell 60,695 equity shares of face value ₹10 of

ATSPL ("**Sale Shares**") to our Company for an aggregate purchase consideration equivalent to the fair market value of the Sale Shares, being approximately ₹111.53 million ("**Purchase Consideration**"). Our Company paid the Purchase Consideration by issuing 8,386 fully paid up equity shares of face value ₹100 of our Company at a premium of ₹12,599.95 per equity share to the Sellers on September 25, 2019. As a result of this transaction, ATSPL became a wholly owned subsidiary of our Company.

2. Acquisition of ABV Electronics Inc (doing business as Sienna Corporation) ("Sienna")

Pursuant to a stock purchase agreement dated October 21, 2020 between our Company and Anand Kumar, our Company acquired an aggregate of 722,595 shares of common stock held by Anand Kumar, constituting 5.40% of the issued and paid-up common stock capital of Sienna, for a consideration of USD 1 million. Additionally, pursuant to an agreement dated December 16, 2020 executed between our Company and Sienna, our Company subscribed to 7,500,000 shares of Series B preferred stock for an aggregate amount of USD 7.50 million. The agreement was executed with an objective to (i) access the American markets through Sienna; (ii) synergise the business of our Company and of Sienna to leverage the growth in both Indian and American market and to ensure there is no conflict of interest. Subsequently, Sienna bought back the entire common stock held by the common stock shareholders on January 31, 2022, except from our Company, as a consequence, our Company became the sole shareholder of the common stock of Sienna.

3. Acquisition of Sienna ECAD Technologies Private Limited ("Sienna ECAD")

Our Company acquired an aggregate of 3,518,000 equity shares from Kunhamed Bicha, Bhaskar Srinivasan V.S. Chandrashekar and Sureshbabu R. Chandra, constituting 99.99% of the issued and paid-up share capital of Sienna ECAD pursuant to the agreements and for such consideration, as set forth below:

i. stock purchase agreement dated December 10, 2020 between our Company and Kunhamed Bicha, for acquisition of 1,656,950 equity stocks from Kunhamed Bicha, constituting 47.10% of the issued and paid-up stock capital of Sienna ECAD, for a consideration aggregating to ₹16.57 million;
ii. stock purchase agreement dated December 10, 2020 between our Company and Bhaskar Srinivasan, for acquisition of 1,656,950 equity stocks from Bhaskar Srinivasan, constituting 47.10% of the issued and paid-up stock capital of Sienna ECAD, for a consideration aggregating to ₹16.57 million;
iii. share purchase agreement dated May 27, 2021 by and amongst our Company, V.S. Chandrashekhar and Sienna ECAD for acquisition of 88,100 equity shares from V.S. Chandrashekhar, constituting 2.50% of the issued and paid-up share capital of Sienna ECAD for a consideration aggregating to ₹ 5.50 million;
iv. share purchase agreement dated May 27, 2021 by and amongst our Company, Sureshbabu R. Chandra and Sienna ECAD for acquisition of 116,000 equity shares from Sureshbabu R. Chandra, constituting 3.30% of the issued and paid-up share capital of Sienna ECAD for a consideration aggregating to ₹5.50 million.

Holding Company

As of the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company has three Subsidiaries:

1. Avalon Technology and Services Private Limited ("ATSPL")

Corporate Information

ATSPL was incorporated as a private limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC on August 21, 2008 with CIN U72100TN2008PTC068955. The registered office of ATSPL is situated at Plot #A-6 and A-7, Phase 2, MEPZ – SEZ, Tambaram, Chennai – 600 045, Tamil Nadu, India.

Nature of business

ATSPL is authorised by its memorandum of association to manufacture, develop, assemble, produce, design, maintain, service, buy, sell, export, import, exchange and otherwise supply and deal in all types of engineering and technology products, all kinds of electronic and electrical products, component assemblies, systems for different applications, accessories, their programmes and consultancy in allied fields.

Capital Structure and shareholding

The authorised capital of ATSPL is ₹2,500,000 consisting of 250,000 equity shares of ₹10 each and the paid-up share capital of ATSPL is ₹1,219,690 consisting of 121,969 equity shares of ₹10 each. Our Company together with Kunhamed Bicha, as a nominee of our Company, hold 100% of the paid-up equity share capital of ATSPL

2. Sienna ECAD Technologies Private Limited ("Sienna ECAD")

Corporate Information

Sienna ECAD was incorporated as a private limited company under the Companies Act, 1956 as ECAD Technologies Private Limited and was granted a certificate of incorporation by the Registrar of Companies, Karnataka at Bangalore on September 10, 1997. Subsequently it was converted into a public limited company and changed its name to ECAD Technologies Limited, on November 9, 2001, which was further changed to AT&S ECAD Technologies Limited on September 6, 2005. It was then converted into a private limited company and changed its name to AT&S ECAD Technologies Private Limited on October 17, 2005. The name was then changed to its present name, i.e. Sienna ECAD Technologies Private Limited on July 24, 2009. The CIN of Sienna ECAD is U30007KA1997PTC022754. The registered office of Sienna ECAD is situated at #683, 1st Floor, 15th Cross, 2nd Phase, J P Nagar, Bengaluru – 560 078, Karnataka, India.

Nature of business

Sienna ECAD is authorised by its memorandum of association to carry on business of, *inter alia*, a design bureau, to develop computer aided designs for manufacture of printed circuit boards, integrated circuits, electronic components, devices, equipment and machinery and development of software in all its kind and description.

Capital Structure and shareholding

The authorised capital of Sienna ECAD is ₹40,000,000 consisting of 4,000,000 equity shares of ₹10 each and the paid-up share capital of Sienna ECAD is ₹35,181,000 consisting of 3,518,100 equity shares of ₹10 each. Our Company and Bhaskar Srinivasan hold 99.997% and 0.003% respectively, of the paid-up equity share capital of Sienna ECAD.

3. ABV Electronics Inc (doing business as Sienna Corporation) ("Sienna")

Corporate Information

Sienna was incorporated as ABV Electronics Inc, a domestic stock corporation under the General Corporation Law of the state of California, United States of America on April 26, 1995. The corporate number of Sienna is C1934113 and the principal place of business of Sienna is located at 475 Horizon Drive, Suwanee, Georgia – 30024. Sienna has been carrying out its business under the name of 'Sienna Corporation' since March 18, 2004.

Nature of business

Sienna is authorised by its charter documents to engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of California other than banking business, the trust company business or the practice of profession permitted to incorporated by the California Corporations Code.

Capital Structure and shareholding

Sienna's authorised capitalisation consists of (i) 100,000,000 shares of common stock at no par value of which 722,595 shares are issued and outstanding; and (ii) 20,000,000 shares of preferred stock at no par value, of which (a) 10,000,000 shares have been designated as Series A preferred stock of which 4,655,000 shares are issued and outstanding; and (b) 10,000,000 shares have been designated as Series B preferred stock of which 7,500,000 shares are issued and outstanding. Our Company holds 100% of the paid-up common stock and Series B preferred stock of Sienna. The Series A preferred stock of Sienna is held by nine third party individuals.

The shares of Series A preferred stock are not convertible into shares of common stock. The shares of Series B preferred Stock are not convertible into shares of common stock, except however, under a certain letter agreement, dated December 15, 2020, by and between Sienna and our Company, our Company has the option to convert any or all of its shares of Series B preferred stock into shares of common stock, the terms of which conversion are subject to future mutual agreement of Sienna and our Company.

Common pursuits with the Subsidiaries

Our Subsidiaries are in the same line of business as that of our Company and accordingly, there are certain common pursuits amongst our Subsidiaries and our Company. However, there is no conflict of interest amongst our Subsidiaries and our Company. If required, our Company will adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they arise.

Accumulated profits or losses of Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company.

Business interest between our Company and Subsidiaries

Except as provided in "*Our Business*" and "*Financial Statements – Restated Consolidated Financial Information – Note 33 Related Party Disclosures*", beginning on pages 186 and 350, respectively, none of our Subsidiaries have any business interest in our Company.

Joint venture

As of the date of this Draft Red Herring Prospectus, our Company does not have any joint venture.

Shareholders' agreements and other agreements

As on the date of this Draft Red Herring Prospectus, there are no subsisting shareholders' agreements amongst our Shareholders vis-a-vis our Company, which our Company is aware of.

Share subscription agreement dated March 1, 2018, entered into between M A Murugappan Holdings Private Limited ("Investor I") and our Company ("SSA I")

The SSA I was executed on March 1, 2018, by and between our Company and Investor I for the issue of 233,281 Preference Shares to Investor I for a consideration of approximately ₹23.33 million. The SSA I was amended by an amendment agreement dated July 22, 2022 pursuant to which the Preference Shares shall be mandatorily converted into maximum of 65,197 Equity Shares prior to filing of the prior to filing of the draft of the Red Herring Prospectus ("**UDRHP**") with SEBI or any other authority in connection with the Offer.

Share subscription agreement dated March 1, 2018, entered into between M A M Arunachalam ("Investor II") and our Company ("SSA II")

The SSA II was executed on March 1, 2018, by and between our Company and Investor II for the issue of 116,719 Preference Shares to Investor I for a consideration of approximately ₹11.67 million. The SSA I was amended by an amendment agreement dated July 22, 2022 pursuant to which the Preference Shares shall be mandatorily converted into maximum of 32,599 Equity Shares prior to filing of the UDRHP with SEBI or any other authority in connection with the Offer.

Agreements with Key Managerial Personnel, Director, Promoters or any other employee

There are no agreements entered into by our 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.

Other agreements

Our Company has not entered into any other subsisting material agreement, including with strategic partners or financial partners, other than in the ordinary course of business. Further, we confirm that except as disclosed in this Draft Red Herring Prospectus, there are no other inter-se agreements or arrangements entered into by and amongst any of the Promoters or Shareholders to which the Company is a party, or agreements of like nature, or agreements comprising material clauses/covenants that are required to be disclosed in this Draft Red Herring Prospectus or containing clauses/covenants that are adverse/prejudicial to the interest of minority/public shareholders.

Guarantees given by Promoters offering its shares in the Offer for Sale

Following are the details of guarantees given by our Promoter Selling Shareholders to third parties are provided below:

Sl. No	Guarantee given in favour of	Promoter Selling Shareholders who have given Guarantee	Guarantee value (in Million)	Reason for the Guarantee	Obligation on our Company	Period of guarantee	Financial implication in case of default	Security available	Consideration, if any
1.	Standard Chartered Bank	Kunhamed Bicha and Bhaskar Srinivasan	USD 3.30	For the working capital facility sanctioned to our Company	NIL	Till all the loan obligation have been repaid in full	Personally liable to the extent of Guarantee value	Stocks and bookdebts of our Company on pari passu first charge basis, pari passu first charge on the land situated at Plot Nos. B-7 (Phase II) and B-8 (Phase I), MEPZ, Tambaram Sanatorium, Chennai and other movable fixed assets, corporate guarantee of ABV Electronics Inc., USA and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan.	NIL
2.	Indian Bank	Kunhamed Bicha and Bhaskar Srinivasan	₹300.00	For the working capital facility sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Exclusive first pari passu charge on the current and future assets of our Company, hypothecation of stocks and book debts, machineries or utilities, pari passu first charge on the leased land situated at Plot Nos. B-7 (Phase II) and B-8 (Phase I), MEPZ SEZ, Tambaram Sanatorium, Chennai and other movable fixed assets, corporate guarantee of ABV Electronics Inc., USA, and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan	NIL
3.	Bank of India	Kunhamed Bicha and Bhaskar Srinivasan	₹236.00	For the working capital facility sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Hypothecation of stocks and bookdebts of our Company on pari passu first charge basis, pari passu first charge on the land situated at Plot Nos. B-7 and B-8, MEPZ, Tambaram Sanatorium, Chennai and other movable fixed assets, corporate guarantee of ABV Electronics Inc., USA and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan.	NIL

Sl. No	Guarantee given in favour of	Promoter Selling Shareholders who have given Guarantee	Guarantee value (in Million)	Reason for the Guarantee	Obligation on our Company	Period of guarantee	Financial implication in case of default	Security available	Consideration, if any
4.	HDFC Bank Limited	Kunhamed Bicha and Bhaskar Srinivasan	₹485.00	For the working capital facility sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Current assets and movanle fixed assets with member banks on pari passu charge basis, pari passu second charge on the land situated at Plot No. B-7 MEPZ-SEZ, MEPZ, Phase 2, Tambaram Sanatorium, Chennai, corporate guarantee of ABV Electronics Inc., USA and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan.	
5.	Indian Bank-COVID Loan	Kunhamed Bicha and Bhaskar Srinivasan	₹30.00	For the term loan sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Exclusive first pari passu charge on the current and future assets of our Company, pari passu first charge on the leased land situated at Plot No. B-7, Phase I and B-8, Phase II, MEPZ SEZ, Tambaram Sanatorium, Chennai and other movable fixed assets, corporate guarantee of ABV Electronics Inc., USA and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan.	NIL
			₹59.80	For the working capital term loan sanctioned to our Company					
			₹29.00	For the working capital term loan sanctioned to our Company					
6.	Siemens – Equipment Loan	Kunhamed Bicha	₹61.41	For the term loan sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Exclusive charge by way of hypothecation of assets; Personal guarantees of Kunhamed Bicha; Non-interest bearing, refundable security deposit of ₹0.26 million to be kept with Siemens for the entire tenure of loan	NIL
7.	HDFC Bank Limited	Kunhamed Bicha and Bhaskar Srinivasan	₹103.00	For the term loan sanctioned to our Company	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Exclusive charge on factory land and Building being funded out of this term Loan, Personal guarantees of T.P. Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan	NIL

Sl. No	Guarantee given in favour of	Promoter Selling Shareholders who have given Guarantee	Guarantee value (in Million)	Reason for the Guarantee	Obligation on our Company	Period of guarantee	Financial implication in case of default	Security available	Consideration, if any
8.	Indian Bank	Kunhamed Bicha and Bhaskar Srinivasan	₹390.00	For the working capital facility sanctioned to our Material Subsidiary, ATSPL	NIL	Till all the loan obligations have been repaid in full	Personally liable to the extent of Guarantee value	Exclusive charge on the current assets of our Company, hypothecation of stocks and book debts, movables and other fixed assets of our Company, EM over the building located at Plot No. A-6 and A-7, Phase II, MEPZ SEZ, Tambaram Sanatorium, Chennai, corporate guarantee of our Company, and personal guarantees of T P Imbichammad, Kunhamed Bicha and Bhaskar Srinivasan.	NIL
			₹78.00	For the working capital term loan sanctioned to our Material Subsidiary, ATSPL					
			₹32.00	For the working capital term loan sanctioned to our Material Subsidiary, ATSPL					

OUR MANAGEMENT

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, we have eight Directors, comprising of one Executive Director(s), seven Non-executive Directors of which four are Independent Directors, including one woman Independent Director. The Chairman of our Board, Kunhamed Bicha, is an Executive Director. The composition of the Board of Directors and its committees are in compliance with the corporate governance requirements under the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth details regarding our Board of Directors:

Sr. No.	Name, designation, address, occupation, term, and DIN	Age (Years)	Other directorships
1.	**Kunhamed Bicha** ***Designation***: Chairman and Managing Director ***Date of birth***: April 4, 1968 ***Address***: Villa # 95 Adarsh Palm Retreat Bellandur, Devara Beesana Halli Bangalore – 560 103 Karnataka, India ***Occupation***: Business ***Current term***: Five years with effect from July 12, 2022 ***Period of directorship***: Since incorporation ***DIN***: 00819707	54	**Indian companies:** 1. Avalon Technology and Services Private Limited; and 2. Sienna ECAD Technologies Private Limited. **Foreign companies:** 1. ABV Electronics Inc. (doing business as Sienna Corporation)
2.	**Bhaskar Srinivasan** ***Designation***: Non-executive Director ***Date of birth***: May 3, 1966 ***Address***: 18320 Urbano DR Pflugerville, Texas – 78660, USA ***Occupation***: Business ***Current term***: Liable to retire by rotation ***Period of directorship***: Since incoproration ***DIN***: 02561215	56	**Indian companies:** 1. Avalon Technology and Services Private Limited; and 2. Sienna ECAD Technologies Private Limited **Foreign companies:** 1. ABV Electronics Inc. (doing business as Sienna Corporation)
3.	**Luquman Veedu Ediyanam** ***Designation***: Non-executive Director ***Date of birth***: December 24, 1963 ***Address***: PO Box 91300, Abu Dhabi United Arab Emirates ***Occupation***: Business ***Current term***: Liable to retire by rotation	58	**Indian companies:** 1. Avalon Technology and Services Private Limited; 2. React Properties Private Limited; 3. Vayalada Misty Homes Private Limited; 4. Lameez Builders and Developers (India) Private Limited; 5. Lamya Builders and Developers (India) Private Limited; 6. Chokramudi Resorts Private Limited; 7. Dhafir Technologies (India) Private Limited; and

Sr. No.	Name, designation, address, occupation, term, and DIN	Age (Years)	Other directorships
	Period of directorship: Since March 3, 2017 ***DIN***: 06493214		8. Fidato Condominiums Private Limited. **Foreign companies:** ABV Electronics Inc. (doing business as Sienna Corporation)
4.	**Sareday Seshu Kumar** ***Designation***: Non-Executive Director ***Date of birth***: January 28, 1969 ***Address***: 17281 LA Rinconada DR, Los Gatos, California – 95030, USA ***Occupation***: Business ***Current term***: Liable to retire by rotation ***Period of directorship***: Since September 5, 2001 ***DIN***: 01646703	53	**Indian companies:** Sienna ECAD Technologies Private Limited **Foreign companies:** ABV Electronics Inc. (doing business as Sienna Corporation)
5.	**Venkataramani Ananthramakrishnan** ***Designation***: Independent Director ***Date of birth***: March 19, 1968 ***Address***: No. 13/12, Boat Club Road Raja Annamalaipuram Chennai – 600 028 Tamil Nadu, India ***Occupation***: Business ***Current term***: Five years with effect from July 7, 2022 ***Period of directorship***: Five years with effect from July 7, 2022 ***DIN***: 00277816	54	**Indian companies:** 1. IP Rings Limited; 2. IPR Eminox Technologies Private Limited; 3. Amalgamations Private Limited; 4. India Pistons Limited; 5. Amalgamations Repco Limited; 6. George Oakes Limited; 7. Parry Enterprises India Limited; and 8. Edutech NTTF India Private Limited. **Foreign companies:** Nil
6.	**Chandar Pattabhiram** ***Designation***: Independent Director ***Date of birth***: April 22, 1969 ***Address***: 19336 Monte Vista DR Saragota, California – 95070, USA ***Occupation***: Business ***Current term***: Five years with effect from July 7, 2022 ***Period of directorship***: Five years with effect from July 7, 2022	53	**Indian companies:** Nil **Foreign companies:** 1. Blueshift Labs Inc.; 2. One School At A Time Inc; 3. Donnelley Financial Solutions, Inc; and 4. ABV Electronics Inc. (doing business as Sienna Corporation).

Sr. No.	Name, designation, address, occupation, term, and DIN	Age (Years)	Other directorships
	DIN: 09606151		
7.	**Byas Unnikrishnan Nambisan** ***Designation***: Independent Director ***Date of birth***: March 17, 1968 ***Address***: Miraya Hotel and Residence, Apartment 1101 100/6 Varthur Road Ramagondanahalli, Whitefield Bengaluru – 560 066 Karnataka, India ***Occupation***: Business ***Current term***: Five years with effect from July 19, 2022 ***Period of directorship***: Five years with effect from July 19, 2022 ***DIN***: 01342141	54	**Indian companies:** 1. Ezetap Mobile Solutions Private Limited 2. Fortune Payment Solutions India Private Limited; and 3. Avalon Technology and Services Private Limited. **Foreign companies:** Nil
8.	**Sabitha Rao** ***Designation***: Independent Director ***Date of birth***: November 6, 1956 ***Address***: B-3 Shangrila apartments No 136 Karpagam Avenue Raja Annamalai Puram, Chennai – 600 028 Tamil Nadu, India ***Occupation***: Professional ***Current term***: Five years with effect from July 19, 2022 ***Period of directorship***: Five years with effect from July 19, 2022 ***DIN***: 06908122	65	**Indian companies:** 1. ESAB India Limited; 2. Data Patterns (India) Limited; and 3. Cerebrus Consultants Private Limited. **Foreign companies:** Nil

Pursuant to Board and Shareholders resolutions, each dated July 12, 2022, T P Imbichammad has been appointed as the Chairman Emeritus for a period of one year with effect from July 12, 2022 and in capacity of an advisor of our Company. For the advisory services rendered by him, he is entitled to an aggregate amount not exceeding ₹10.00 million and certain facilities including access to office, chauffeur driven car, communication facilities, etc. to enable him to effectively perform his official duties.

Relationship between our Directors and Key Managerial Personnel

Except Kunhamed Bicha (Chairman and Managing Director) and Shamil Bicha (vice president – business development) who are brothers, none of our Directors are related to each other or any other Key Managerial Personnel in our Company.

Brief biographies of Directors

Kunhamed Bicha is one of the Promoters and currently the Chairman and Managing Director of our Company. He co-founded Sienna and currently serves as its chief executive officer. He holds a bachelor's degree in mechanical engineering from PSG College of Technology and a master's degree in science (industrial engineering) from Wichita State University. He has been associated with our Company since its incorporation.

He was awarded the "CII Connect 2017 Award for Entrepreneur of the Year (Manufacturing)" award by the Confederation of Indian Industry.

Bhaskar Srinivasan is one of the Promoters and currently the Non-executive Director of our Company. He co-founded Sienna and currently serves as its president. He holds a bachelor's degree in mechanical engineering from Annamalai University, a master's degree in business administration from Cochin University of Science and Technology and a master's degree in science (industrial engineering) from Wichita State University. He has been associated with our Company since its incorporation. Prior to joining our Company, he was associated with Applied Materials, Inc.

Luquman Veedu Ediyanam is the Non-executive Director of our Company. He holds a bachelor's degree in technology (branch II mechanical engineering) from University of Calicut. He has been associated with our Company since March 3, 2017. He currently is, and has been the legal partner and the managing director at Dhafir Technologies LLC, United Arab Emirates since its establishment in 1970.

Sareday Seshu Kumar is the Non-executive Director of our Company. He attended Osmania University to pursue a bachelor's degree in arts and participated in the accelarated management programme conducted by Indian School of Business and was awarded the "Best Project Presentation" during the course of the said programme. Prior to joining our Company, he was associated with Emantras Interactive Technologies Private Limited as its founder and chief executive officer.

Venkataramani Ananthramakrishnan is the Independent Director of our Company. He holds a master's degree in business administration from University of Chicago. He currently is, and has been serving as the managing director of IP Rings Limited since 2010, a company forming part of the Amalgamations group.

Chandar Pattabhiram is the Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from PSG College of Technology. He is currently serving as the chief marketing officer of Coupa Software Incorporated. Prior to joining our Company, he was associated with Badgeville, Inc. and Marketo, Inc.

Byas Unnikrishnan Nambisan is the Independent Director of our Company. He holds a master's degree in science (industrial administration) from Carnegie-Mellon University. He is currently the chief executive officer and is a director on the board of Ezetap Mobile Solutions Private Limited ("**Ezetap**") and has been associated with Ezetap since June 2014.

Sabitha Rao is the Independent Director of our Company. She holds a bachelor's degree in commerce from University of Madras and a post graduate diploma in management from Indian Institute of Management, Calcutta. She has been associated with Cerebrus Consultants Private Limited since April 1998 and is currently serving as the director on its board of directors.

Confirmations

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

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 any of the stock exchanges during the term of their directorship in such company.

No proceedings / investigations have been initiated by SEBI against any company, the board of directors of which also comprise of any of the Directors of our Company.

No consideration, either in cash or shares or otherwise has been paid, or agreed to be paid to any of our Directors, or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him / her or by the firm or company in which he / she is interested, in connection with the promotion or formation of our Company.

Terms of appointment of Executive Directors

Kunhamed Bicha

Kunhamed Bicha was appointed as the Chairman and Managing Director pursuant to a resolution passed by our Board of Directors at their meeting held on July 12, 2022 and our Shareholders' at their extraordinary general meeting held on July 12, 2022, with effect from July 12, 2022 for a term of five years on such terms and remuneration, as provided in the managing director appointment agreement dated July 12, 2022. The details of the remuneration and perquisites payable to him during the term of his office, include the following:

a. salary per annum aggregating to ₹19.14 million;
b. reimbursement of expenses incurred by him in or about the business of our Company, including for travel, telephone, use and maintenance of car;
c. insurance coverage under the relevant medical insurance policies availed by our Company;
d. the actual expenses reasonably incurred by him in relation to club membership; and
e. participation in any provident fund, superannuation benefits and gratuity fund or scheme for the employees that our Company may establish.

The said remuneration is subject to annual increment as determined by the Board on the recommendation of the Nomination and Remuneration Committee subject to the maximum limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and subject to approval of the Shareholders.

Compensation of Managing Director

The remuneration paid to the Chairman and Managing Director of our Company for the year preceding the date of this Draft Red Herring Prospectus is as follows:

(₹ in million)

Name of Director	Fiscal 2022
Kunhamed Bicha	24.20*

* *Includes an amount of ₹11.96 million paid by Sienna.*

Payment or benefit to Non-Executive Directors of our Company

Our Non-executive non-Independent Directors are only entitled to reimbursement of expenses for attending meetings of the Board and the Committees. Our Independent Directors are entitled to a sitting fee of ₹0.10 million for attending each meeting of our Board and of the committees of our Board and reimbursement of expenses incurred in discharge of their duties. Our Independent Directors shall also be entitled to profit related commission within the prescribed limits under Companies Act, as may be decided by our Board and approved by our Shareholders from time to time.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There are no arrangements or understandings with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board.

Shareholding of Directors in our Company

The Articles of Association do not require our Directors to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Red Herring Prospectus, on a fully diluted basis, is set forth below:

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer capital on a fully diluted basis (%)
1.	Kunhamed Bicha	21,647,500	38.67
2.	Bhaskar Srinivasan	18,554,550	33.14
3.	Luquman Veedu Ediyanam	5,585,650	9.98
4.	Sareday Seshu Kumar	3,896,900	6.96

Borrowing Powers

At present, our Company's borrowings are within the limits prescribed by the Companies Act, 2013 and our Articles of Association. Pursuant to our Articles of Association and in accordance with the Companies Act, our Board is authorised to borrow such monies which together with monies already borrowed do not exceed aggregate of our paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from our bankers in the ordinary course of business.

In the event our Company proposes to borrow sums in excess of such limits prescribed by the Companies Act, we will be required to obtain the consent of our shareholders through a special resolution.

Interests of Directors

Certain of our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them by our Company and Subsidiaries.

Additionally, Kunhamed Bicha, our Chairman and Managing Director may be deemed to be interested to the extent of payments made to his father, T P Imbichammad, in his capacity as the Chairman Emeritus and an advisor of our Company.

Certain of our Directors may also be regarded as interested in Equity Shares, if any, or equity shares held by them in our Subsidiaries, or Equity Shares which may be subscribed by and allotted to their relatives, or the entities with which they are associated as promoters, directors, partners, proprietors or trustees or to the companies, firms and trust, in which they are interested as directors, promoters, members, partners and trustees, pursuant to the Issue, and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

None of our Directors have any interest in any venture that is involved in activities similar to those conducted by our Company and our Subsidiaries.

Except Kunhamed Bicha and Bhaskar Srinivasan, none of our Directors have any interest in promotion or formation of our Company as on the date of this DRHP.

(i) *Interest in property*

Our Directors have no interest in any property acquired by our Company, or proposed to be acquired by our Company.

(ii) *Business interest*

Except as stated in "*Financial Statements – Restated Consolidated Financial Information – Note 33-Related Party Disclosures*" on page 350, and to the extent of shareholding in our Company or employee stock options held by them, if any, our Directors do not have any other interest in our business.

(iii) *Loans to Directors*

No loans have been availed by the Directors from our Company.

(iv) *Bonus or profit sharing plan for the Directors*

None of the Directors are a party to any bonus or profit-sharing plan of our Company.

(v) *Service contracts with Directors*

There are no service contracts executed by our Company with the Directors pursuant to which they are entitled to any benefits upon termination of employment.

(vi) *Interest in property, land, construction of building and supply of machinery*

Our Directors do not have any interest in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery.

Changes in the Board in the last three years

Name	Date of appointment / change / cessation	Reason
Byas Unnikrishnan Nambisan	July 19, 2022	Appointment as an Independent Director
Sabitha Rao	July 19, 2022	Appointment as an Independent Director

Name	Date of appointment / change / cessation	Reason
Kunhamed Bicha	July 12, 2022	Appointment as the Chairman and Managing Director
T P Imbichammad	July 12, 2022	Cessation as the Chairman and Managing Director*
Venkataramani Ananthramakrishnan	July 7, 2022	Appointment as an Independent Director
Chandar Pattabhiram	July 7, 2022	Appointment as an Independent Director

* *Appointed as the Chairman Emeritus with effect from July 12, 2022.*

CORPORATE GOVERNANCE

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof. 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, the SEBI Listing Regulations and in accordance with best practices in corporate governance. The Board of Directors function either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors detailed reports on its performance periodically.

Currently, our Board has eight Directors comprising of one Executive Director, and seven Non-Executive Directors, out of which four are Non-Executive, Independent Directors (including one woman Independent Director). Further, of the four non-Independent Directors, three are liable to retire by rotation and one is appointed for a fixed term of five years.

Committees of the Board

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

I. Audit Committee

The members of the Audit Committee are:

1. Byas Unnikrishnan Nambisan, Independent Director, *Chairperson*
2. Kunhamed Bicha, *Member*
3. Venkataramani Ananthramakrishnan, *Member*

The Audit Committee was constituted by a resolution of our Board of Directors passed at their meeting held on July 19, 2022. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, and its terms of reference are as following:

(i) The Audit Committee shall have powers, which should include the following:

(a) To investigate any activity within its terms of reference;
(b) To seek information from any employee of the Company;
(c) To obtain outside legal or other professional advice;
(d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
(e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

(ii) The role of the Audit Committee shall include the following:

(a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;

(c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(3) of the Companies Act;
   ii. Changes, if any, in accounting policies and practices and reasons for the same;
   iii. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
   iv. Significant adjustments made in the financial statements arising out of audit findings;
   v. Compliance with listing and other legal requirements relating to financial statements;
   vi. Disclosure of any related party transactions; and
   vii. Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(f) 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

(g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or 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 such conditions as may be prescribed. Provided that only those members of the committee, who are independent directors, shall approve related party transactions;

   Explanation: The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.

(j) Review, 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;

(k) Scrutiny of inter-corporate loans and investments;

(l) Undertaking or supervising valuation of undertakings or assets of the company, wherever it is necessary;

(m) Evaluation of internal financial controls and risk management systems;

(n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(p) Discussion with internal auditors of any significant findings and follow up there on;

(q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(t) 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;

(u) Reviewing the functioning of the whistle blower mechanism;

(v) Approval of the appointment of the Chief Financial Officer of the Company (“CFO”) (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

(w) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

(x) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances;

(y) Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on April 1, 2019;

(z) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

(aa) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(bb) Carrying out any other functions and roles as required / mandated and/or delegated by the Board as per the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(iii) The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;

(c) Internal audit reports relating to internal control weaknesses;

(d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

(e) Statement of deviations:

i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the Company, in terms of Regulation 32(7) of the SEBI Listing Regulations; and

(f) Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s);

(g) Monitoring report of the monitoring agency on an annual basis, immediately upon its receipt; and

(h) review the financial statements, in particular, the investments made by any unlisted subsidiary.

II. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Sabitha Rao, Independent Director, *Chairperson*
2. Sareday Seshu Kumar, *Member*
3. Chandar Pattabhiram, *Member*

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on July 19, 2022. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee are as follows:

(a) Formulation of 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;

(b) 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 our 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.

(c) Formulation of criteria for evaluation of performance of independent directors and the Board;

(d) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(i) use the services of an external agencies, if required;
(ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
(iii) consider the time commitments of the candidates.

(e) Devising a policy on Board diversity;

(f) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(g) Analysing, monitoring and reviewing various human resource and compensation matters;

(h) 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;

(i) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);

(j) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(k) Determining 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;

(l) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(m) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws ("**ESOP Scheme**")
(i) Determining the eligibility of employees to participate under the ESOP Scheme;
(ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
(iii) Date of grant;
(iv) Determining the exercise price of the option under the ESOP Scheme;
(v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
(vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
(vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
(viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
(ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
(x) The grant, vest and exercise of option in case of employees who are on long leave;
(xi) Allow exercise of unvested options on such terms and conditions as it may deem fit;
(xii) The procedure for cashless exercise of options;
(xiii) Forfeiture/ cancellation of options granted;
(xiv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
   - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;

- for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and

- the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.

(n) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(o) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
   (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
   (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
   (iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by the Company and its employees, as applicable;

(p) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;

(q) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

III. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Bhaskar Srinivasan, *Chairperson*
2. Kunhamed Bicha, *Member*
3. Byas Unnikrishnan Nambisan, *Member*

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on July 19, 2022. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The terms of reference are as follows:

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints;

(b) Reviewing of measures taken for effective exercise of voting rights by shareholders;

(c) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(d) 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;

(e) Reviewing the 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;

(f) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;

(g) Considering and specifically looking into various aspects of interest of shareholders, debenture holders or holders of any other securities;

(h) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

(i) To approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;

(j) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;

(k) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company;

(l) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s) or agent(s); and

(m) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

IV. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Sareday Seshu Kumar, *Chairperson*
2. Bhaskar Srinivasan, *Member*
3. Sabitha Rao, *Member*.

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on February 1, 2016 and was last reconstituted in their meeting held on July 19, 2022. The terms of reference of the Corporate Social Responsibility Committee of our Company are as follows:

(a) To formulate and recommend to the board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(c) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities, being at least two-percent of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its corporate social responsibility and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(d) To formulate and recommend to the Board, an annual action plan in pursuance to the corporate social responsibility policy, which shall include the following, namely:

    (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Companies Act, 2013;
    (ii) the manner of execution of such projects or programmes as specified in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;

(iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
(iv) monitoring and reporting mechanism for the projects or programmes; and
(v) details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendations of the Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

(e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(g) To take note of the compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company;

(h) To perform 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 and exercise such other powers as may be conferred or perform such responsibilities as may be required by the CSR Committee in terms of the provisions of Section 135 of the Companies Act; and

(i) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

V. IPO Committee

The members of the IPO Committee are:

1. Kunhamed Bicha, *Chairperson*
2. Bhaskar Srinivasan, *Member*
3. Byas Unnikrishnan Nambisan, *Member*

The IPO Committee was constituted by our Board of Directors at their meeting held on August 2, 2022. The terms of reference of the IPO Committee of our Company are as follows:

(a) To undertake as appropriate such communication with the Selling Shareholders as required under applicable law, including inviting the existing shareholders of the Company to participate in the Offer by making an offer for sale in relation to such number of Equity Shares held by them as may be deemed appropriate, and which are eligible for the offer for sale in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), and taking all actions as may be necessary or authorised in connection with any offer for sale;

(b) To take on record the number of Equity Shares proposed to be offered by the Selling Shareholder(s), and to decide, along with the Selling Shareholder(s), in consultation with the book running lead manager(s) ("BRLMs") appointed in relation to the Offer;

(c) To decide, negotiate and finalize, in consultation with the BRLMs, on the size, timing (including opening and closing dates), pricing and all the terms and conditions of the Offer and transfer of the Equity Shares pursuant to the Offer, including without limitation the number of the Equity Shares to be issued or offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of any oversubscription), price and any discount as allowed under applicable laws that may be fixed, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, determining the anchor investor portion and allocating such number of Equity Shares to Anchor Investors as may be decided by the Company, in consultation with the BLRMs and in accordance with the SEBI ICDR Regulations and to accept any amendments, modifications, variations, or alterations thereto;

(d) To decide, negotiate and finalise in consultation with the BRLMs, all other related matters regarding the Pre-IPO Placement if any, including the execution of the relevant documents with the investors, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;

(e) To invite and permit existing shareholders to sell any Equity Shares held by them, determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

(f) To appoint, instruct and enter into arrangements with the BRLMs and in consultation with BRLM(s), appoint and enter into agreements with intermediaries, including underwriters, syndicate members, brokers, escrow collection banks, bankers to the Offer, sponsor bank, auditors, independent chartered accountants, industry expert, depositories, custodians, registrar(s), legal advisors, advertising agency(ies), printers and any other agencies or persons or intermediaries (including any replacements thereof) to the Offer and to negotiate and finalise the terms of their appointment, including but not limited to execution of the engagement letter with the BRLM(s), negotiation, finalisation and execution of the offer agreement with the BRLM(s) and Selling Shareholders, etc and the underwriting agreement with the underwriters and to accept any amendments, modifications, variations, or alterations thereto;

(g) To negotiate, finalise, settle, execute and deliver or arrange the delivery of, as well as terminate and amend the offer agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, share escrow agreement, agreements with the registrar to the Offer and the advertising agency(ies), underwriting agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;

(h) To approve the relevant restated financial statements to be issued in connection with the Offer;

(i) To finalise, settle, approve, file, adopt and deliver in consultation with the BRLMs and selling shareholders, the Draft Red Herring Prospectus ("DRHP"), the Red Herring Prospectus ("RHP"), the Prospectus, the abridged prospectus and application forms, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, for the issue of Equity Shares and take all such actions in consultation with the BRLM(s) as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;

(j) To make applications to, seek clarifications and obtain approvals and seek exemptions from, if necessary, the Stock Exchanges, the RBI, the SEBI, the relevant RoC or any other statutory or governmental authorities in connection with the Offer as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions and, wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the DRHP, the RHP and the Prospectus;

(k) To approve any corporate governance requirements, approving suitable policies on insider trading, whistle-blowing, risk management, and any other policies, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the SEBI Listing Regulations or any other applicable laws;

(l) To authorise and approve notices, advertisements in relation to the Offer in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer and in accordance with the SEBI ICDR Regulations, Companies Act, 2013, as amended and other applicable law;

(m) To seek, if required, the consent and waivers of the lenders to the Company and its subsidiaries, as applicable, parties with whom the Company has entered into various commercial and other agreements including without limitation industry data providers, customers, suppliers, strategic partners of the Company, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

(n) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Offer and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(o) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including issue price for anchor investors), finalising and approving the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees, in various categories, in accordance with Applicable Laws, in consultation with the BRLM(s) and the Selling Shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;

(p) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the price band, allow revision of the Offer portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;

(q) To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the afore-stated documents;

(r) To make applications for listing of the Equity Shares on one or more recognised stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;

(s) To do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;

(t) To authorise and approve, in consultation with the BRLM(s), the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

(u) To execute and deliver and/or to authorise and empower officers of the Company (each, an "**Authorised Officer**") for and on behalf of the Company to execute and deliver, any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/or Authorised Officer and Company in so doing;

(v) To authorize any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares in the Offer;

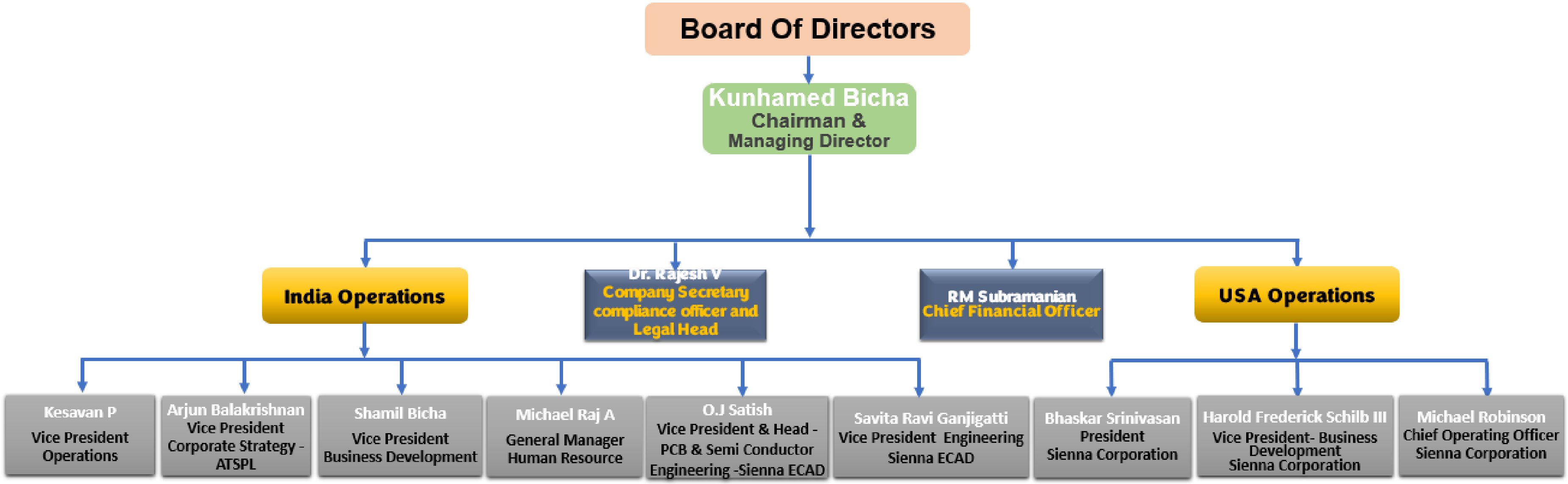
(w) giving or authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

(x) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws;

(y) To submit undertakings/certificates or provide clarifications to the Securities Exchange Board of India and the stock exchanges where the Equity Shares of the Company are proposed to be listed; and

(z) To settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid in consultation with the BRLM(s) and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit.

MANAGEMENT ORGANISATION CHART



KEY MANAGEMENT PERSONNEL

In addition to (i) Kunhamed Bicha, our Chairman and Managing Director; and (ii) Bhaskar Srinivasan, our Non-executive Director and president of Sienna, whose details are provided in "*– Brief Profiles of our Directors*" on page 248, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below:

R M Subramanian is the Chief Financial Officer of our Company and is responsible for the financial functions of our Company and Subsidiaries. He joined our Company on August 2, 2019. He holds a bachelor's degree in civil engineering from Birla Institute of Technology and Science and a post graduate diploma in management from Indian Institute of Management, Bangalore. He has several years of experience in the financial functions. Prior to joining the Company, he was associated with A.F. Ferguson & Co as a consultant, Cairn Energy India Pty Limited as general manager-group treasury, Greenstar Fertilizers Limited as chief financial officer, Essar Oil Limited as vice president-finance, Sembcorp India Private Limited as vice president-finance and Chemplast Cuddalore Vinyls Limited as deputy managing director-treasury. In Fiscal 2022, he received a remuneration of ₹8.50 million.

Dr. Rajesh V is the Company Secretary, Compliance Officer and Legal Head of our Company and is responsible for secretarial and legal functions of our Company. He joined our Company on February 2, 2022. He holds a bachelor's degree in (i) commerce from Annamalai University; and (ii) law from Sri Venkateshwara University, Tirupathi, a master's degree in (i) commerce; and (ii) business administration, both from Annamalai University and a degree of doctor of philosophy in commerce from Bharathiar Univeristy, Coimbatore. He is also an associate member of the Institute of Company Secretaries of India. He has several years of experience in the secreterial and legal functions. Prior to joining the Company, he was associated with Chemfab Alkalis Limited as senior manager (secretarial), Lancor Holdings Limited as company secretary, M. Damodharan & Associates as secretarial executive, Global Hospitals as company secretary and S&S Power Switchgear Limited as manager-secetarial and legal. In Fiscal 2022, he received a remuneration of ₹0.33 million.

Kesavan P is the vice president - operations of our Company. He joined our Company on May 1, 2000. He completed his higher secondary course in vocational education and attended first year of diploma course in telecommunication from MEI Polytechnic, Bengaluru. He has several years of experience in operations pertaining to printed circuit board and cables division. Prior to joining the Company, he was associated with Quest Smartech Private Limited as senior factory manager, Texmaco Micro Indo Utama as SMT consultant where he was instrumental in establishing the SMT process and training of staff in various manufacturing processes, Quest Technology, Sun Fibre Optics Private Limited as senior engineer, MiniCircuits Limited, and Talent Packaging Industries. In Fiscal 2022, he received a remuneration of ₹6.50 million.

Arjun Balakrishnan is the vice president – corporate strategy of ATSPL and is responsible for the operations of the metals, aerospace and plastics division of our Company. He joined ATSPL on December 1, 2015. He holds a bachelor's degree in engineering (production) from Bharathiar University, a master's degree in science (engineering) from University of Texas, USA and a master's degree in business administration from Harvard Business School, Boston, USA. He has several years of experience in the various functions including manufacturing operations, supply chain management, sub-contracting, program management, business development, quality and delivery. Prior to joining ATSPL, he was associated with the Holm Industries as manager-international business and productivity, GE Power Controls India Limited as director-quality and Panasonic India Private Limited as director-externa affairs. In Fiscal 2022, he received a remuneration of ₹5.00 million from ATSPL.

Shamil Bicha is the vice president – business development of our Company. He joined our Company on July 2, 2002 and is responsible for overall sales, business development and marketing of the Company. He holds a bachelor's degree in mechanical engineering (branch II) from University of Madras. He has several years of experience in functions pertaining to business development. Prior to joining the Company, he was associated with Applied Materials, Inc. In Fiscal 2022, he received a remuneration of ₹6.50 million.

Michael Raj A is the general manager – human resources of our Company and is responsible for all the human resources functions of our Company and Indian Subsidiaries. He joined our Company on April 1, 2020. He holds a bachelor's degree in arts (philosophy) from Madurai Kamaraj University and a master's degree in arts (social work) from Loyola College, Chennai, University of Madras. He has several years of experience in various human resources functions. Prior to joining the Company, he was associated with Wabco India Limited and Sheenlac Paints Limited as assistant general manager-HR, with ESAB India Limited as manager-HR and Sherston Educational Software Private Limited as HR executive and with Visteon Electronics India Private Limited as manager-human resources. In Fiscal 2022, he received a remuneration of ₹3.22 million.

O J Sathish is the vice president and head – PCB and semi conductor engineering of Sienna ECAD and heads the design and development division of Sienna ECAD. He joined Sienna ECAD on September 7, 1997. He holds a bachelor's degree in engineering (electronics and instrumentation) from Annamalai University and a post graduate diploma in operations management from Indira Gandhi National Open University. He has several years of experience in the various fields including designing and development of printed circuit boards, marketing and quality management. Prior to joining the Sienna ECAD, he was associated with Alpha-Imager Private Limited as manager-systems. In Fiscal 2022, he received a remuneration of ₹3.73 million from Sienna ECAD.

Savita R Ganjigatti is the vice president - engineering of Sienna ECAD and heads the printed circuit board design and analysis team of Sienna ECAD. She joined Sienna ECAD on September 7, 1997. She holds a bachelor's degree in engineering (electronics and communication) and a master's degree in technology (digital communication and networking), both from Visvesvaraya Technology University, Belgaum. She has several years of experience in various functions including engineering and designing complex printed circuit board. Prior to joining the Sienna ECAD, she was associated with Karnataka Telecom Limited as technician and Alpha-Imager Private Limited as CAD designer. She is a member of the Thought Leadership Programme of IPC Design, USA. In Fiscal 2022, she received a remuneration of ₹3.20 million from Sienna ECAD.

Harold Frederick Schilb III is the vice president – business development of Sienna and leads the sales function of Sienna. He joined Sienna on December 2, 2021. He holds a bachelor's degree in science (electrical engineering) from Northeastern University, Massachusetts, USA and a master's degree in business administration from Fairleigh Dickinson University, New Jersey, USA. He has several years of experience in functions pertaining to business development. Prior to joining the Sienna, he was associated with Dwfritz Automation, LLC, Celestica Corporation, Electri-Cord Manufacturing Co, IEC Electronics Corp, Industrial Electronics Services Inc, Plexus Corp and Solectron. In Fiscal 2022, he received a remuneration of ₹4.97 million from Sienna.

Michael Robinson is the chief operating officer of Sienna and is responsible for overall operations of the manufacturing business in the USA. He joined Sienna on December 5, 2008. He holds a bachelor's degree in science from Worcester Polytechnic Institute, Massachusetts, USA. He has several years of experience in functions pertaining to manufacturing and operations. Prior to joining Sienna, he was associated with Motorola Inc. and as executive vice president and chief operating officer with Wconect, LLC. He co-invented "Battery Identification Apparatus" and "Weldless Battery Pack", for which patent registrations have been obtained in the USA. In Fiscal 2022, he received a remuneration of ₹25.86 million from Sienna.

Except Kunhamed Bicha (Chairman and Managing Director) and Shamil Bicha (vice president – business development) who are brothers, none of our Key Managerial Personnel are related to each other.

Except for Arjun Balakrishnan, O J Sathish, Savita R Ganjigatti, Harold Frederick Schilb III and Michael Robinson, who are employees of our Subsidiaries, as specified above, all the Key Managerial Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

The details of shareholding and options granted to our Key Managerial Personnel, is set forth below. For details of shareholding of Kunhamed Bicha and Bhaskar Srinivasan, see "– *Shareholding of Directors in our Company*":

Sr. No.	Name	Number of Equity Shares	Stock options
1.	Kesavan P	Nil	132,300
2.	Shamil Bicha	Nil	Nil
3.	Arjun Balakrishnan	Nil	65,800
4.	R M Subramanian	Nil	132,300
5.	O J Satish	Nil	65,800
6.	Savita R Ganjigatti	Nil	44,100
7.	Michael Raj A	Nil	5,600
8.	Dr. Rajesh V	Nil	3,150
9.	Michael Robinson	Nil	132,300
10.	Harold Frederick Schilb III	Nil	8,750

Arrangements and understanding with major Shareholders

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as member of senior management.

Bonus or profit-sharing plans

None of the Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to Key Managerial Personnel.

Interests of Key Managerial Personnel

The Key Managerial Personnel do not have any interest in our Company other than (i) as stated in "*Financial Statements – Restated Consolidated Financial Information – Note 33-Related Party Disclosures*" on page 350; (ii) to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business; or (iii) to the extent of any employee stock options, if any, that they are entitled to. The Key Managerial Personnel may also be deemed to be interested to the extent of any remuneration paid to them by our Subsidiaries or any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company or in respect of equity shares held by them in our Subsidiaries, if any.

None of the Key Managerial Personnel have been paid any consideration of any nature from our Company or Subsidiary on whose rolls they are employed, other than their remuneration.

Our Company has not entered into any service contracts with our Key Managerial Personnel pursuant to which they are entitled to any benefits upon termination of their employment.

There is no contingent or deferred compensation payable to our Key Managerial Personnel or Directors, which does not form part of their remuneration.

Additionally, Kunhamed Bicha (Chairman and Managing Director) and Shamil Bicha (vice president – business development) may be deemed to be interested to the extent of payments made to their father T P Imbichammad, in his capacity as the Chairman Emeritus and an advisor of our Company.

Changes in the Key Managerial Personnel

Except as disclosed below, there have been no changes in the Key Managerial Personnel in the last three years:

Name	Date of appointment / change / cessation	Reason
Kunhamed Bicha	July 12, 2022	Appointed as the Chairman and Managing Director
T P Imbichammad	July 12, 2022	Cessation as the Managing Director*
R M Subramanian	July 7, 2022	Appointed as the Chief Financial Officer
Dr. Rajesh V	February 3, 2022	Appointed as the Company Secretary
Harold Frederick Schilb III	December 2, 2021	Appointed as vice president – business development of Sienna
Kavin L Stone	July 16, 2021	Resignation as vice president – business development of Sienna
Micheal Raj A	April 1, 2020	Appointed as general manager – human resources

* *Appointed as the Chairman Emeritus with effect from July 12, 2022*

(a) 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 Managerial Personnel and our Directors within the two preceding years.

EMPLOYEE STOCK OPTION

For details of our Company's employee stock option, see "*Capital Structure – Employee Stock Option Schemes*" on page 92.

For details pertaining to the attrition rates of our Company, please see "*Risk Factors – Our continued success is dependent on our senior management and skilled manpower. Our inability to attract and retain sufficient number* *of skilled manpower and key personnel or the loss of services of our senior management may have an adverse effect on our business prospects*"

OUR PROMOTERS AND PROMOTER GROUP

Promoters

Kunhamed Bicha and Bhaskar Srinivasan are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 40,202,050 Equity Shares, representing 71.81% of the pre-Offer issued, subscribed and paid-up capital, on a fully diluted basis, of our Company. For details, please see "*Capital Structure – Build-up of Promoters' shareholding, Minimum Promoter's Contribution and lock-in – Build-up of the Equity Shareholding of our Promoters in our Company*" on page 89.

Details of our Promoters are as follows:

Kunhamed Bicha

Kunhamed Bicha, aged 54 years, is the Chairman and Managing Director of our Company.

Permanent Account Number: AAHPK8096K

For further details in respect of his date of birth, address, educational qualifications, professional experience, positions/ posts held in the past and other directorships and special achievements, see "*Our Management*" on page 246.

Bhaskar Srinivasan

Bhaskar Srinivasan, aged 56 years, is the Non-executive Director of our Company.

Permanent Account Number: BQGPS4403J

For further details in respect of his date of birth, address, educational qualifications, professional experience, positions/ posts held in the past and other directorships and special achievements, see "*Our Management*" on page 246.

Our Company confirms that the (i) permanent account number, bank account number(s), passport number, aadhaar card number and driving license number of Kunhamed Bicha; and (ii) permanent account number, bank account number(s), passport number and driving license number of Bhaskar Srinivasan, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus. Since aadhaar card number for Bhaskar Srinivasan is not available, the same will not be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Change in control of our Company

There has been no change in the management or control of our Company during the last five years preceding the date of this Draft Red Herring Prospectus.

Other ventures of our Promoters

Other than as disclosed in "– *Promoter Group*" below and in "*Our Management*" on page 246, our Promoters are not involved in any other ventures.

Interests of Promoters

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) their shareholding in our Company and Subsidiaries; (iii) the dividends payable thereon; and (iv) any other distributions in respect of their shareholding in our Company and Subsidiaries. For further details, see "*Capital Structure – Equity shareholding of our Promoters and Promoter Group*" beginning on page 90.

Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters. For further details of interest of our Promoters in our Company, see *"Financial Statements – Restated Consolidated Financial Information – Note 33-Related Party Disclosures*" on page 350.

Further, the Promoters of our Company, are also interested in our Company as the Chairman and Managing Director and Non-executive Director of our Company and may be deemed to be interested in the remuneration payable to them, where applicable, and the reimbursement of expenses incurred by them in their capacity as the Directors. Further, our Promoters are also interested in remuneration payable to them by our Subsidiaries. For further details, see "*Our Management*" on page 246.

None of our Promoters have any interest in any venture that is involved in activities similar to those conducted by our Company and our Subsidiaries.

No sum has been paid or agreed to be paid to our Promoters or to any firm or company in which our Promoters are interested, in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as a director or Promoters or otherwise for services rendered by the Promoters, or by such firm or company, in connection with the promotion or formation of our Company.

Additionally, Kunhamed Bicha, our Promoter, Chairman and Managing Director may be deemed to be interested to the extent of payments made to his father T P Imbichammad, in his capacity as the Chairman Emeritus and an advisor of our Company.

Interest in property, land, construction of building and supply of machinery

Our Promoters do not have any interest in any property acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery.

Payment or benefits to Promoters or Promoter Group

Except as disclosed herein and as stated in "*Financial Statements – Restated Consolidated Financial Information – Note 33-Related Party Disclosures*" on page 350, there has been no payment or benefits by our Company to our Promoters or any of the members of the 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 benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have dissociated themselves with the following companies or firms in the three years preceding the date of this Draft Red Herring Prospectus:

Name of Promoter(s)	Companies or firms with which Promoter(s) have disassociated	Reasons and circumstances for disassociation	Date of disassociation
Kunhamed Bicha	Chromaup Private Limited	Company has been struck-off	May 23, 2022
	Emantras Interactive Technologies Private Limited	Company has been struck-off	November 1, 2019
	Sienna ECAD LLC	Company terminated and no longer exists	June 8, 2022
Bhaskar Srinivasan	Emantras Interactive Technologies Private Limited	Company has been struck-off	November 1, 2019
	Sienna ECAD LLC	Company terminated and no longer exists	June 8, 2022

Material guarantees

As on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantee to any third party with respect to the Equity Shares.

Other confirmations

Our Promoters are not Wilful Defaulters or Fraudulent Borrowers.

Our Promoters are not Fugitive Economic Offenders.

Our Promoters and members of the Promoter Group have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Our Promoters are not, and have not been in the past, a promoter or a director of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

PROMOTER GROUP

In addition to our Promoters, the individuals and entities that form a part of the Promoter Group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations are set out below:

Natural persons who are part of the Promoter Group

S. No.	Name of the Promoter	Name of member of our Promoter Group	Relationship with our Promoter
1.	Kunhamed Bicha	Leenaz Bicha	Spouse
2.		T P Imbichammad	Father
3.		Mariyam Bicha	Mother
4.		Salim Bicha	Brother
5.		Shamil Bicha	Brother
6.		Rehaan Bicha	Son
7.		Sameer Bicha	Son
8.		Zayed Bicha	Son
9.		Amina Abdul Samad	Spouse's mother
10.		Nazreen Bicha	Spouse's sister
11.		Ayesha Rahim	Spouse's sister
12.		Alia Abdul Samad	Spouse's sister
13.	Bhaskar Srinivasan	Divya Vivekanandan	Spouse
14.		Pushpammal Mariappa Nadar	Mother
15.		Bhavya Srinivasan	Daughter
16.		Kavya Srinivasan	Daughter
17.		Vivekanandan Sukumara Panicker	Spouse's father
18.		Santhakumari Vivekanandan	Spouse's mother
19.		Visal.V	Spouse's brother

Bodies corporates, partnership firms forming part of the Promoter Group

1. Project Engineering Services (partnership firm);
2. Croppico LLP; and
3. Dolphin Infotech Inc.

OUR GROUP COMPANIES

Pursuant to a resolution dated August 2, 2022, our Board formulated a policy for identification of group companies ("**Materiality Policy**") and has noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, group companies of our Company shall include the companies (i) with which there were related party transactions, during the period covered in the Restated Consolidated Financial Information, under the applicable accounting standards; and (ii) with which there were transactions during the most recent period covered in the Restated Consolidated Financial Information, which individually or in the aggregate, exceed 10% of the total revenue from operations of the Company, as per the Restated Consolidated Financial Information for that period.

Our Company had certain related party transactions each with Sienna Technology & Services Private Limited and Sienna ECAD LLC in Fiscal 2020. However, (i) Sienna Technology & Services Private Limited has been struck off from Register of Companies and dissolved, and the same was recorded by the Registrar of Companies, Tamil Nadu, Andaman & Nicobar Islands, Chennai through notice of strike off and dissolution dated November 12, 2021; and (ii) Sienna ECAD LLC was terminated on June 8, 2020 and no longer exists. Accordingly, as on the date of this Draft Red Herring Prospectus, our Company does not have any group company.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act. The quantum of dividend to be distributed, if any, will depend on a number of factors, including profit earned during the current financial year, overall financial conditions of our Company and macro-economic conditions. The Dividend Policy of our Company was approved and adopted by our Board on August 2, 2022 ("**Dividend Policy**"). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal and external factors, which, amongst others, include profitable growth, cash flow position, accumulated reserves, current and future leverage, capital expenditures, business cycle, cost of external financing, inflation rate and changes in government policies, industry specific rulings and regulatory provisions.

The details of total dividends declared by our Company for the current Fiscal and Fiscals 2022, 2021 and 2020 are set out below:

Fiscal	Total dividend per Equity Share/Preference Share (in ₹)	Dividend rate	Total amount of dividend (in ₹)
Equity Shares			
2023*	NIL	NIL	NIL
2022	NIL	NIL	NIL
2021	NIL	NIL	NIL
2020	NIL	NIL	NIL
Preference Shares			
2023*	NIL	NIL	NIL
2022	10.00	10%	3,500,000
2021	10.00	10%	3,500,000
2020	10.00	10%	3,500,000

**As on the date of this Draft Red Herring Prospectus.*

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*"

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

To,

The Board of Directors
Avalon Technologies Limited (Formerly known as Avalon Technologies Private Limited)
B-7 First Main Road,
MEPZ-SEZ, Tambaram
Chennai, Tamil Nadu – 600 045
India.

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Avalon Technologies Limited (formerly known as Avalon Technologies Private Limited) (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the years ended as on March 31, 2022, March 31, 2021 and March 31, 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company in their meeting held on August 2, 2022 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with the proposed Initial Public Offer of equity shares of the Company ("IPO") prepared in terms of the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act")
   b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "ICAI Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("SEBI") and relevant stock exchanges where the equity shares of the Company are proposed to be listed ("Stock Exchanges"), in connection with the IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the "Basis of Preparation" stated in note No. 1(2)(A) to the Restated Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the ICAI Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:

   a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated May 11, 2022 in connection with the proposed IPO of equity shares of the Company.

   b. The ICAI Guidance Note. The ICAI Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information in accordance with the Guidance Note on Reports in Company Prospectuses (Revised 2019) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India; and

   d. The requirements of Section 26 of the Act and the ICDR Regulations.

   Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the ICAI Guidance Note in connection with the proposed IPO.

4. These Restated Consolidated Financial Information have been compiled by the management of the Company from the Audited Special Purpose Consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 prepared in accordance with Indian Accounting Standards (Ind AS), specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors in their meeting held on August 2, 2022. The Special Purpose Consolidated Ind AS Financial Statements have been prepared by the management of the Company based on the Special Purpose Standalone Ind AS Financial Statements of the Company and its subsidiaries that were approved by the Board of Directors of the respective companies in their meetings held on August 2, 2022.

5. We have audited the Special Purpose Consolidated Ind AS Financial Statements of the Group prepared by the Company in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with ICAI's Guidance Note on Reports in Company Prospectuses and other accounting principles generally accepted in India, for the limited purpose of complying with the requirement of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI as required by ICDR Regulations in relation to proposed IPO and for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail") that has been received by us through the book running lead manager appointed in connection with the IPO. We have issued our audit reports dated August 2, 2022 on the Special Purpose Consolidated Ind AS Financial Statements to the Board of Directors.

6. For the purpose of our examination, we have relied on the Auditors' Report issued by us dated August 2, 2022 on the Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 as referred in Paragraph 5 above.

7. The audit reports on the Special Purpose Consolidated Ind AS Financial Statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 issued by us contained the following Emphasis of Matter and Other Matter paragraphs:

As at and for the year ended 31 March 2022:

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

   Our opinion is not modified in respect of the above matter.

Other Matters:

1. The statutory audit of Consolidated Financial Statements of the Group as at and for the year ended March 31, 2022 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on May 4, 2022, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated May 4, 2022. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

2. Opening balance with respect to the financial information for the year ended March 31 2022, included in these Special Purpose Consolidated Ind AS Financial Statements, are based on audited special purpose consolidated Ind AS financial statements for the year ended March 31 2021, which has been approved by the Company's Board of Directors on August 2, 2022.

3. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial

Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS. The audit report of the other auditor on the financial statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2022, dated April 30, 2022 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2022. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC.

(Rs. In Million)

Name of Subsidiary	Total Assets as at the year end	Total Revenue for the year	Net Cash inflow/(outflow) for the year
ABV Electronics Incorporated (Sienna Corporation)	1,769.56	5,256.50	4.77

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(2)(A) to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

As at and for the year ended 31 March 2021:

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

Our opinion is not modified in respect of the above matter.

Other Matters:

1. The statutory audit of consolidated financial statements of the Group as at and for the year ended March 31, 2021 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on November 26, 2021, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated November 26, 2021. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

2. As our audit was conducted for a specific purpose as stated in Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements on a date subsequent to the reporting date in respect of the year pertaining to these financial statements, we were unable to carry out regular audit procedures including physical verification of inventory, obtaining direct confirmations of balances from debtors, creditors and other parties and certain other procedures. However, we have performed alternative procedures on these areas where we could not perform our regular audit procedures.

3. Opening balance with respect to the financial information for the year ended March 31 2021, included in these Special Purpose Consolidated Ind AS Financial Statements, are based on audited special purpose consolidated Ind AS financial statements for the year ended March 31 2020, which has been approved by the Company's Board of Directors on August 2, 2022.

4. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS.The audit report of the other auditor on the Financial Statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2021, dated August 30, 2021 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2021. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC.

(Rs. In Million)

Name of Subsidiary	**Total Assets as at the year end**	**Total Revenue for the year**	**Net Cash inflow/(outflow) for the year**
ABV Electronics Incorporated (Sienna Corporation)	1,438.16	4,547.59	(4.99)

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(2)(A) to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

As at and for the year ended 31 March 2020:

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

2. As stated therein, the comparative financial information has not been included in these financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the company's state of affairs, profit, changes in equity and cash flows.

Our opinion is not modified in respect of the above matters.

Other Matters:

1. The statutory audit of Consolidated Financial Statements of the Group as at and for the year ended March 31, 2020 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on December 16, 2020, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated December 16, 2020. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

2. As our audit was conducted for a specific purpose as stated in Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements on a date subsequent to the reporting date in respect of the year pertaining to these financial statements, we were unable to carry out regular audit procedures including physical verification of inventory, obtaining direct confirmations of balances from debtors, creditors and other parties and certain other procedures. However, we have performed alternative procedures on these areas where we could not perform our regular audit procedures.

3. The opening balance sheet as at April 1, 2019 included in these Special Purpose Consolidated Ind AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (IGAAP), audited by the predecessor auditor whose report for the year ended March 31, 2019 dated September 20, 2019 expressed an unmodified opinion on those standalone financial statements, which have been restated by the company to comply with Ind AS. Adjustments to the said financial information for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

4. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS. The audit report of the other auditor on the financial statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2020, dated October 9, 2020 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2020, Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC .

(Rs. In Million)

Name of Subsidiary	Total Assets as at the year end	Total Revenue for the year	Net Cash inflow/(outflow) for the year
ABV Electronics Incorporated (Sienna Corporation)	1,181.57	4,013.53	1.81

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(2)(A) to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

8. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/ reclassifications retrospectively in the financial years ended March 31, 2021 and March 31, 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the financial year ended March 31, 2022

   b. There are no modifications in the auditors' reports on the audited Special Purpose Consolidated Ind AS financial Statements of the Group for the years ended March 31, 2022, March 31,2021 and March 31, 2020 which requires any adjustment to the Restated Consolidated Financial Information

   c. do not require any adjustment for the matters included in 'Emphasis of Matter' and 'Other Matter' in paragraph 7 above; and

   d. have been prepared in accordance with the Act, ICDR Regulations and the ICAI Guidance Note.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Consolidated Ind AS Financial Statements mentioned in paragraph 4 above.

10. 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 or the previous auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is addressed to and provided to enable the Board of Directors of the Company to include this report in the DRHP to be filed with SEBI and the Stock Exchanges in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **VARMA & VARMA**
Chartered Accountants
Firm Registration No: 004532S

P.R.Prasanna Varma
Partner
Membership Number 025854
UDIN: 22025854AOCXQZ1089

Place: Chennai
Date: August 2, 2022

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure I

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

S.No.	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A.	**ASSETS**				
	Non-Current Assets				
	(a) Property, plant and equipment	2	893.99	832.39	719.53
	(b) Capital Work in Progress	2	19.65	-	26.69
	(c) Right-of-Use assets	3A	222.34	200.30	259.84
	(d) Intangible Assets	3B	6.28	8.17	7.33
	(e) Financial Assets				
	(i) Investments	4	-	-	23.50
	(ii) Other financial assets	5	52.80	43.46	44.06
	(f) Deferred Tax Asset (Net)	12.1	163.54	232.41	262.47
	(g) Tax assets (Net)	12.2	17.32	7.98	17.99
	(h) Other Non Current Assets	6	0.84	4.02	8.50
	Total non-current assets		**1,376.76**	**1,328.73**	**1,369.91**
	Current Assets				
	(a) Inventories	7	2,330.22	1,457.77	1,552.62
	(b) Financial Assets				
	(i) Trade Receivables	9	1,773.73	1,818.88	1,137.85
	(ii) Cash and Cash Equivalents	8A	77.59	313.38	245.93
	(iii) Bank Balances other than (ii) above	8B	23.80	21.87	20.03
	(iv) Other Financial Assets	5	13.18	14.37	9.07
	(c) Other Current Assets	6	284.34	169.84	161.08
	Total current assets		**4,502.86**	**3,796.11**	**3,126.58**
	TOTAL ASSETS		**5,879.62**	**5,124.84**	**4,496.49**
B.	**EQUITY AND LIABILITIES**				
	Equity				
	(a) Equity Share Capital	10	15.97	15.97	15.30
	(b) Other Equity	11	855.94	583.48	450.43
	(c) Non-Controlling Interests		-	(317.37)	(431.27)
	Total equity		**871.91**	**282.08**	**34.46**
	Liabilities				
	Non-Current Liabilities				
	(a) Financial Liabilities				
	i. Borrowings	13	741.83	811.77	495.75
	ii. Lease Liabilities	15A	170.01	155.90	205.16
	iii. Other Financial Liabilities	15B	-	-	-
	(b) Provisions	16	86.08	77.40	71.73
	(c) Deferred Tax Liabilities (Net)	12.1	-	-	-
	(d) Other non-current liabilities	17	19.65	6.02	19.49
	Total non-current liabilities		**1,017.57**	**1,051.09**	**792.13**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure I

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

S.No.	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	Current Liabilities				
	(a) Financial Liabilities				
	i. Borrowings	13	2,198.70	2,141.55	1,989.06
	ii. Lease Liabilities	15A	65.96	53.62	53.36
	iii. Trade Payables				
	a) Micro and small enterprises	14	11.89	3.44	7.11
	b) Others	14	1,173.01	1,271.15	1,350.67
	iv. Other Financial Liabilities	15B	69.87	85.82	63.35
	(b) Other Current Liabilities	17	416.28	175.07	143.88
	(c) Provisions	16	11.13	12.38	13.06
	(d) Current tax Liabilities (Net)	12.2	43.30	48.64	49.41
	Total current liabilities		**3,990.14**	**3,791.67**	**3,669.90**
	Total Liabilities		**5,007.71**	**4,842.76**	**4,462.03**
	TOTAL EQUITY AND LIABILITIES		**5,879.62**	**5,124.84**	**4,496.49**
	Basis of preparation, measurement and significant accounting policies	1			

The above Statement should be read together with significant accounting policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Adjustments to Restated Consolidated Financial Information in Annexure VI and the notes to the Restated Consolidated Financial Information in Annexure VII.

As per our report of even date attached

For and on behalf of the Board

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

Kunhamed Bicha
Chairman & Managing Director

RM Subramanian
Chief Financial Officer

P R Prasanna Varma
Partner
Membership No. 025854

Rajesh V
Company Secretary

Chennai

August 02, 2022

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

S.No.	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
I	Revenues from Operations	18	8,407.18	6,904.71	6,418.67
II	Other Income	19	109.32	54.26	112.81
III	**Total Income (I+II)**		**8,516.50**	**6,958.97**	**6,531.48**
IV	**Expenses:**				
	Cost of raw materials consumed	20	5,608.04	4,356.22	4,289.84
	Purchases of Stock-in-Trade		-	-	-
	Changes in Inventories of finished goods, work-in-progress	21	(66.71)	203.77	(177.32)
	Employee benefits expense	22	1,313.53	1,192.08	1,162.12
	Finance costs	23	248.47	269.94	449.57
	Depreciation and amortisation expenses	24	171.93	157.47	155.08
	Other expenses	25	576.83	491.20	499.24
	Total Expenses		**7,852.09**	**6,670.68**	**6,378.53**
V	**Restated Profit before tax (Before Exceptional items) (III-IV)**		**664.41**	**288.29**	**152.95**
VI	Exceptional items	26	199.90	-	-
VII	**Restated Profit before tax (After Exceptional items) (V+VI)**		**864.31**	**288.29**	**152.95**
VIII	**Tax Expense:**				
	(1) Current Tax	27	138.72	33.90	21.72
	(2) Tax of earlier years	27	(16.13)	-	-
	(3) Deferred Tax	27	60.08	23.57	7.97
			182.67	**57.47**	**29.69**
IX	**Restated Profit for the year (VII - VIII)**		**681.64**	**230.82**	**123.26**
X	**Restated Other Comprehensive Income**				
	A. i) Items that will not be reclassified to profit or loss				
	a) Remeasurements of the defined benefit plans - Gratuity	30	5.02	4.39	(3.63)
	ii) Income tax expense on remeasurement benefit/(loss) of defined benefit plans	27.1	(1.41)	(1.24)	1.04
	B. i) Items that may be reclassified to profit or loss				
	a) Exchange differences in translating the financial statements of foreign operations		(27.92)	47.37	(139.55)
	Restated Total other comprehensive income A(i+ii)		**(24.31)**	**50.52**	**(142.14)**
XI	**Restated Total Comprehensive Income for the period (IX+X)**		**657.33**	**281.34**	**(18.88)**
XII	**Restated Profit for the year**				
	Attributable to:				
	Equity holders of the parent		631.63	214.93	115.40
	Non-controlling interests		50.01	15.89	7.86
XIII	**Restated Other comprehensive income/(loss) for the year**				
	Attributable to:				
	Equity holders of the parent		(19.67)	38.92	(106.72)
	Non-controlling interests		(4.64)	11.60	(35.42)

(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

S.No.	Particulars	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
XIV	**Restated total comprehensive income for the year**				
	Attributable to:				
	Equity holders of the parent		611.96	253.85	8.68
	Non-controlling interests		45.37	27.49	(27.56)
XV	**Restated Earnings Per Equity Share of ₹2 each, attributable to equity holders of the parent:**				
	(a) Basic (In ₹)	28	11.30	4.01	2.21
	(b) Diluted (In ₹)	28	11.30	4.01	2.21
	Basis of preparation, measurement and significant accounting policies	1			

The above Statement should be read together with significant accounting policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Adjustments to Restated Consolidated Financial Information in Annexure VI and the notes to the Restated Consolidated Financial Information in Annexure VII.

As per our report of even date attached

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma
Partner
Membership No. 025854

Chennai
August 02, 2022

For and on behalf of the Board

Kunhamed Bicha
Chairman & Managing Director

RM Subramanian
Chief Financial Officer

Rajesh V
Company Secretary

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure III
RESTATED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Particulars	Share Capital (A)	Other Equity							Non Controlling interest	Total
		Securities Premium	Foreign Currency Translation Reserve	Capital reserve	Special Economic Zone Re-investment Allowance Reserve	Retained earnings	Share Application Money pending allotment	Sub - Total		
Balance as at April 1, 2019	**14.46**	**356.32**	**-**	**-**	**161.70**	**1,277.24**	**-**	**1,795.26**	**-**	**1,809.72**
Changes in accounting policy or prior period errors(Refer Note No 32)						(57.25)		(57.25)		(57.25)
IND AS transition impact(Refer Note No. 32)				34.38		(13.48)		20.90	0.33	21.23
Adjustment on account of common control business combination (Refer Note No.37)		5.61				(1,328.29)		(1,322.68)	(392.65)	**(1,715.33)**
Restated Balance as at April 1, 2019	**14.46**	**361.93**	**-**	**34.38**	**161.70**	**(121.78)**	**-**	**436.23**	**(392.32)**	**58.37**
2019-20										
Profit for the year						115.40		115.40	7.86	123.26
Other comprehensive income for the year, net of			(104.18)	-		(2.54)		(106.72)	(35.42)	(142.14)
Amount transferred within Reserves			-		(36.05)	36.05		-		-
Adjustment on account of common control business combination (Refer Note No.37)				(100.14)				(100.14)	(11.39)	(111.53)
Proceeds/ Premium on issue of equity shares	0.84	105.66						105.66		106.50
Balance as at March 31, 2020	**15.30**	**467.59**	**(104.18)**	**(65.76)**	**125.65**	**27.13**		**450.43**	**(431.27)**	**34.46**
2020-21										
Profit for the year						214.93		214.93	15.89	230.82
Other comprehensive income for the year, net of			36.54			2.38		38.92	11.60	50.52
Adjustment on account of common control business combination (Refer Note No.37)		-		(192.85)				(192.85)	86.41	(106.44)
Amount transferred within Reserves			-		12.10	(12.10)		-		-
Proceeds/ Premium on issue of equity shares	0.67	72.04					0.01	72.05		72.72
Balance as at March 31, 2021	**15.97**	**539.63**	**(67.64)**	**(258.61)**	**137.75**	**232.34**	**0.01**	**583.48**	**(317.37)**	**282.08**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure III
RESTATED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Particulars	Share Capital (A)	Other Equity							Non Controlling interest	Total
		Securities Premium	Foreign Currency Translation Reserve	Capital reserve	Special Economic Zone Re-investment Allowance Reserve	Retained earnings	Share Application Money pending allotment	Sub - Total		
2021-22										
Profit for the year						631.63		631.63	50.01	681.64
Other comprehensive income for the year, net of income tax			(23.28)			3.61		(19.67)	(4.64)	(24.31)
Adjustment on account of common control business combination (Refer Note No.37)				(336.70)				(336.70)		(336.70)
Amount transferred within Reserves			-		(42.09)	42.09		-		-
Acquisition of non controlling interest		(2.86)						(2.86)	272.00	269.14
Other Adjustments			0.07				(0.01)	0.06		0.06
Balance as at March 31, 2022	**15.97**	**536.77**	**(90.85)**	**(595.31)**	**95.66**	**909.67**	**-**	**855.94**	**-**	**871.91**

As per our report of even date attached

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma
Partner
Membership No. 025854

Chennai
August 02, 2022

For and on behalf of the Board

Kunhamed Bicha
Chairman & Managing Director
DIN : 00819707

RM Subramanian
Chief Financial Officer

Rajesh V
Company Secretary

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure IV
RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
A. Cash flow from operating activities			
Profit for the year	**864.31**	**288.29**	**152.95**
Adjustments for :			
Finance costs recognised in profit or loss	209.06	229.36	440.49
Interest Income recognised in profit or loss	(5.01)	(7.34)	(6.41)
(Gain) / Loss on disposal of property, plant and equipment	(0.80)	(6.16)	-
Allowance for Expected Credit Loss	15.99	(7.80)	27.76
Depreciation and Amortisation	171.93	157.47	155.08
Provision for Gratuity	(1.96)	(2.23)	(2.00)
Provision for Leave Encashment	(3.88)	0.53	(1.20)
Preference Dividend	34.29	33.30	-
Loan Forgiveness - Payroll Protection Program	(199.90)	-	-
Loan Forgiveness - Other Debt	(8.94)	-	-
Amounts no longer payable written back	12.60	-	0.31
Net foreign exchange (gain) / loss - Unrealised	24.53	(34.45)	58.33
	1,112.22	**650.97**	**825.31**
Movements in working capital :			
(Increase) / decrease in trade and other receivables	63.50	(694.50)	576.75
(Increase) / decrease in inventories	(812.47)	91.01	(81.30)
(Increase) / decrease in other assets	(105.65)	83.34	(91.22)
Increase / (decrease) in trade payables	(14.51)	(48.69)	(301.05)
Increase / (decrease) in provisions	18.02	9.30	19.87
Increase / (decrease) in other liabilities	2.72	(0.94)	(244.18)
Cash generated from operations	**263.83**	**90.49**	**704.18**
Income Tax paid	(125.24)	(35.33)	(46.93)
Net cash generated by operating activities(A)	**138.59**	**55.16**	**657.25**
B. Cash flow from investing activities			
(Acquisition)/ Proceeds from Sale of Property, Plant & Equipment	(159.42)	(192.14)	(170.36)
Interest received	4.73	7.08	6.19
Proceeds from sale/(purchase) of Non-Current investments	-	28.87	(23.50)
Payments for Acquisition of Investments in Subsidiaries	(11.00)	(106.43)	(5.03)
Net cash used in investing activities(B)	**(165.69)**	**(262.62)**	**(192.70)**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure IV
RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
C. Cash flow from financing activities			
Proceeds from issue of equity shares	-	72.71	-
Proceeds from issue of Preferred Stock	-	-	301.59
Buyback of Common Stock - (Refer note no. 37)	(56.62)	-	-
Buyback of Preferred Stock	(11.18)	-	-
Dividends paid on preference shares	(37.79)	(36.80)	(3.50)
Proceeds from Non-Current borrowings	377.24	636.63	-
Repayment of Non-Current borrowings	(107.69)	(196.21)	(154.75)
Proceeds from / (Repayment) of Current borrowings	(111.24)	88.67	(77.59)
Repayment of Lease liability	(72.13)	(68.00)	(63.29)
Refund of share application money	(0.01)	-	-
Interest paid	(188.94)	(217.36)	(425.88)
Net cash (used in)/generated by financing activities (C)	**(208.36)**	**279.64**	**(423.42)**
Add: Effects of exchange differences on restatement of foreign currency cash and cash equivalents (D)	**(0.33)**	**(4.73)**	**0.88**
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)+(D)	**(235.79)**	**67.45**	**42.01**
Net increase in cash and cash equivalents	**-**	-	-
Cash and cash equivalents at the beginning of the year	313.38	245.93	203.92
Cash and Cash equivalents at the end of the year	**77.59**	**313.38**	**245.93**

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS-7) Statement of Cash flows.

(b) Cash and Cash equivalents comprises of	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
(i) Cash and Cash Equivalents			
(a) Balance with banks in current accounts	77.53	237.63	172.29
(b) Balance with banks in deposit accounts	-	75.65	72.84
(c) Cash on hand	0.06	0.10	0.80
Total	**77.59**	**313.38**	**245.93**

Non-cash financing activities:

Significant non cash movement in financing activities includes the following

Particulars	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
a) Lease liabilities recognised as per IND AS 116	Refer note no. 3A		
b) Foreign exchange fluctuation on borrowings	23.97	(39.04)	58.63

As per our report of even date attached

For and on behalf of the Board

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

Kunhamed Bicha
Chairman & Managing Director

RM Subramanian
Chief Financial Officer

P R Prasanna Varma
Partner
Membership No. 025854

Rajesh V
Company Secretary

Chennai
August 02, 2022

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

Note-1

1 CORPORATE INFORMATION

Avalon Technologies Limited (formerly known as Avalon Technologies Private Limited) ("the Company" or "the Holding Company") is a company domiciled and incorporated in India. The company has converted from Private Limited company into a Public Limited Company with effect from 29th July, 2022. The company has its registered office situated at B-7, First Main Road, MEPZ-SEZ, Tambaram, Chennai - 600 045, Tamil Nadu, India. The company has three subsidiaries, two of which are incorporated in India and one in the United States of America. The Company together with its subsidiaries (collectively referred to as the "Group") are Electronics Manufacturing Service (EMS) providers with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development.

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION

The restated consolidated Financial information of the Group comprise the Restated Consolidated Statement of Assets and Liabilities as at 31st March 2022, 31st March 2021 and 31st March 2020, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the years ended 31st March 2022, 31st March 2021 and 31st March 2020, the summary of significant accounting policies and explanatory notes (collectively "the Restated Consolidated Financial Information")

These Restated Consolidated Financial Information have been prepared by the management as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended issued by the Securities and Exchange Board of India ('SEBI'), in pursuance of the Securities and Exchange Board of India Act, 1992, for the purpose of inclusion in the Draft Red Herring Prospectus in connection with the proposed initial public offering of equity shares of face value of Rs.2 each of the Holding Company comprising a fresh issue and offer for sale of equity shares by the existing shareholders by way of initial public offer, in terms of the requirements of

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended; and

(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

(d) E-mail dated 28th October 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated Financial statements prepared in accordance with Indian Accounting Standards (Ind AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

The Restated Consolidated Financial Information of the Group and its subsidiaries have been prepared to comply in all material respects with the Indian Accounting Standards as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), presentation requirements of Division II of Schedule III to the Act, as applicable to the consolidated Financial statements and other relevant provisions of the Act.

The Restated Consolidated Financial Information has been compiled by the management of the Group from the Audited special purpose Ind AS consolidated Financial statements of the Holding Company as at and for the years ended 31st March 2022, 31st March 2021 and 31st March 2020, which were prepared by the Holding Company after taking into the consideration the requirements of the SEBI e-mail and were approved by the Board of Directors at their meeting held on 2nd August, 2022. Since these are the first Special Purpose Financial Statements of the Company prepared in accordance with Indian Accounting Standards, in accordance with Ind AS 101, the date of transition to Ind AS for the purpose of these special purpose Financial statements is 1st April, 2019 being the beginning of the earliest period for which the company presents full comparative information under Ind ASs in first Ind AS Financial statements.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

The Special Purpose Consolidated Ind AS Financial Statements has been prepared by the management of the Company by following the mandatory exceptions and optional exemptions available as per Ind AS 101 for the transition date of 1st April 2019 (as stated above) and after making suitable adjustments in respect of recognition and measurement principles based on the Audited Special Purpose Standalone Ind AS Financial Statements of the Company and also it's three subsidiaries that were approved by the Board of Directors of the respective companies in their meeting held on 2nd August,2022. The financial information included in these Special Purpose Consolidated Ind AS Financial Statements in respect of M/s ABV Electronics Inc (D/B/A Sienna Corporation), a subsidiary of the company incorporated in the United States of America, are based on the audited Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP for the respective years, which have been duly adjusted for differences in accounting policies as compared to the accounting policy followed by the Group in accordance with Ind AS.

The Company has acquired majority stake in the three subsidiary companies on different dates between September 2019 to January, 2022. However, owing to the fact that the acquisition in these subsidiaries meets the definition of Common Control Business Combination as stated under Appendix C to Ind AS 103 since all the combining entities are ultimately controlled by the same parties both before and after the business combination (refer Note No. 37), the Financial information in respect of prior periods has been restated as if the business combination had occurred from the beginning of the earliest preceding period presented in the Restated Consolidated Financial Information.

Upto the Financial year ended 31 March 2022, the Holding Company had prepared its statutory consolidated Financial statements in accordance with the accounting standards prescribed under Section 133 of the Act ("Indian GAAP"). Pursuant to the Companies (Indian Accounting Standard) Second Amendment Rules, 2015, the Group will prepare its first set of statutory consolidated Financial statements as per Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) for the year ending 31 March 2023 and consequently 1 April 2021 would be the transition date for preparation of such statutory consolidated Financial statements, which is different from the transition date considered for the purpose of preparation of the Special Purpose Consolidated Ind AS Financial Statements as stated above.

The management intends to apply the similar mandatory exceptions and optional exemptions available as per Ind AS 101 as at the transition date in its first Statutory Consolidated Ind AS Financial Statements as has been applied in the Special Purpose Consolidated Ind AS Financial Statements as stated above. However, since the statutory date of transition to Ind AS is April 1st, 2021 and the Special Purpose Consolidated Ind AS Financial Statements have been prepared considering a transition date of April 1st, 2019, the closing balances of items included in the Restated Consolidated Statement of Assets and Liabilities as at March 31st, 2021 may be different from the balances considered on the statutory date of transition to Ind AS on April 1st, 2021, due to such early application of Ind AS principles with effect from April 1st, 2019 as compared to the date of statutory transition.

The Restated Consolidated Financial Information are prepared under historical cost convention except for certain Financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

All assets and liabilities have been classified as Current and non- Current as per the Company's normal operating cycle and other criteria set out in 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 realised in, or is intended for sale or consumption in, the company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be realised within 12 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 12 months after the reporting date.

Current assets include the current portion of non-current Financial assets. All other assets are classified as non-current.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within 12 months after the reporting date; or
d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of 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 liabilities include current portion of non-current Financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified 12 months as its operating cycle

The Restated Consolidated Financial Information has been presented in Indian Rupees (Rs. or INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions and decimals thereof, unless otherwise mentioned. Figures in brackets represents negative figures unless otherwise mentioned. "-" denotes zero or figures which are below the rounding off norms adopted by the Group.

B BASIS OF CONSOLIDATION

a. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group 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 to direct the relevant activities of the entity.

The Group consolidates the Financial statements of the parent and its subsidiaries on a line by line basis, adding together like items of assets, liabilities, income and expenses. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognises 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 recognised in profit and loss.

d. Common control business combinations (CCBC) transactions

Business combinations of entities under common control are accounted for using the pooling of interests method as follows:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts from the controlling parties' perspective.
(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

(iii) The Financial information in the Financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Financial statements, irrespective of the actual date of the combination.

(iv) The balance of the retained earnings appearing in the Financial statements of the transferor is aggregated with the corresponding balance appearing in the Financial statements of the transferee or is adjusted against general reserve.

(v) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

(vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

The details of Subsidiaries consolidated in these Financial statements are as given below

Company Name	Country of Incorporation	% of Shares held by the Holding Company		
		2021-22	2020-21	2019-20
Avalon Technology and Services Private Limited	India	100%	100%	100%
Sienna Ecad Technologies Private Limited	India	100%	94.20%	-
ABV Electronics Inc (D/B/A Sienna Corporation)	United States of America	100%	5.40%	-

C SIGNIFICANT ACCOUNTING POLICIES

1 Use of Estimates

The preparation of the Restated Consolidated Financial Information in conformity with accounting principles generally accepted in India requires the management to make judgements, estimates and assumptions that effect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. These 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.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

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.

2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.
The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

If the Group has acquired a Property, Plant and Equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation on Property , Plant and Equipment (Tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life as indicated below which is different from that stated in Schedule II to the Companies Act,2013.

Category	Useful life
Buildings	3 - 60 years
Plant and machinery	1 - 15 years
Computers	3 - 6 years
Office equipment	5 - 15 years
Furniture and fixtures	10 - 15 years
Vehicles	4 - 8 years
Tools*	3 - 5 years

*Useful life of tools are based on internal estimate of the Group. Tools and dies used are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume products are depreciated at higher rate.

Depreciation charge on additions / deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually.

3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful life as given below.

Category	Useful life
Patent	10 years
Software	4 years

Amortization method and useful lives are reviewed annually.

4 Leases

As lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contact involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is reasonably certain that the option to extend the lease will be exercised/option to terminate the lease will not be exercised.

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

Right-of-use assets are depreciated/amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated /amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

5 Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

6 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue. In accordance with the ICAI Guidance Note on Schedule III to the Companies Act, 2013 , exchange losses (net) relating to foreign currency borrowings to the extent not capitalized in accordance with Ind AS 23 is presented under finance costs.

7 Inventories

Cost of raw materials, components, stores and spares are ascertained on a moving weighted average cost basis. Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead. Such costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates taxes (not recoverable from the taxing authorities) and discounts. Goods that are consigned to the Group are not considered in inventory.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories as identified by the management are duly provided for/ written down to the realizable value, as the case maybe.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.
The comparison of cost and net realisable value is made on an item-by-item basis.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

8 Foreign Currency Transaction

Functional Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period.

Exchange differences on reinstatement of all monetary items are recognized in the Statement of Profit and Loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Indian rupees (INR), the functional currency of the Group at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Indian rupees (INR) at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Foreign currency translation differences are recognised in other comprehensive income and accumulated in equity separately under foreign currency translation reserve. The amounts recognized are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries.

9 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that the Group is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and rebates offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow.

Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Advance from customers is recognized under other current liabilities which is released to revenue on satisfaction of performance obligation.

Rendering of Services

Revenue from design services are recognised over the contract term based on the percentage of services that are provided during the period compared with the total estimated services to be provided estimated based on the input method. Income from other service activities are recognized at a point in time on satisfaction of performance obligation towards rendering of such services in accordance with the terms of arrangement.

Revenue is recorded exclusive of goods and service tax.

Other Income
Interest : Interest income is recognized on effective interest method taking into account the amount outstanding and the rate applicable.

Dividend : Dividend income is recognized when the right to receive dividend is established.

Insurance Claims : Insurance claims are accounted for on the basis of claims lodged with insurance Group and to the extent that there is a reasonable certainty in realizing the claims.

10 Employee Benefits

1. Short - Term employee benefits
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

2. Defined Contribution Plans

In respect of operations in India :

Contribution towards provident fund/ Employee State Insurance for employees working with the Group's operations in India is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of operations in United States of America(U.S.A) :
The Group has a 401(K) plan offered to employees working with the Group's operations in U.S.A., which allows employees(meeting certain eligibility conditions) to contribute a predefined portion of salary towards a retirement savings account. The Group may make a discretionary match which will be determined each year, and has no further obligation in this regard.

3. Defined Benefit Plan
In respect of operations in India :
The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") which is unfunded covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. Other Long term employee benefits
In respect of operations in India :
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Profit and Loss Statement in the year in which they arise.

11 Taxes on Income
Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant prevailing tax laws. Tax expenses relating to the items in profit and loss shall be treated as current tax as part of profit and loss and those relating to items in other comprehensive income (OCI) shall be recognized as part of the part of OCI.

Deferred tax is recognized for all the temporary differences between the carrying amounts of assets and liabilities in the Restated Consolidated Financial Information and corresponding tax bases used in computation of taxable profit. Deferred tax assets are recognized and carried forward only to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Group re-assesses unrecognized deferred tax assets, if any and the same is recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation law.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period. MAT shall be treated as part of deferred tax assets.

12 Financial instruments

Initial recognition

The Group recognizes Financial assets and Financial liabilities when it becomes a party to the contractual provisions of the instruments. All Financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue 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.

Subsequent measurement

i. Financial assets carried at amortized cost

A Financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through profit or loss

A Financial asset which is not classified in the above category is subsequently fair valued through profit or loss.

iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of Financial instruments

The Group derecognizes a Financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for derecognition under IND AS 109. A Financial liability (or a part of a Financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

All Financial assets classified as at amortized cost shall be tested for impairment under Ind AS 109 and measured using Expected Credit Loss (ECL) model.

13 Fair Value

The Group measures Financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the Restated Consolidated Financial Information are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 —inputs that are unobservable for the asset or liability

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

14 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. All government grants are initially recognized by way of setting up as deferred income. Government grants relating to income are subsequently recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are subsequently recognized in profit or loss on a systematic basis over the expected life of the related depreciable assets. Grants recognized in Profit and Loss as above are presented within other income or adjusted against the corresponding expenditure head as specifically disclosed thereunder.

15 Provisions and Contingent Liabilities

Provisions : Provisions are recognized when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value unless the effect of time value of money is material. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

16 Segment Reporting

The Group is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS.

17 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

18 Cash & Cash Equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

19 Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that The financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

3. Critical accounting judgements, assumptions and key sources of estimation uncertainty

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial year.

3.1. Useful lives of property, plant and equipment

As described above, the charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

3.2. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

3.3. Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments / litigations. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof. Significant assumptions are also involved in evaluating the recoverability of deferred tax assets recognised on unused tax losses.

3.4 Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

3.5 Impairment of Trade receivable - Expected Credit loss

The impairment provisions for trade receivables are based on assumptions about risk of default. The Group uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on Group's past history at the end of each reporting period

3.6 Common Control Business Combination

Significant judgment and factual assessment is involved in identifying whether a business combination is a common control business combination or not in accordance with Appendix C to Ind AS 103.

3.7 Estimation of uncertainties relating to the global health pandemic due to COVID-19 (COVID-19):

The Group, based on the internal and external information available up to the date of approval of these Restated Consolidated Financial Information, has concluded that no adjustments are required in the carrying amounts of its Financial assets and other assets. Given the uncertainties associated with the nature and duration of the pandemic, actual results may differ from those estimated as at the date of approval of the Restated Consolidated Financial Information. The Group will continue to monitor future economic conditions and update its assessment.

Annexure V
Significant accounting policies to Restated Consolidated Financial Information

4. Recent accounting pronouncements

On March 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022, with amendment to certain Ind AS that are applicable to the Group effective 1st April, 2022, as given below.

1. Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

2. Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

a. The amendment specifies that the 'cost of fulfilling' a contract (while assessing whether a contract is onerous) comprises the 'costs that relate directly to the contract' which can either be the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling the contract.

b. Further, the requirement of recognising any impairment loss before a separate provision for an onerous contract is established has also been amended to cover all assets used in fulfilling the contract and not only the assets dedicated to that contract.

3. Ind AS 109 – Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The Group has evaluated the effect of the above amendments on the financial statements and the impact is not expected to be material.

As per our report of even date attached

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma
Partner
Membership No. 025854

Chennai
August 02, 2022

For and on behalf of the Board

Kunhamed Bicha
Chairman & Managing Director
DIN : 00819707

RM Subramanian
Chief Financial Officer

Rajesh V
Company Secretary

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure VI Statement of Adjustments to Restated Consolidated Financial Information

As stated in Note No. 1.2A, the Restated Consolidated Financial Information has been compiled by the management of the Group from the Audited Special Purpose Ind AS Consolidated Financial statements of the Group as at and for the years ended 31 March 2022, 31 March 2021 and 31 March 2020. The Statutory Consolidated Financial statements of the Group upto the Financial year ended 31 March 2022 were prepared and presented in accordance with the Indian GAAP.

There is no difference between Restated Consolidated Financial Information and Audited Special Purpose Ind AS Consolidated Financial Statements of the Group as referred above. Reconciliations between the Restated Consolidated Financial Information and Statutory Consolidated Financial Statements of the Group are as set out in the following tables and notes.

A. Reconciliations between the Restated Consolidated Financial Information and Statutory Consolidated Financial Statements of the Group

1. Reconciliation of total equity

Particulars	Notes	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A. Total equity (shareholders' funds) under		2,953.39	2,152.75	1,916.32
B. Ind AS Adjustments	Refer Note 32 of Annexure VII	(2,081.47)	(1,870.68)	(1,881.85)
C. Total equity as per Ind AS		**871.92**	**282.07**	**34.47**
D. Audit qualifications		Nil	Nil	Nil
E. Other Restatement adjustments		Nil	Nil	Nil
F. Total equity as per Restated Consolidated Statement of Assets and Liabilities		**871.92**	**282.07**	**34.47**

2. Reconciliation of Total Comprehensive Income

Particulars	Notes	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A. Profit for the year reported earlier under previous GAAP		435.41	152.10	61.59
B. **Ind AS Adjustments**	Refer Note 32 of Annexure VII	221.94	129.22	(80.46)
C. Total Comprehensive Income under Ind AS		**657.35**	**281.32**	**(18.87)**
D. Audit qualifications		Nil	Nil	Nil
E. Other Restatement adjustments		Nil	Nil	Nil
F. Total Comprehensive Income under Restated Consolidated Statement of Profit or Loss		**657.35**	**281.32**	**(18.87)**

B. Material Re- grouping

Appropriate regroupings have been made in the Restated Consolidated Statement of Assets and Liabilities, Restated Consolidated Statement of Profit and Loss and Restated Consolidated Statement of CashFlows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the accounting policies and classification as per Ind AS financial information of the Group for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 respectively prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the SEBI ICDR Regulations, as amended.

C. Non-Adjusting Events

a) Audit qualifications for the respective years, which do not require any adjustments in the restated consolidated summary statements are as follows:

1) There are no audit qualification in the auditor's report on the Special Purpose Consolidated Ind AS Financial Statements for the years ended March 31, 2022, March 31, 2021 and March 31, 2020.

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure VI Statement of Adjustments to Restated Consolidated Financial Information (Contd.)

b) Emphasis of matters not requiring adjustments to restated consolidated financial information

As at and for the year ended 31 March 2022:

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

Our opinion is not modified in respect of the above matter.

Other Matters:

1. The statutory audit of Consolidated Financial Statements of the Group as at and for the year ended March 31, 2022 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on May 4, 2022, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated May 4, 2022. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

2. Opening balance with respect to the financial information for the year ended March 31 2022, included in these Special Purpose Consolidated Ind AS Financial Statements, are based on audited special purpose consolidated Ind AS financial statements for the year ended March 31 2021, which has been approved by the Company's Board of Directors on August 2, 2022.

3. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS. The audit report of the other auditor on the financial statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2022, dated April 30, 2022 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2022. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC.

(Rs. In Million)

Name of Subsidiary	Total Assets as at the year end	Total Revenue for the year	Net Cash inflow/(outflow) for the year
ABV Electronics Inc (D/B/A Sienna Corporation)	1,769.56	5,256.50	4.77

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(2)(A) to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

As at and for the year ended 31 March 2021:

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

Our opinion is not modified in respect of the above matter.

Other Matters:

1. The statutory audit of consolidated financial statements of the Group as at and for the year ended March 31, 2021 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on November 26, 2021, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated November 26, 2021. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the “Peer Review Board” of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India (“SEBI”) to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the “the SEBI e-mail”).

2. As our audit was conducted for a specific purpose as stated in Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements on a date subsequent to the reporting date in respect of the year pertaining to these financial statements, we were unable to carry out regular audit procedures including physical verification of inventory, obtaining direct confirmations of balances from debtors, creditors and other parties and certain other procedures. However, we have performed alternative procedures on these areas where we could not perform our regular audit procedures.

3. Opening balance with respect to the financial information for the year ended March 31 2021, included in these Special Purpose Consolidated Ind AS Financial Statements, are based on audited special purpose consolidated Ind AS financial statements for the year ended March 31 2020, which has been approved by the Company's Board of Directors on August 2, 2022.

4. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary’s auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS. The audit report of the other auditor on the Financial Statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2021, dated August 30, 2021 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2021. Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC.

(Rs. In Million)

Name of Subsidiary	Total Assets as at the year end	Total Revenue for the year	Net Cash inflow/(outflow) for the year
ABV Electronics Inc (D/B/A Sienna Corporation)	1,438.16	4,547.59	(4.99)

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note No. 1(2)(A) to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

<u>As at and for the year ended 31 March 2020:</u>

Emphasis of Matter

1. We draw attention to Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation in accordance with the measurement and recognition principles of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) after considering the transition date of April 1, 2019.

2. As stated therein, the comparative financial information has not been included in these financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the company's state of affairs, profit, changes in equity and cash flows.

Our opinion is not modified in respect of the above matters.

Other Matters:

1. The statutory audit of Consolidated Financial Statements of the Group as at and for the year ended March 31, 2020 which were prepared in accordance with the Indian GAAP and approved by the Board of Directors in their meeting held on December 16, 2020, was conducted by M/s Karpagam Krishnan and Natarajan who have expressed an unmodified opinion thereon vide their report dated December 16, 2020. We have carried out an audit of the Special Purpose Consolidated Ind AS Financial Statements for the limited purpose of complying with the requirement under the SEBI ICDR Regulations in respect of the financial statements being audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI and also for complying with the requirements of the e-mail dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India, instructing lead managers to ensure that companies provide consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) for all the three years and stub period (hereinafter referred to as the "the SEBI e-mail").

2. As our audit was conducted for a specific purpose as stated in Note No. 1(2)(A) to the Special Purpose Consolidated Ind AS Financial Statements on a date subsequent to the reporting date in respect of the year pertaining to these financial statements, we were unable to carry out regular audit procedures including physical verification of inventory, obtaining direct confirmations of balances from debtors, creditors and other parties and certain other procedures. However, we have performed alternative procedures on these areas where we could not perform our regular audit procedures.

3. The opening balance sheet as at April 1, 2019 included in these Special Purpose Consolidated Ind AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (IGAAP), audited by the predecessor auditor whose report for the year ended March 31, 2019 dated September 20, 2019 expressed an unmodified opinion on those standalone financial statements, which have been restated by the company to comply with Ind AS. Adjustments to the said financial information for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

4. The financial information in respect of the subsidiary of the Company incorporated in the United States of America (whose share of total assets, total revenues and net cash inflows / (outflows) for the year is tabulated below) considered in these Special Purpose Consolidated Ind AS Financial Statements are based on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary prepared by the management based on the financial statements prepared in accordance with the US GAAP audited by the said subsidiary's auditor (M/s Forrestall CPAs, LLC) which have been restated by the Company to comply with Ind AS. The audit report of the other auditor on the financial statements of the subsidiary prepared in accordance with the US GAAP for the year ended March 31, 2020, dated October 9, 2020 expressed an unmodified opinion on those financial statements. Adjustments to the said financial information of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us as stated in our report on the Special Purpose Standalone Ind AS financial Statements of the said subsidiary dated August 2, 2022 for the year ended March 31, 2020, Our opinion, insofar as it relates to the amounts included in respect of such subsidiary (other than the adjustments arising on transition to Ind AS that have been audited by us) is based solely on the report of M/s Forrestall CPAs LLC .

(Rs. In Million)

Name of Subsidiary	Total Assets as at the year end	Total Revenue for the year	Net Cash inflow/(outflow) for the year
ABV Electronics Inc (D/B/A Sienna Corporation)	1,181.57	4,013.53	1.81

Our opinion is not modified in respect of the above matters.

Our opinion is not modified in respect of the above matters.

Basis of Preparation and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to these Special Purpose Consolidated Ind AS Financial Statements, which describes the basis of preparation. The financial statements are prepared solely to assist the Holding Company to meet the requirements of preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021 and 31 March 2020 as required under the SEBI ICDR Regulations. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for another purpose. Our report is intended solely for the Holding Company for use in connection with the above purpose and should not be distributed to or used by parties without our prior written consent.

As per our report of even date attached

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

P R Prasanna Varma
Partner
Membership No. 025854

Chennai
August 02, 2022

For and on behalf of the Board

Kunhamed Bicha
Chairman & Managing Director

RM Subramanian
Chief Financial Officer

Rajesh V
Company Secretary

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

Annexure VII

Notes to Restated Consolidated Financial Information
Note 2: Property, Plant and Equipment and Capital Work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:			
Freehold Buildings	260.64	271.38	244.72
Leasehold Building			
Plant and equipment	537.28	466.95	397.91
Air conditioners	5.36	5.08	6.42
Computer	35.11	32.16	13.49
Electrical Fittings	27.40	26.13	25.46
Furniture and Fittings	10.33	9.37	9.74
Vehicle	9.16	11.89	11.48
Office Equipments	5.76	6.22	6.86
Fire Protection Equipments	2.95	3.21	3.45
Sub-Total	**893.99**	**832.39**	**719.53**
Capital Work-in-progress	19.65	-	26.69
Total	**913.64**	**832.39**	**746.22**

Gross carrying value	Freehold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Balance as at April 1, 2019 (Deemed Cost)	**125.74**	**99.64**	**4.53**	**5.63**	**0.48**	**2.80**	**10.34**	**0.64**	**1.21**	**251.01**
Adjustments on account of business combination	129.76	219.01	2.85	3.90	27.10	7.33	3.64	6.94	2.77	403.30
Additions	-	153.13	0.46	9.92	1.08	1.11	-	0.22	-	165.92
Disposals	-	(50.35)	-	-	-	-	-	-	-	(50.35)
Currency Translation differences		24.29		(0.04)				0.08		24.33
Balance as at March 31, 2020	**255.50**	**445.72**	**7.84**	**19.41**	**28.66**	**11.24**	**13.98**	**7.88**	**3.98**	**794.21**

(All amounts are in Million Indian Rupees unless otherwise stated)

Gross carrying value	Freehold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Additions	37.77	145.18	0.07	31.99	3.99	1.19	4.08	1.41	0.30	225.98
Disposals	-	(8.74)	-	(7.35)	(0.02)	-	(1.23)	-	-	(17.34)
Currency Translation differences		(0.06)		(0.53)				(1.11)		(1.70)
Balance as at March 31, 2021	**293.27**	**582.10**	**7.91**	**43.52**	**32.63**	**12.43**	**16.83**	**8.18**	**4.28**	**1,001.15**
Additions	1.27	145.46	1.14	11.30	5.41	2.79	-	0.55	0.19	168.11
Disposals	-	(84.85)	-	(0.04)	(0.04)	(0.07)	(1.67)	-	-	(86.67)
Currency Translation differences		13.44		(1.03)				0.03		12.44
Balance as at March 31, 2022	**294.54**	**656.15**	**9.05**	**53.75**	**38.00**	**15.15**	**15.16**	**8.76**	**4.47**	**1,095.03**

Accumulated depreciation and impairment	Freehold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Balance as at April 1, 2019 (Deemed Cost)	-	-	-	-	-	-	-	-	-	-
Depreciation / impairment expense	10.78	65.74	1.42	5.90	3.20	1.50	2.50	1.08	0.53	92.65
Adjustments on account of business combination										
Eliminated on disposals	-	-	-	-	-	-	-	-	-	-
Currency Translation differences		(17.93)		0.02				(0.06)		(17.97)
Balance as at March 31, 2020	**10.78**	**47.81**	**1.42**	**5.92**	**3.20**	**1.50**	**2.50**	**1.02**	**0.53**	**74.68**
Depreciation / impairment expense	11.11	67.71	1.41	6.85	3.31	1.56	2.44	1.11	0.54	96.04
Eliminated on disposals	-	**(1.65)**	-	**(1.40)**	**(0.01)**	-	-	-	-	(3.06)
Currency Translation differences		1.28		(0.01)				(0.17)		1.10
Balance as at March 31, 2021	**21.89**	**115.15**	**2.83**	**11.36**	**6.50**	**3.06**	**4.94**	**1.96**	**1.07**	**168.76**

(All amounts are in Million Indian Rupees unless otherwise stated)

Accumulated depreciation and impairment	Freehold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Depreciation / impairment expense	12.01	79.90	0.86	7.27	4.10	1.76	2.31	1.03	0.45	109.69
Eliminated on disposals	-	(84.02)	-	-	-	-	(1.25)	-	-	(85.27)
IND AS Adjustment										-
Currency Translation differences		7.84		0.01				0.01		7.86
Balance as at March 31, 2022	**33.90**	**118.87**	**3.69**	**18.64**	**10.60**	**4.82**	**6.00**	**3.00**	**1.52**	**201.04**

Particulars	Free hold Buildings	Plant and equipment	Air conditioners	Computer	Electrical Fittings	Furniture and Fittings	Vehicle	Office Equipments	Fire Protection Equipments	Total
Carrying amount as on March 31, 2020	244.72	397.91	6.42	13.49	25.46	9.74	11.48	6.86	3.45	719.53
Carrying amount as on March 31, 2021	271.38	466.95	5.08	32.16	26.13	9.37	11.89	6.22	3.21	832.39
Carrying amount as on March 31, 2022	260.64	537.28	5.36	35.11	27.40	10.33	9.16	5.76	2.95	893.99

Capital Work-in-progress

Class-wise breakup of CWIP

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Factory building	5.19	-	26.69
Electrical fittings	1.87	-	-
Plant and Machinery	12.08	-	-
Others	0.51	-	-
Total	**19.65**	**-**	**26.69**

(All amounts are in Million Indian Rupees unless otherwise stated)

Ageing breakup of CWIP

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
- Less Than 1 year	19.65	-	10.64
- 1-2 Years	-	-	11.67
- 2-3 Years	-	-	4.38
- More than 3 Years	-	-	-
Total	**19.65**	**-**	**26.69**

The above capital work in progress is estimated to be completed within one year from the year end.

Status of Capital Work-in-progress

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Projects in progress *			
Factory Building	5.19	-	26.69
Electrical Fittings	1.87	-	-
Plant & Machinery	12.08	-	-
Others	0.51	-	-
Subtotal	**19.65**	**-**	**26.69**
Projects temporarily suspended	-	-	-
Total	**19.65**	**-**	**26.69**

*In respect of the above projects there are no time overruns or cost overruns
The title deeds of all immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 3A : Leases

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Carrying amounts of			
Leasehold land	67.53	72.67	77.81
Buildings	133.94	110.04	158.02
Computers	3.13	5.20	-
Machinery and Equipment	7.41	12.39	24.01
Vehicles	10.33	-	-
Total	**222.34**	**200.30**	**259.84**

a) Right-of-Use Assets

Gross carrying value	Leasehold land	Buildings	Computers	Machinery and Equipment	Vehicles	Total
Balance as at April 1, 2019	**46.30**	**-**	**-**	**-**	**-**	**46.30**
Adjustments on account of business Combination	36.67	196.45	-	17.44	-	250.56
Additions	-	-	-	14.87	-	14.87
Disposals	-	-	-	-	-	-
Currency Translation differences	-	9.60	-	1.57	-	11.17
Balance as at March 31, 2020	**82.97**	**206.05**	**-**	**33.88**	**-**	**322.90**
Additions	-	1.47	6.21	-	-	7.68
Disposals	-	-	-	(5.63)	-	(5.63)
Currency Translation differences	-	(2.19)	-	(0.62)	-	(2.81)
Balance as at March 31, 2021	**82.97**	**205.33**	**6.21**	**27.63**	**-**	**322.14**
Additions	-	71.75	-	-	11.47	83.22
Disposals	-	(0.09)	-	(2.83)	-	(2.92)
Currency Translation differences	-	1.85	-	0.59	-	2.44
Balance as at March 31, 2022	**82.97**	**278.84**	**6.21**	**25.39**	**11.47**	**404.88**

Accumulated depreciation and impairment	Leasehold land	Buildings	Computers	Machinery and Equipment	Vehicles	Total
Balance as at April 1, 2019 (Deemed Cost)	**-**	**-**	**-**	**-**	**-**	-
Eliminated on disposals	-	-	-	-	-	-
Depreciation / impairment expense	5.16	46.31	-	9.28	-	60.75
Currency Translation differences	-	1.71	-	0.59	-	2.30
Balance as at March 31, 2020	**5.16**	**48.02**	**-**	**9.87**	**-**	**63.05**
Eliminated on disposals	-	-	-	-	-	-
Depreciation / impairment expense	5.14	47.67	1.01	5.42	-	59.24
Currency Translation differences	-	(0.41)	-	(0.05)	-	(0.46)
Balance as at March 31, 2021	**10.30**	**95.28**	**1.01**	**15.24**	**-**	**121.83**
Eliminated on disposals	-	-	-	-	-	-
Depreciation / impairment expense	5.14	49.08	2.07	2.69	1.14	60.12
Currency Translation differences	-	0.52	-	0.05	-	0.57
Balance as at March 31, 2022	**15.44**	**144.88**	**3.08**	**17.98**	**1.14**	**182.52**

Particulars	Leasehold land	Buildings	Computers	Machinery and Equipment	Vehicles	Total
Carrying amount as on March 31, 2020	77.81	158.02	-	24.01	-	259.84
Carrying amount as on March 31, 2021	72.67	110.04	5.20	12.39	-	200.30
Carrying amount as on March 31, 2022	67.53	133.94	3.13	7.41	10.33	222.34

(All amounts are in Million Indian Rupees unless otherwise stated)

b) Break-up of current and non-current lease liabilities :

The following is the break-up of current and non-current lease liabilities as at the year end:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	65.96	53.62	53.36
Non-current lease liabilities	170.01	155.90	205.16
Total	**235.97**	**209.52**	**258.52**

c) Movement in Lease liabilities :

The following is the movement in lease liabilities during the year:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Opening balance	209.52	258.53	274.41
IND AS 116	(6.49)	(11.56)	9.25
Additions	80.83	7.68	-
Finance costs accrued during the period	22.31	25.28	28.77
Deletions	-	-	-
Payment of Lease liabilities	(72.66)	(67.75)	(64.84)
Currency translation differences	2.46	(2.66)	10.94
Closing balance	**235.97**	**209.52**	**258.53**

d) The table below provides details regarding the contractual maturities of lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Less than one year	65.96	53.62	53.36
One to five years	100.17	84.55	132.96
More than five years	69.84	71.35	72.21
Total	**235.97**	**209.52**	**258.53**

e) Others

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	22.31	25.28	28.77
Expenses relating to short-term leases	20.19	20.16	20.96
Total cash outflows for leases	72.66	67.75	64.84

f) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings, the following factors are normally the most relevant:

(a) If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to not terminate (or to extend).

(b) If any lease hold improvements are expected to have a significant remaining value the Company is typically reasonably certain to extend (or not terminate).

(c) Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise it). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. During the current financial year, there were no material revisions in the lease terms.

g) Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 3B INTANGIBLE ASSETS

Gross carrying amount	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:			
Trademark	0.05	-	-
Software Licence	6.23	8.17	7.33
Total	**6.28**	**8.17**	**7.33**

Gross carrying amount	Trademark	Software Licence	Total
Balance as at April 1, 2019 (Deemed Cost)	**-**	**1.89**	**1.89**
combination	-	3.48	3.48
Additions made during the year	-	3.64	3.64
Disposals	-	-	-
Balance as at March 31, 2020	**-**	**9.01**	**9.01**
Additions made during the year	-	3.01	3.01
Disposals	-	-	-
Balance as at March 31, 2021	**-**	**12.02**	**12.02**
Additions made during the year	**0.05**	**0.26**	0.31
Disposals	-	(0.09)	(0.09)
Balance as at March 31, 2022	**0.05**	**12.19**	**12.24**

Accumulated Amortisation	Trademark	Software Licence	Total
Balance as at April 1, 2019 (Deemed Cost)	**-**		**-**
Amortisation expense for the year	-	1.68	1.68
Balance as at March 31, 2020	**-**	**1.68**	**1.68**
Amortisation expense for the year	-	2.17	2.17
Balance as at March 31, 2021	**-**	**3.85**	**3.85**
Amortisation expense for the year	-	2.11	2.11
Balance as at March 31, 2022	**-**	**5.96**	**5.96**
Carrying amount as on March 31, 2020	**-**	**7.33**	**7.33**
Carrying amount as on March 31, 2021	**-**	**8.17**	**8.17**
Carrying amount as on March 31, 2022	**0.05**	**6.23**	**6.28**

Note 4 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number (in millions)	Amount	Number (in millions)	Amount	Number (in millions)	Amount
Investments in Equity Instruments						
i) Other Entities (at Fair Value through P&L)						
a) Equity Shares of Rs. 10 each fully paid up in Enarka India Private Limited issued and subscribed at premium of Rs. 102.02 per share.	-	-	-	-	0.21	23.50
Total		**-**	**-**	**-**	**0.21**	**23.50**

Note 5 OTHER FINANCIAL ASSETS

Particulars	Non-current as at			Current as at		
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2022	March 31, 2021	March 31, 2020
Unsecured and considered good unless otherwise stated :						
(a) Security Deposits	44.31	35.41	35.58	0.17	-	-
(b) Unbilled Revenue	-	-	-	9.58	4.79	3.58
(c) Advances recoverable in cash	-	-	-	0.88	0.78	-
(d) Advance to Related parties	-	-	-	-	7.46	4.53
(e) Others	8.16	7.90	8.11	2.55	-	-
(f) Deposits with Statutory authorities	-	0.15	0.15	-	1.34	0.96
(g) Margin money deposits having maturity more than 12 months	0.33	-	0.22	-	-	-
Total	**52.80**	**43.46**	**44.06**	**13.18**	**14.37**	**9.07**

Advances to Related Parties

Particulars	As at March 31,2022	As at March 31,2021	As at March 31,2020
Promoters	-	7.46	4.53

The above balances represent advance for expenditure to a Promoter director pending settlement as at the year end. In the management's opinion, these are not in the nature of loans or advances in the nature of loans. There are no loans or advances in the nature of loans to any other party carried in the Restated Consolidated Financial Statements of the Company.

Note 6 OTHER ASSETS

Particulars	Non-current as at			Current as at		
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2022	March 31, 2021	March 31, 2020
Unsecured and considered good unless otherwise stated :						
Capital Advances	0.26	0.26	0.66	19.35	0.15	0.05
Advances paid to suppliers	-	-	-	183.75	97.20	106.41
Government Grant Receivable	-	-	-	23.90	15.26	17.62
Prepaid Expenses	0.58	0.15	0.36	29.18	20.78	14.54
Balance with Statutory authorities	-	-	-	24.95	19.27	19.87
Advances to employees	-	-	-	0.68	0.77	2.59
Insurance Claim Receivable	-	-	-	-	13.46	-
Others	-	3.61	7.48	2.53	2.95	-
Total	**0.84**	**4.02**	**8.50**	**284.34**	**169.84**	**161.08**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 7 INVENTORIES

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(At lower of cost and net realisable value)			
(a) Raw materials (Including Good in transit)	1,934.46	1,129.85	1,016.71
(b) Work-in-process	163.70	103.28	224.23
(c) Finished goods	228.03	221.74	304.56
(d) Consumables, tools and Dies	4.03	2.90	7.12
Total	**2,330.22**	**1,457.77**	**1,552.62**

The cost of inventories recognised as an expense during the year is as per Note No. 20 and 21

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Cost of inventories recognised as an expense includes write-downs of inventory to net realisable value.	23.05	28.80	38.81

Note 8 CASH AND BANK BALANCES

8A. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Balance with banks in current accounts	77.53	237.63	172.29
(b) Balance with banks in deposit accounts	-	75.65	72.84
(c) Cash on hand	0.06	0.10	0.80
Total	**77.59**	**313.38**	**245.93**

8B. OTHER BANK BALANCES

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Balances with banks in earmarked accounts			
- In Margin Money accounts	23.80	21.87	20.03
Total	**23.80**	**21.87**	**20.03**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 9 TRADE RECEIVABLES

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Unsecured	1,773.73	1,818.88	1,137.85
Trade receivables - credit impaired	12.85	18.19	40.18
Sub -Total	**1,786.58**	**1,837.07**	**1,178.03**
Allowance for credit impaired (expected credit loss allowance)	(12.85)	(18.19)	(40.18)
Total	**1,773.73**	**1,818.88**	**1,137.85**
Current	**1,773.73**	**1,818.88**	**1,137.85**
Non-current	**-**	**-**	**-**

9.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

The provision matrix takes into account historical credit loss experience based on past trend of outstanding receivables over a rolling period of past 36 months.

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
The range of provision created as a percentage of outstanding under various age groups	0.02% - 53.52%	0.07% - 56.22%	0.07% - 57.53%

Movement in expected credit loss allowance	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	18.19	40.18	36.94
Movement in expected credit loss allowance on trade receivables	15.99	(7.80)	27.76
Amount written off during the year	(21.33)	(14.19)	(24.52)
Balance at end of the year	**12.85**	**18.19**	**40.18**

9.2 Trade receivables considered good - Unsecured

Particulars	Outstanding for following periods from due date of Undisputed Dues*		
	As at March 31 2022	As at March 31 2021	As at March 31 2020
Not Due	1,331.61	1,679.11	1,110.85
Less than 6 months	437.70	53.01	0.61
6 months -1 year	2.88	23.02	-
1-2 years	1.40	57.76	24.89
2-3 years	0.14	5.98	1.50
More than 3 years	-	-	-
Total	**1,773.73**	**1,818.88**	**1,137.85**

9.3 Trade receivables - credit impaired

Particulars	Outstanding for following periods from due date of Undisputed Dues*		
	As at March 31 2022	As at March 31 2021	As at March 31 2020
Not Due	1.89	0.92	0.66
Less than 6 months	0.47	0.67	0.60
6 months -1 year	0.34	0.57	0.96
1-2 years	1.45	0.79	3.47
2-3 years	1.16	6.33	1.98
More than 3 years	7.54	8.91	32.51
Total	**12.85**	**18.19**	**40.18**

*There are no trade receivables that are overdue on account of any outstanding legal disputes

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 10 SHARE CAPITAL	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
AUTHORISED :			
2,00,000 Equity Shares of Rs.100/- each (Refer Note No.40.2 for details regarding sub-division of shares subsequent to 31st March 2022)	20.00	20.00	20.00
5,00,000 Preference shares of Rs. 100/- each*	50.00	50.00	50.00
	70.00	**70.00**	**70.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP			
1,59,667 (FY 2021 - 1,59,667;FY 2020 -1,52,997) Equity Shares	15.97	15.97	15.30
Face value - Rs.100/- each, fully paid up (Refer Note No.40.2 for details regarding sub-division of shares subsequent to 31st March 2022)			
Total	**15.97**	**15.97**	**15.30**

** For details of issued, subscribed and fully paid-up preference shares, refer note no.13.2*

10.1 Reconciliation of number of shares	2021-22		2020-21		2019-20	
	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)	No of Shares (in Nos)	Amount (₹)
Equity Shares						
At the beginning of the period	159,667	15.97	152,997	15.30	144,611	14.46
Shares Issued during the year	-	-	6,670	0.67	8,386	0.84
At the end of the period	159,667	15.97	159,667	15.97	152,997	15.30

*Equity shares represents equity shares of Rs 100 each, fully paid up (also refer note no.40.2)

10.2 Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of Rs.100/- each (also refer Note No.40.2). Each holder of the Equity Share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

10.3 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

Name of the Share holder	No of shares held as at					
	March 31, 2022		March 31, 2021		March 31, 2020	
	Nos.	%	Nos.	%	Nos.	%
Kunhamed Bicha	61,850	38.74%	63,675	39.88%	63,675	41.62%
Bhaskar Srinivasan	53,013	33.20%	52,384	32.81%	52,384	34.24%
Luquman Veedu Ediyanam	15,959	10.00%	14,461	9.06%	14,461	9.45%
Sareday Sheshu Kumar	11,134	6.97%	11,250	7.05%	11,250	7.35%
Anand Kumar	12,570	7.87%	12,701	7.95%	6,031	3.94%
		96.78%		**96.75%**		**96.60%**

10.4 Details of Equity shares held by Promoters/ Promoter Group

Name of the Promoter	No of shares held as at					
	March 31, 2022		March 31, 2021		March 31, 2020	
	Nos.	%	Nos.	%	Nos.	%
Kunhamed Bicha	61,850	38.74%	63,675	39.88%	63,675	41.62%
Bhaskar Srinivasan	53,013	33.20%	52,384	32.81%	52,384	34.24%
TP Imbichammad	3,762	2.36%	3,802	2.38%	3,802	2.49%
Mariyam Bicha	1,379	0.86%	1,394	0.87%	1,394	0.91%
		75.16%		**75.94%**		**79.26%**

10.5 Shares allotted as fully paid-up for consideration other than cash

During the year 2019-20, pursuant to an agreement entered with the shareholders of a related entity, the company issued 8,386 equity shares of Rs. 100 Each at a price of Rs. 12,700 Share (including premium) in-lieu of the shares held by the said shareholders in the related entity (Refer Note No.37)

10.6

There are no bonus shares issued or shares bought back during the period of 5 years immediately preceding the reporting date.

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 11 OTHER EQUITY

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Foreign Currency Translation Reserve	(90.85)	(67.64)	(104.18)
Securities Premium	536.77	539.63	467.59
Capital reserve	(595.31)	(258.61)	(65.76)
Special Economic Zone Re-investment Allowance Reserve	95.66	137.75	125.65
Retained Earnings	909.67	232.34	27.13
Share application money pending allotment	-	0.01	-
	855.94	**583.48**	**450.43**

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Foreign Currency Translation Reserve			
Opening balance	(67.64)	(104.18)	-
Add : Recognised in OCI during the year	(23.28)	36.54	(104.18)
Less: Other Adjustments	(0.07)	-	-
Closing balance	**(90.85)**	**(67.64)**	**(104.18)**
(b) Securities Premium			
Opening balance	539.63	467.59	356.32
Adjustment to Opening Balance on account of Common Control Business Combination (Refer Note	-	-	5.61
Add : Addition during the period	-	72.04	105.66
Less : Buy-back of equity shares (Refer Note No.37)	2.86	-	-
Closing balance	**536.77**	**539.63**	**467.59**
(c) Capital Reserve			
Opening balance	(258.61)	(65.76)	-
Adjustment to Opening Balance on account of Common Control Business Combination (Refer Note	-	-	34.38
Add: Current year transfer	-	-	-
Add: Adjustment on account of acquisition/ buy-back of shares in companies under common control	(336.70)	(192.85)	(100.14)
Closing balance	**(595.31)**	**(258.61)**	**(65.76)**
(d) Special Economic Zone Re-investment Allowance Reserve			
Balance as at the beginning of the year	137.75	125.65	161.70
Add: Transfer from Statement of Profit & Loss		57.12	41.23
Less : Transferred to Surplus (out FY 2016-17 Reserve)			68.84
Less : Transferred to Surplus (out FY 2017-18 Reserve)		34.07	8.44
Less : Transferred to Surplus (out FY 2018-19 Reserve)	39.40	10.95	
Less : Transferred to Surplus (out FY 2019-20 Reserve)	2.69		
Balance as at the end of the year	**95.66**	**137.75**	**125.65**

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(e) Retained Earnings			
Balance at the beginning of the year (Including Ind AS re-classifications within Other Equity as stated in foot note below)	232.34	27.13	1,277.24
Add: Adjustment on account of correction of prior period errors	-	-	(57.25)
Add: Adjustment on account of IND AS transition	-	-	(13.48)
Add: Adjustment on account of common control business combination (Refer Note No.37)	-	-	(1,328.29)
Profit for the year	631.63	214.93	115.40
Other comprehensive income for the year, net of income tax	3.61	2.38	(2.54)
Add: Transfer from SEZ Reserve (out FY 2016-17 Reserve)	-	-	68.84
Add: Transfer from SEZ Reserve (out FY 2017-18 Reserve)	-	34.07	8.44
Add: Transfer from SEZ Reserve (out FY 2018-19 Reserve)	39.40	10.95	-
Add: Transfer from SEZ Reserve (out FY 2019-20 Reserve)	2.69	-	-
Less: Transfer to Special Economic Zone Re-investment Allowance Reserve Account	-	57.12	41.23
Balance at the end of the year	**909.67**	**232.34**	**27.13**
Total	**855.94**	**583.47**	**450.43**

Nature and Purpose of Other Reserves

(a) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

(b) Securities Premium Reserve

Represents premium on issue of securities

(c) Capital Reserve

This represents the capital reserve arising on accounting for common control business combinations and acquisition of non-controlling interest in Subsidiaries (Refer Note No.37). The amount of capital reserve represents the following

(a) difference between the consideration paid for acquisition and the share capital plus related securities premium of the acquired entities.

(b) difference between the consideration paid for acquisition of non-controlling interests and the amount carried in the books in respect

(d) Special Economic Zone Re-investment Allowance Reserve

The Special Economic Zone (SEZ) Reinvestment Reserve has been created out of profit of eligible SEZ unit as per provisions of section 10AA(1)(ii) of the Income–tax Act, 1961 for acquiring new plant and machinery. Utilisations out of the same as per the extant provisions of the Income Tax Act, 1961, are reclassified from this reserve to retained earnings in the year of utilisation.

(e) Retained Earnings

Retained Earnings represents Company's cumulative earnings since its formation less the dividends / Capitalisation, if any. These reserves are free reserves which can be utilised for any purpose as may be required. All adjustments arising on account of transition to Ind AS are recorded under this reserve.

The above includes re-classification of the following reserves :

a) Revaluation Reserve of the parent company. The parent company had elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2019 measured as per the previous GAAP (under revaluation model in respect of certain class of assets) and use that carrying value as its deemed cost as of the transition date. The corresponding revaluation reserve on transition date has been grouped under retained earnings as given below

b) Government Grant in the form of Capital Subsidy that was received in earlier years and in respect of which there are no un-fulfilled obligations have also been re-classified from Capital Reserve to Retained Earnings.

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Revaluation Reserve	54.65	59.35	64.85
Capital Reserve	2.24	2.24	2.24

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 12.1 DEFERRED TAX ASSETS AND LIABILITIES

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	214.84	269.23	286.49
Deferred tax liabilities	(51.30)	(36.82)	(24.02)
Net Deferred tax Asset / (Liability)	**163.54**	**232.41**	**262.47**

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Recognized Deferred Tax Assets and Liabilities	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Deferred tax assets are attributable to the following :			
Property plant and equipment & intangible assets	1.23	0.20	1.78
Expenses allowable under tax on actual payment basis	9.07	8.55	10.46
Provision for impairment loss on trade receivables	5.34	9.23	15.40
Defined benefit obligation - Gratuity(allowable on payment basis)	18.53	16.32	14.98
Leases	9.31	6.54	3.89
Unused tax losses	158.42	203.07	231.16
Other Temporary Timing Differences	0.06	0.03	0.03
MAT Credit Entitlement	12.88	25.29	8.79
Total Deferred tax asset (A)	**214.84**	**269.23**	**286.49**
Deferred tax liabilities are attributable to the following :			
Property plant and equipment & intangible assets	(51.30)	(36.82)	(24.02)
Total Deferred tax liability (B)	**(51.30)**	**(36.82)**	**(24.02)**
Net deferred tax Asset (A+B)	**163.54**	**232.41**	**262.47**

Movement in temporary differences during the period

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31,
Opening balance	232.41	262.47	250.62
Tax income /(expense) during the period recognized in restated Profit or loss	(60.08)	(23.57)	(7.97)
Tax income /(expense) during the period recognised in OCI	(1.41)	(1.24)	1.04
Exchange differences in deferred tax asset/ liabilities arising on translation of the financial statements of foreign operations	5.03	(5.25)	18.78
MAT Credit Entitlement/ Utilisation	(12.41)	-	-
Closing balance	**163.54**	**232.41**	**262.47**

Considering the forecasts of future performance and resultant cash flows, the management is of the opinion that the balance deferred tax assets (including deferred tax asset recognised in respect of unused tax losses) available as at the year end will be realized against future taxable profits.

(All amounts are in Million Indian Rupees unless otherwise stated)

Unrecognised deferred tax assets

As a matter of prudence, deferred tax assets on account of losses in one of the subsidiaries of the Group in India has not been recognised. The details of unused tax losses on which deferred tax asset has not been recognised as follows:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Unabsorbed depreciation carry forward	-	-	26.38
Tax loss carry forward	-	2.47	20.24
Total	**-**	**2.47**	**46.62**

Note 12.2 TAX ASSETS AND LIABILITIES (Net)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Tax Assets			
Advance payment of Tax and Tax Deducted at Source	17.32	7.98	17.99
Total	**17.32**	**7.98**	**17.99**
Tax Liabilities			
Income Tax payable	-	-	-
Earlier years	14.92	22.08	30.93
Current year	28.38	26.56	18.48
Total	**43.30**	**48.64**	**49.41**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 13 Borrowings

Particulars	Non-current as at			Current as at		
	March 31, 2022	**March 31, 2021**	**March 31, 2020**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
(a) Term Loans (Refer Note 13.1 below)						
(i) From Banks	268.06	98.86	1.98	90.89	42.20	1.93
(ii) From Related parties	74.67	70.93	57.91	-	-	-
(iii) From Others	11.22	253.79	80.09	36.05	46.84	34.52
(b) Financial Instruments classified as Liability (Refer Note 13.2 below)						
(i) 3,50,000 (-) 10% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	35.00	35.00	35.00			
(ii) 46,55,000 Nos (48,05,000) of 10% Series A Cumulative preference shares issued at face value of $1 issued by the foreign subsidiary of the company	352.88	353.19	320.77			
(c) Loans repayable on demand (Refer Note 13.3 below)						
(i) From Banks	-	-	-	2,071.76	2,031.90	1,886.53
(ii) From related parties	-	-	-	-	3.75	11.05
(iii) From Others	-	-	-	-	16.86	55.03
Total	**741.83**	**811.77**	**495.75**	**2,198.70**	**2,141.55**	**1,989.06**
The above amount includes:-						
Secured Borrowings	278.04	148.24	32.45	2,162.65	2,094.21	1,878.23
Unsecured Borrowings	463.79	663.53	463.30	36.05	47.34	110.83
Total	**741.83**	**811.77**	**495.75**	**2,198.70**	**2,141.55**	**1,989.06**

Note 13.1 - Details of Long Term Borrowings

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	Details of Repayment/ Security
Avalon Technologies Limited				
GECL Loan - Indian Bank	76.66	30.19	-	Repayable in 36 equated monthly instalments commencing from April 2021 Repayable in 60 equated monthly instalments commencing from February 2022 Secured against Debtors, Creditors and Stock
GECL Loan - HDFC Bank Limited	119.25	-	-	Repayable in 60 equated monthly instalments commencing from April 2023 Repayable in 72 equated monthly instalments commencing from April 2024 Secured against Debtors, Creditors and Stock
Vehicle Loan from Bank of Baroda(I)	0.34	1.50	2.55	Repayable in 60 Equated Monthly Instalments commencing from 18th May, 2017. Secured by personal guarantee of T.P. Imbichammad,Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	Details of Repayment/ Security
Avalon Technologies Limited				
Vehicle Loan from Bank of Baroda (II)	0.24	0.51	0.74	Repayable in 60 Equated Monthly Instalments commencing from 30th December , 2017. Secured by personal guarantee of T.P. Imbichammad,Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Vehicle Loan from Bank of Baroda (III)		-	0.37	Repayable in 36 Equated Monthly Instalments commencing from 8th March, 2018. Secured by personal guarantee of T.P. Imbichammad,Chairman Emeritus (w.e.f 12.07.2022) & Vehicle Purchased mortgaged as security.
Hewlett Packard Financial Services Limited	40.10	50.61	41.55	Unsecured Loan repayable in 36 Equated Monthly Instalments
Siemens Equipment Finance Limited	26.07	45.83	68.08	Repayable in 36 Equated Monthly Instalments .Secured by respective Equipment financed.
Sienna ECAD Technologies Private Limited				
Vehicle Loan - Toyota Financial Services			0.25	Fully secured by charge over the vehicle purchased using this loan and this loan is repayable in 60 equated monthly instalments.
ABV Electronics Inc (D/B/A Sienna Corporation)				
Small Business Administration - EIDL LOAN	33.12	11.02		Economic Injury Disaster Loan payable on monthly principal instalment of $ 731 plus interest through July 2051;collateralized by the assets of the company.
Regions Bank - Equipment Loan	5.07	20.08		Regions Equipment LLC Loan payable in monthly principal instalments of $ 7358 plus interest through July 2026;collateralized by equipment.
Unsecured Loan - Anand Kumar	74.67	70.93	57.91	Loan from Shareholder Mr. Anand Kumar originally consisting of four different principal drawls originating from April 2009 through January 2018. All loans are unsecured and subordinated to the debt with financial institutions.
Pay check Protection Program - Forgivable Loan….	-	197.19		PPP loan program obtained as part of CARES Act and was implemented by the SBA with cooperation from private banks. In June and September 2021,the company was informed that loans have been approved for total forgiveness.

(All amounts are in Million Indian Rupees unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	Details of Repayment/ Security
Avalon Technology &Services Pvt. Ltd.				
Term Loan from M/s. Cholamandalam Investment and Finance Company Limited	3.70	6.77	4.97	Repayable in 36 equal monthly instalments of ₹ 1,71,573/- commencing from Mar-20 (Hypothecation of machinery).
Working Capital Term (GECL) from Indian Bank	69.67	78.00	-	Repayable in 36 equal monthly instalments commencing from Nov-21.Hypothecation of Movable Assets and Other Fixed Assets.
Working Capital Term (GECL 1.0) from Indian Bank	32.00	-	-	Repayable in 36 equal monthly instalments commencing from Jan-24.Hypothecation of Movable Assets and Other Fixed Assets.
Less :Current maturities of long term debt	126.94	89.05	36.45	
	353.95	**423.58**	**139.97**	

Interest is charged by the lender on the above borrowings as per the respective terms of sanction or as laid out in the respective agreements.

Note 13.2 - Preference Shares

(i) The company has allotted 3,50,000 Cumulative, Non participating, 10% Optionally Convertible Preference shares (OCPS) of Rs. 100 each vide a Share Subscription Agreement (“SSA”) dated 1st March, 2018, which shall stand converted within a period of 4 years (conversion period) from the date of issue upon occurrence of the conversion event as per the terms of issue. The OCPS shall be redeemed any time, at the option of the holder, upon expiry of the Conversion period but not later than 20 years. Taking into account the fact that the company does not have a right to convert these shares into equity and that the dividend on the same approximates the market borrowing rate for comparable loans, the said instrument has been classified as a financial liability measured at amortised cost till 31st March, 2022.

Subsequent to the year end, in view of the proposed public offering, the company has entered into an amendment agreement to the SSA dated 22nd July, 2022 which stipulates a mandatory conversion of OCPS into equity shares before the filing of updated draft of the red herring prospectus (the “UDRHP”) by the Company with the Securities and Exchange Board of India (“SEBI”) or any other authority, as may be required in connection with the initial public offer of the Equity Shares of the Company.

(ii) ABV Electronics Inc (D/B/A Sienna Corporation) has allotted 46,55,000(48,05,000) Cumulative, Non participating ,10% preferred stock with no par value (Series A) of $1 which is redeemable by either the company or the holder at any point of time by giving appropriate notice in accordance with the terms of the issue. During 2021-22, the subsidiary carried out a buyback of preference shares of $0.15 million (Rs. 11.18 millions)

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 13.3 - Details of Short Term Borrowings

Details of Facility	March 31, 2022	March 31, 2021	March 31, 2020	Details of Security
Avalon Technologies Limited				
Bank of India - Packing Credit Foreign Currency Loan (USD)	191.92	201.26	233.88	First pari passu charge by way of hypothecation of stocks and book debts of the company and Cash Margin on LC (10%). Second pari passu charge over the existing super structure/buildings constructed or to be constructed on the leased land situated at Plot No: B-7 & B-8, MEPZ Tambaram and other movable Fixed Assets of the company.
Bank of India - Cash credit	27.78	22.93	-	
ICICI Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	-	183.25	166.21	First pari passu charge by way of hypothecation of entire current assets which include the entire current Assets , unencumbered movable fixed assets, and existing super structure. Corporate Guarantee of ABV Electronics Inc (D/B/A Sienna Corporation), USA and Personal Guarantee of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha,Chairman and Managing Director (w.e.f 12.07.2022).
Standard Chartered Bank - Packing Credit Foreign Currency Loan /Bill Discounting (USD/INR)	247.59	259.63	195.31	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Personal Guarantees of Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha,Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd. - Packing Credit Foreign Currency Loan (USD)	-	114.62	124.66	Pari Pasu first charge on the entire current assets of the company. Pari Pasu second charges on the entire movable fixed assets of the company excluding the movable fixed assets exclusively charged to other banks. Pari Pasu second charge on land and building constructed on the leased land situated at MEPZ Tambaram. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha,Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan,President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation), USA.
Axis Bank Ltd.- Cash Credit	-	99.68	145.47	

(All amounts are in Million Indian Rupees unless otherwise stated)

Details of Facility	March 31, 2022	March 31, 2021	March 31, 2020	Details of Security
Avalon Technologies Limited				
Indian Bank - Packing Credit (EPC) Foreign Currency Loan (USD/INR)	252.51	297.85	299.52	First pari passu charge on the entire current assets of the company both present and future along with other lenders under Multiple Banking Arrangement . First pari passu charge on the movable fixed assets of the company. 1st Pari Passu charge on the superstructure constructed on the leased lands situated on the leased lands situated in B7 & B8, MEPZ, Phase 1 & 2, Tambaram, Chennai. Mr. T P Imbichammad, Chairman Emeritus (w.e.f 12.07.2022) and Mr. Kunhamed Bicha,Chairman and Managing Director (w.e.f 12.07.2022) and Mr. Bhaskar Srinivasan, President. Corporate Guarantees of ABV Electronics Inc (D/B/A Sienna Corporation).
HDFC Bank Limited -Packing Credit	279.20	-	-	First Pari Pasu charge on the entire current assets of the company and movable fixed assets of the company excluding the movable fixed assets. Pari Pasu second charge on land and building constructed on leased land.
HDFC Bank Limited-Working capital demand loan	96.86	-	-	
ABV Electronics Inc (D/B/A Sienna Corporation)				
Silicon Valley Bank - Line of Credit (Working Capital Loan)	-	-	39.45	The company entered into a LOC financing agreement with SVB in June 2013.The LOC is due annually on its maturity date, when it is normally renewed for another year. Sanctioned Limit is $6000000
Regions Bank - Line of Credit (Working Capital Loan)	622.99	460.25	-	The revolving LOC has a limit of $10 Million and bears interest at a rate per annum equal to the sum of LIBOR plus 2.5%.
Regions Bank - Line of Credit (Working Capital Loan)	19.02	11.09	-	The company entered into a LOC financing agreement with Regions in April 2020.The LOC is due annually on its maturity date, when it is normally renewed for another year. Sanctioned Limit is $10000000.
Unsecured Loan- PIRS Capital LLC	-	-	24.80	The company entered into a financing agreement with PIRS Capital LLC in December 2019. The financial institution collects a daily payment of based on daily deposits.
Silicon Valley Bank - A/R Financing	-	-	267.77	The company entered into a line of credit financing agreement with SVB in June 2013.The LOC is due annually on its maturity date, when it is normally renewed for another year. It is collateralized by substantially all assets of the company and is personally guaranteed by the stockholders of the company. Maturity on August'2020.

(All amounts are in Million Indian Rupees unless otherwise stated)

Unsecured Loan - Individuals	-	16.86	55.03	Loan from individuals originated on various dates from February 2018 to April 2019 bearing interest rate of 10%.Interest is paid on the 05'th of each month. Due on demand with 15 days notice or at specifically agreed maturity for individual loans.
Details of Facility	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**Details of Security**
Avalon Technology &Services Pvt. Ltd.				
Indian Bank -Packing Credit Foreign Currency Loan(INR)	56.32	141.60	194.61	(i) Primary: Exclusive charge on the current assets of the company, hypothecation of stocks and book debts, underlying export bills. (ii) Guarantee: Personal guarantee of three directors of the company and corporate guarantee of holding company. Terms of Repayment : Repayable on Demand
Indian Bank - Open Cash Credit(OCC)/WCDL	277.57	239.74	194.84	
	2,071.76	**2,048.76**	**1,941.57**	

13.4 The Company has used the borrowings from banks availed during the year for the specific purpose for which it was taken.

13.5 The Quarterly stock statements filed by the Company with banks in accordance with the terms of sanction of respective credit facilities are in agreement with the books of accounts.

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 14 TRADE PAYABLES

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Dues to Micro and Small Enterprise Vendors	11.89	3.44	7.11
Dues to Others	1,173.01	1,271.15	1,350.67
Total	**1,184.90**	**1,274.59**	**1,357.78**

Ageing of Trade Payables - Other than MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31 2022	As at March 31 2021	As at March 31 2020
Not Due	351.52	255.94	690.63
Less than 1 Year	691.14	679.98	496.92
1-2 years	21.84	309.06	30.65
2-3 years	57.85	0.84	55.74
More than 3 years	50.67	25.34	76.74
Total	**1,173.01**	**1,271.15**	**1,350.67**

Ageing of Trade Payables - MSME

Particulars	Outstanding for following periods from due date of payment		
	Undisputed Dues*		
	As at March 31 2022	As at March 31 2021	As at March 31 2020
Not Due	10.36	1.17	1.68
Less than 1 Year	1.53	2.27	5.43
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Total	**11.89**	**3.44**	**7.11**

**There are no trade payables that are overdue on account of any outstanding legal disputes*

Note 15A LEASE LIABILITIES

Particulars	Non-current			Current		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Lease obligations (Refer Note No. 3A)	170.01	155.90	205.16	65.96	53.62	53.36
Total	**170.01**	**155.90**	**205.16**	**65.96**	**53.62**	**53.36**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 15B OTHER FINANCIAL LIABILITIES

Particulars	Non-current			Current		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on Borrowings	-	-	-	0.21	6.74	-
Employee related dues	-	-	-	60.37	57.81	59.85
Dividend Accrued but not due	-	-	-	9.29	21.27	3.50
Total	-	-	-	**69.87**	**85.82**	**63.35**

Note 16 PROVISIONS

Particulars	Non-current			Current		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Provision for Employee benefits						
Provision for defined benefit plan	63.82	58.38	53.43	6.79	7.07	7.52
Provision for compensated absences	22.26	19.02	18.30	4.34	5.31	5.54
Total	**86.08**	**77.40**	**71.73**	**11.13**	**12.38**	**13.06**

Note 16(a):

The group manufactures products in compliance with customer specifications. Though it does not provide warranty covering design defects, it warrants that it will without charge, repair, replace or credit, as it may elect, any products which are proved to be defective as a result of failure in it's workmanship for a certain period from the date of delivery, as per the terms of its contract with customers. Since the group has not experienced material warranty costs in the past , the management has determined that no provision for estimated future warranty obligations is required to be recognised in the books.

Note 17 OTHER LIABILITIES

Particulars	Non-current			Current		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Advances and Deposits from Customers / Others	-	-	-	291.76	112.55	57.62
Payable for capital purchases	19.65	1.66	8.98	57.02	13.97	10.80
Statutory Payables	-	-	-	22.35	19.13	27.35
Others	-	4.36	10.51	45.15	29.42	48.11
Total	**19.65**	**6.02**	**19.49**	**416.28**	**175.07**	**143.88**

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 18 REVENUE FROM OPERATIONS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
(a) Sales of Products	7,717.80	6,396.10	6,156.57
(b) Sales of services	675.44	499.93	254.42
(b) Rebates	-	-	-
Sub-Total	**8,393.24**	**6,896.03**	**6,410.99**
(c) Other operating revenues			
- Scrap sales	13.94	8.68	7.68
Total	**8,407.18**	**6,904.71**	**6,418.67**

18.1 Product line wise breakup of Revenue

The following is the Company's revenue from the continuing operations from its major product lines

Categories of products sold	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Box Build	3,739.86	3,276.76	2,830.86
Printed Circuit Board	2,961.71	2,429.46	2,286.11
Cables	846.36	635.35	545.08
Metal	351.56	291.20	454.80
Magnetics	265.65	87.79	67.93
Design	184.68	151.20	139.78
Plastics	57.36	32.95	94.11
Total	**8,407.18**	**6,904.71**	**6,418.67**

18.2 Disaggregation of revenue information

The group is engaged in Electronics Manufacturing Services (EMS) with capabilities in Printed Circuit Assembly Boards (PCBA's), custom cable, wire harness, metal, plastic, magnetics components and assemblies with enhanced capabilities in engineering design and development. As per the management, the disaggregation of revenue based on geography are depicted in Note 29.2.

18.3 Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Receivables, included under trade receivables (Refer Note 9)	1,773.73	1,818.88	1,137.85
Unbilled Revenue (Refer Note 5)	9.58	4.79	3.58
Contract liabilities included under advance from customers (Refer Note 18.4)	291.76	112.55	57.62

18.4 Movement of Contract Liabilities

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Amounts included in Contract liabilities at the beginning of the period	112.55	57.62	100.18
Amount received(adjusted)/(Performance obligation satisfied) during the period (Net)	179.21	54.93	(42.56)
Amounts included in Contract liabilities at the end of the period	291.76	112.55	57.62

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 19 OTHER INCOME

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
(a) Interest income earned			
- On Financial assets (at amortised cost)	5.01	7.34	6.95
(b) Amount no longer payable written back	38.12	20.63	3.25
(c) Other non-operating income (net of expenses directly attributable to such income)			
- Profit on sale of investments (Carried at FVTPL)	-	5.37	-
- Insurance Claim received (Net)	0.02	-	-
- Profit on sale of assets (Net)	1.13	0.79	-
- Gain / (Loss) on account of foreign exchange fluctuations (Net)	41.55	-	65.03
- Others (aggregate of items)	23.49	20.13	37.58
Total	**109.32**	**54.26**	**112.81**

Note 20 COST OF RAW MATERIAL CONSUMED

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Raw material and components consumed			
Opening inventory	1,129.85	1,016.71	1,148.31
Add : Purchases	6,412.65	4,469.36	4,158.24
Less : Inventory at the end of the year	1,934.46	1,129.85	1,016.71
Total	**5,608.04**	**4,356.22**	**4,289.84**

Note 21 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Opening Stock:			
Work-in-progress	103.28	224.23	150.53
Finished goods	221.74	304.56	200.94
Closing Stock:			
Work-in-progress	163.70	103.28	224.23
Finished goods	228.03	221.74	304.56
(Increase) / Decrease in Stocks	**(66.71)**	**203.77**	**(177.32)**

Note 22 EMPLOYEE BENEFIT EXPENSES

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
(a)Salaries, Wages and Bonus (Refer note 22.1)	1,180.49	1,091.78	1,076.69
(b)Contribution to Provident and Other Funds (Refer note 30)	38.60	34.24	34.25
(c) Gratuity (Refer Note 30)	14.27	13.50	12.74
(d) Compensated Absences (Refer Note 30)	4.57	8.03	5.20
(e) Staff Welfare Expenses	75.60	44.53	33.24
Total	**1,313.53**	**1,192.08**	**1,162.12**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 22.1:

The company has recognised a Government Grant being the estimated value of reimbursement towards stipend paid to apprentices under the National Apprentice Training Scheme, once it is reasonably certain that the company has met the related conditions and also that the grant would be received. The amount has been netted off against corresponding stipend expense in Note No. 22- Employee Benefit Expenses. Based on the past experience, the company does not anticipate any issues in realisation of the said amount.

Particulars	2021-22	2020-21	2019-20
Stipend reimbursement	8.64	-	0.97

Note 23 FINANCE COSTS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest Expense of			
Loans (at amortised cost)	129.76	166.05	274.30
Obligations under finance lease	22.31	25.28	28.77
Exchange differences regarded as an adjustment to	23.91	-	87.24
Dividend on Preference Shares considered as borrowings (at Amortized Cost)	37.86	36.80	4.22
Other borrowing costs and charges	34.63	41.81	55.04
Total	**248.47**	**269.94**	**449.57**

Note 24 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Depreciation on Property, plant and equipment (Refer Note-2)	109.69	96.04	92.65
Depreciation on Right-of-Use assets (Refer Note 3A)	60.13	59.26	60.75
Amortisation of Intangible assets (Refer Note 3B)	2.11	2.17	1.68
Total Depreciation and amortisation expenses	**171.93**	**157.47**	**155.08**

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Note 25 OTHER EXPENSES

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Rent	20.19	20.16	20.96
Rates & Taxes	10.90	10.30	9.84
Power & Fuel	50.68	44.78	51.41
Consumables	44.70	40.14	30.03
Tools & Dies	10.88	13.62	15.06
Freight Outwards	119.33	77.33	71.97
Repairs & Maintenance			
Buildings	16.67	16.08	21.95
Plant & Equipments	31.82	25.05	28.23
Others	10.59	9.71	5.79
Vehicle Maintenance	0.55	2.17	3.11
Printing & Stationery	6.94	5.59	5.89
Insurance	25.02	22.64	22.86
Communication Expenses	11.62	11.04	11.39
Allowance for expected credit loss (net)	15.99	(7.80)	27.76
Travelling & Conveyance	23.48	12.15	35.73
Professional Charges	78.18	49.31	71.92
Business Promotion expenses	10.10	1.42	4.59
Foreign Exchange Gain/ (Loss) [Net]	-	29.10	
Security Charges	7.18	5.55	7.65
Loss on Sale of Property, Plant and Equipment (Net)	0.33	-	0.19
Software license charges	15.27	17.59	16.60
Other IT Expenses	3.94	22.07	-
Contribution towards Corporate Social Responsibility	2.83	1.75	-
Miscellaneous Expenses	59.64	61.45	36.31
Total	**576.83**	**491.20**	**499.24**

Note 26 EXCEPTIONAL ITEMS

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Exceptional items (Refer Note 26.1)	199.90	-	-

26.1 In April 2020 and February 2021, the company's subsidiary in USA applied for and received Pay check Protection Program ("PPP") loans under the new federal program designed to support small businesses during the pandemic. The PPP loans was part of the CARES Act, which was signed into law on March 27, 2020 and implemented by the SBA with cooperation from private banks. As per the extant terms, the loans were to be forgiven to the extent that the loan proceeds were used for eligible expenses such as payroll and other expenses described by the CARES ACT. The company's subsidiary had utilised the loan proceeds for eligible purposes and based on it's application, in June and September 2021, it was informed that both PPP loans had been approved for total forgiveness. In view of the non-routine nature of the transaction and its significant impact in the Statement of P&L, the above item which is in the nature of government grant has been classified as an exceptional item for better understanding of the financial statements.

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 27 INCOME TAX EXPENSE

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Current tax			
In respect of current year	138.72	33.90	21.72
In respect of earlier years	(16.13)	-	-
Total	**122.59**	**33.90**	**21.72**
Deferred tax			
In respect of current year	60.08	40.06	8.30
Minimum Alternate Tax (MAT)	-	(16.49)	(0.33)
Deferred tax recognised in profit or loss	**60.08**	**23.57**	**7.97**
Total income tax expense	**182.67**	**57.47**	**29.69**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the Year ended	For the Year ended	For the Year ended
Profit before tax	**864.31**	**288.29**	**152.95**
Income Tax expense calculated at statutory tax rates	244.41	77.49	37.80
Effect of expenses that are not deductible in determining taxable profit	(0.08)	3.66	5.14
Effect of concessions(Sec.10AA and 80JJAA)	(14.43)	(6.69)	(6.97)
Effect of income that is exempt from taxation	(53.97)	(15.89)	(11.47)
MAT credit entitlement	-	(16.49)	(0.33)
Reversal of DTA recognized in earlier years	-	-	-
Tax relating to earlier years	(16.13)	-	-
Other timing differences	0.57	0.51	4.89
Effect of the amount of the benefit arising from a previously unrecognised tax loss	(0.58)	(5.58)	(2.10)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	14.91	(0.79)	(3.76)
Effect of interest u/s 234 B & C	2.22	2.03	-
Others*	5.75	19.22	6.49
Income Tax expense recognised in profit or loss	**182.67**	**57.47**	**29.69**

* *Includes effect of change in tax rates*

Tax Rate	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
The Range of enacted tax rate across various tax jurisdictions in which group operates	26% to 29.12%	26% to 27.82%	26% to 27.82%

27.1 Income tax recognised in other comprehensive income

Particulars	For the Year ended	For the Year ended	For the Year ended
Deferred tax			
Arising on income and expenses recognised in other comprehensive income:			
Remeasurement of defined benefit obligation	(1.41)	(1.24)	1.04
Total income tax recognised in other comprehensive income	**(1.41)**	**(1.24)**	**1.04**

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 28 EARNINGS PER SHARE

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
I) Basic Earnings per share			
Restated Profit for the year attributable to the equity holders of the company (A)	631.63	214.93	115.40
Weighted average no of shares outstanding (B)(Refer Note No.40.2 & 40.3)	55,883,450	53,580,929	52,125,628
Total basic earnings per share (A/B) (in Rs.)	**11.30**	**4.01**	**2.21**
II) Diluted Earnings per share			
Restated Profit for the year attributable to the equity holders of the company (A)	631.63	214.93	115.40
Weighted average no of shares outstanding (B)(Refer Note No.40.2 & 40.3)	55,883,450	53,580,929	52,125,628
Total diluted earnings per share (A/B) (in Rs.)	**11.30**	**4.01**	**2.21**

*Pursuant to resolutions passed in extra-ordinary general meeting held on 27th June, 2022, shareholders have approved sub- division of each equity share of face value of Rs. 100 each into fifty equity shares of face value of Rs. 2 each and issue of bonus equity shares of face value of Rs.2 each in the ratio of 6:1 (refer note no.40.2 and 40.3). As required under Ind AS 33 "Earnings per share" the effect of such sub-division and bonus issue has been adjusted retrospectively for the purpose of computing earnings per share for all the periods presented retrospectively.

Restated basic EPS amounts are calculated by dividing the restated profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Restated diluted EPS amounts are calculated by dividing the restated profit/(loss) attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Note 29. SEGMENT REPORTING

The Company is engaged in providing Electronics Manufacturing Services (EMS) with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS. The geographical segments considered for disclosure are – India, U.S.A and Rest of the World.

29.1 Details of manufacturing facilities :

All the manufacturing facilities are located in India and in the United States of America

Facilities located in India - Chennai and Bangalore.

Facilities located in U.S.A - Atlanta and Fremont.

29.2 Product line wise break up

Categories of products sold	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Box Build	3,739.86	3,276.76	2,830.86
Printed Circuit Board	2,961.71	2,429.46	2,286.11
Cables	846.36	635.35	545.08
Metal	351.56	291.20	454.80
Magnetics	265.65	87.79	67.93
Design	184.68	151.20	139.78
Plastics	57.36	32.95	94.11
Total	**8,407.18**	**6,904.71**	**6,418.67**

(All amounts are in Million Indian Rupees unless otherwise stated)

29.3 Geographical Information

Particulars	Revenue from external customers		
	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
India	2,888.93	2,305.53	2,157.21
U.S.A	5,316.53	4,409.24	3,848.28
Rest of World	201.72	189.94	413.18
Total	**8,407.18**	**6,904.71**	**6,418.67**

Particulars	Non-current assets**		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
India	904.10	833.16	845.28
U.S.A	238.16	207.70	168.11
Total	**1,142.26**	**1,040.86**	**1,013.39**

** Non-current assets are used in the operations of the Company to generate revenues both in India and outside India.

29.4 Information about major customers (>10% of total sales)

Customer	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Customer A	868.22	661.58	570.09
Customer B	1,082.74	711.30	597.78
Customer C	1,090.94	734.86	689.46
Customer D	682.52	836.22	671.37
Total	**3,724.42**	**2,943.96**	**2,528.70**

NOTE 30 EMPLOYEE BENEFIT PLANS

A. Defined contribution plans

The Group(except ABV Electronics Inc (D/B/A Sienna Corporation)) participates in a defined contribution plan on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Group at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

ABV Electronics Inc (D/B/A Sienna Corporation) has a 401(K) plan offered to employees meeting certain eligibility requirements which allows employees to contribute a predefined portion of salary towards a retirement savings account and the Group may make a discretionary match which will be determined each year.

The major defined contribution plans operated by the Group(except ABV Electronics Inc (D/B/A Sienna Corporation)

(a) Provident fund and pension
In accordance with the Employee’s Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees’ salary.

(b) Employees State Insurance
In accordance with the Employee’s State Insurance Act, 1948, eligible employees of the Group are entitled to receive benefits in respect of employee insurance, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees’ salary.

B. Defined benefit plans
The defined benefit plans operated by the Group(except ABV Electronics Inc (D/B/A Sienna Corporation)) are as below:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, which is unfunded. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The defined benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government / high quality bond yields; Since the Plan is unfunded, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability;
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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Details of defined benefit obligation and plan assets:

C. Gratuity

(i) Movements in the present value of the defined benefit obligation are as follows.

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	65.48	61.18	46.48
Current Service Cost	10.01	9.59	9.40
Interest cost	4.26	3.91	3.34
Remeasurement (gains) / losses :			
Actuarial gains and losses arising from changes in demographic assumptions	-	(0.26)	(0.06)
Actuarial gains and losses arising from changes in financial assumptions	(1.46)	0.43	3.49
Actuarial gains and losses arising from experience adjustments	(3.56)	(4.56)	0.20
Benefits paid	(4.09)	(4.81)	(1.67)
Closing defined benefit obligation	**70.64**	**65.48**	**61.18**

(ii) Movements in the fair value of the plan assets

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	0.03	0.23	0.36
Interest income	-	0.01	0.02
Remeasurement gain (loss) :			
Return on plan assets (excluding amounts included in net interest expense)	-	0.01	-
Contributions from the Employer	0.53	-	-
Benefits paid	(0.53)	(0.22)	(0.15)
Closing fair value of plan assets	**0.03**	**0.03**	**0.23**

(iii) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation	70.64	65.48	61.18
Less : Fair value of plan assets	0.03	0.03	0.23
Funded status	**70.61**	**65.45**	**60.95**
Restrictions on asset recognised	-	-	-
Others	-	-	-
Net liability arising from defined benefit obligation	**70.61**	**65.45**	**60.95**

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(iv) Amounts recognised in Statement of Profit and Loss (including other comprehensive income) in respect of these defined benefit plans are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Service Cost :			
Current Service cost	10.01	9.59	9.40
Past service cost and (gain) / loss from settlements			
Net interest Expense	4.26	3.91	3.34
Components of defined benefit costs recognised in	**14.27**	**13.50**	**12.74**
Remeasurement on the net			
Return on plan assets			
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(0.26)	(0.06)
Actuarial (gains) / losses arising from changes in financial assumptions	(1.46)	0.43	3.49
Actuarial (gains) / losses arising from experience adjustments	(3.56)	(4.56)	0.20
Components of defined benefit costs recognised in other comprehensive income	**(5.02)**	**(4.39)**	**3.63**
Total	**9.25**	**9.11**	**16.37**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.
The remeasurement of the net defined benefit liability is included in other comprehensive income.

(v) Risk Exposure
The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(vi) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation as at		
	March 31, 2022	March 31, 2021	March 31, 2020
Discount Rate(s)	7.12% - 7.48%	5.7% - 7.02%	5.57% - 6.85%
Expected Rate(s) of salary	8% -10%	6% -10%	6% -10%
Attrition Rate	14% - 20%	14% - 20%	14% - 19%

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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Sensitivity Analysis

Change in assumption	March 31, 2022	March 31, 2021	March 31, 2020
A. Discount Rate + 100 BP			
Defined Benefit Obligation [PVO]	64.62	63.07	60.48
Current Service Cost	(6.02)	(5.29)	(5.11)
B. Discount Rate - 100 BP		-	-
Defined Benefit Obligation [PVO]	77.70	74.50	71.52
Current Service Cost	7.05	6.14	5.94
C. Salary Escalation Rate + 100 BP	-	-	-
Defined Benefit Obligation [PVO]	76.12	73.43	70.47
Current Service Cost	5.48	5.07	4.89
D. Salary Escalation Rate - 100 BP	-	-	-
Defined Benefit Obligation [PVO]	65.51	63.75	61.16
Current Service Cost	(5.14)	(4.61)	(4.42)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis for all the periods presented.

Maturity profile of defined benefit obligation:

	March 31, 2022	March 31, 2021	March 31, 2020
Year 1	5.01	7.45	8.08
Year 2	4.50	5.31	4.64
Year 3	5.74	4.13	4.35
Year 4	8.30	5.69	4.17
Year 5	2.95	5.72	4.38
Next 5 Years	17.61	17.34	18.33

D.Leave obligations

The leave obligations cover the Group(except ABV Electronics Inc (D/B/A Sienna Corporation)) liability for earned leave.

The key assumptions used for the calculation of provision for long term compensated absences are as under:

Principal Actuarial	2021-22	2020-21	2019-20
Discount rate	7.12% - 7.48%	5.7% - 7.02%	5.57% - 6.85%
Expected rate of salary increase	8% -10%	6% -10%	6% -10%
Attrition rate	14% - 20%	14% - 20%	14% - 19%

(All amounts are in Million Indian Rupees unless otherwise stated)

NOTE 31 FINANCIAL INSTRUMENTS

31.1 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. As at the year end, the Group has only one class of equity shares and one class of preference shares (which is classified as a financial liability pursuant to Ind AS 109 and Ind AS 32).

31.2 Categories of financial instruments	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Financial assets			
Measured at fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
- Equity investments	-	-	23.50
	-	-	-
Measured at amortised cost			
- Trade receivables	1,773.73	1,818.88	1,137.85
- Cash and cash equivalents	77.59	313.38	245.93
- Other bank balances	23.80	21.87	20.03
- Other financial assets (Current)	13.18	14.37	9.07
- Other financial assets (Non-Current)	52.80	43.46	44.06
Financial liabilities			
Measured at amortised cost			
- Borrowings			
Non current	741.83	811.77	495.75
Current	2,198.70	2,141.55	1,989.06
- Lease Liabilities			
Non current	170.01	155.90	205.16
Current	65.96	53.62	53.36
- Trade payables	1,184.90	1,274.59	1,357.78
- Other Financial liabilities	69.87	85.82	63.35

Fair value hierarchy

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	Fair value Hierarchy
- Equity investments	-	-	23.50	Level-3

During the year 2019-20, the Group had invested in equity instruments of another unlisted entity (which was sold during the year 2020-21). The investment was made at the fair value prevailing on the date of investment. In the management's opinion, owing to the short period between date of investment and the reporting date and taking into account the fact that there were no significant changes in the investee's net assets or market outlook in the interim period, the investment price is regarded as the best estimate of its fair value as at the reporting date. In view of the above, disclosure of the sensitivity of fair value measurement in unobservable inputs is not considered relevant.

In the opinion of the management, the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a reasonable approximation of their fair values. Hence no separate disclosures of fair value has been made.

(All amounts are in Million Indian Rupees unless otherwise stated)

31.3 Financial risk management

The Group is exposed to Market risk, Credit risk and Liquidity risk. The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

The following disclosures summarize the Group's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market risks on the financial results, cash flows and financial position of the Group.

31.3.1 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 conditions. Market risk mainly comprises of interest risk and currency risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks are being managed and measured.

(a) 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 changes in interest rates primarily relates to outstanding floating rate debt. The Group has INR denominated long term debt and a portion of its working capital debt is denominated in foreign currency. These credit facilities are subject to periodic interest rate resets. Based on the past experience the variability of interest on long term loans is not expected to be material. Further there are only short term foreign currency debt in the form of packing credit which are subject to minimal changes in interest rate during it's term.

(b) Foreign Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant portion of the Group's purchases and sales are denominated in foreign currency and hence, a natural hedge exists as a result of which, major foreign exchange fluctuations in import payables gets offset against export receivables. Apart from the above, exchange rate exposures are also managed within approved policy parameters by constant monitoring.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :

Currency	Liabilities as at			Assets as at		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
EURO	0.11	3.69	0.15	0.27	0.06	0.22
GBP	0.02	0.02	0.01	0.04	-	-
JPY	827.89	1,309.94	1,032.86	13.64	-	-
USD	24.38	13.10	14.70	24.23	20.19	25.33

(All amounts are in Million Indian Rupees unless otherwise stated)

Foreign Currency sensitivity analysis

The below table demonstrates the sensitivity to a 5% increase or decrease in the relevant foreign currency against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonable possible change in foreign exchange rate. Assets and Liabilities denominated in USD in respect of the Company's subsidiary in U.S.A has not been considered for the below disclosure since the functional currency of the said subsidiary is US Dollars.

Particulars	Impact on profit or loss for the year			Impact on total equity as at the end of the reporting period		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A. Financial Assets						
EURO	1.12	0.25	0.92	0.89	0.19	0.68
GBP	0.19	-	0.01	0.19	-	0.01
JPY	0.42	-	-	0.30	-	-
USD	91.73	74.24	95.62	70.78	56.60	72.09
CHF	-	-	0.01	-	-	-
B. Financial Liabilities						
EURO	0.48	0.11	0.64	0.39	0.08	0.47
GBP	0.08	0.08	0.04	0.08	0.07	0.03
JPY	26.15	43.59	35.87	19.53	31.94	26.11
USD	92.30	48.16	55.49	66.33	36.08	41.11
Net Impact (A-B)	**(25.55)**	**(17.45)**	**4.52**	**(14.17)**	**(11.38)**	**5.06**

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

31.3.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

(All amounts are in Million Indian Rupees unless otherwise stated)

31.3.3 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Particulars	Less than 1 Year	1-5 years	More than 5 years	Total	Carrying value
March 31, 2022					
Borrowings	2,198.70	741.83	-	2,940.53	2,940.53
Lease Liabilities	65.96	100.17	69.84	235.97	235.97
Trade payables	1,184.90	-	-	1,184.90	1,184.90
Other Financial Liabilities	69.87	-	-	69.87	69.87
Total	**3,519.43**	**842.00**	**69.84**	**4,431.27**	**4,431.27**
March 31, 2021					
Borrowings	2,141.55	811.77	-	2,953.32	2,953.32
Lease Liabilities	53.62	84.55	71.35	209.52	209.52
Trade payables	1,274.59	-	-	1,274.59	1,274.59
Other Financial Liabilities	85.82	-	-	85.82	85.82
Total	**3,555.58**	**896.32**	**71.35**	**4,523.25**	**4,523.25**
March 31, 2020					
Borrowings	1,989.06	485.68	10.07	2,484.81	2,484.81
Lease Liabilities	53.36	132.95	72.21	258.52	258.52
Trade payables	1,357.78	-	-	1,357.78	1,357.78
Other Financial Liabilities	63.35	-	-	63.35	63.35
Total	**3,463.55**	**618.63**	**82.28**	**4,164.46**	**4,164.46**

32. First-time Ind AS adoption

As stated in the Basis of Preparation section of these Restated Consolidated Financial Information, the Special Purpose Consolidated Ind AS Financial Statements are prepared in accordance with Ind AS for the sole purpose of preparing the Restated Consolidated Financial Information of the Group for the years 2019-20, 2020-21 and 2021-22 which will be included in the Draft Red Herring Prospectus in connection with the proposed issue of equity shares of the Group by way of a fresh issue and offer for sale of equity shares by the existing shareholders by way of initial public offer. Therefore, in accordance with Ind AS 101, the date of transition to Ind AS for the purpose of these special purpose financial statements is 1st April, 2019 being the beginning of the earliest period for which the Group presents full comparative information under Ind AS in its first Ind AS financial statements.

32.1 First-time adoption - Mandatory exceptions and optional exemptions

The Group has prepared the opening Balance Sheet as per Ind AS as at date of transition 1 April, 2019 by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Group as detailed below. The effect on reported financial position and financial performance of the Group on transition to Ind AS has been provided hereunder, which also includes reconciliations of total equity and total comprehensive income for comparative years under Indian GAAP to those reported for respective years under Ind AS.

Mandatory exceptions to retrospective application

Estimates

On assessment of estimates made under the previous GAAP financial Information, the Group has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates.

Classification and measurement of financial assets

The Group has followed classification and measurement of financial assets in accordance with Ind AS 109 - Financial Instruments on the basis of facts and circumstances that existed at the date of transition to Ind AS.

Impairment of Financial Assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk as at the date that financial instruments were initially recognized in order to compare it with the credit risk as at the transition date.

However, as permitted by Ind AS 101, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transaction occurring on or after date of transition 1 April, 2019.

Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria based on the fact and circumstances that existed as of the transition date.

Optional exemptions from retrospective application

Deemed cost for property, plant and equipment and intangible assets

The Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at date of transition 1 April, 2019 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. The Holding Company had followed the revaluation model for the purpose of subsequent measurement of certain items of its property, plant and equipment. In accordance with the aforementioned election of deemed cost option, the balance in revaluation reserve as on 1st April, 2019 has been re-classified as part of retained earnings.

Cumulative Translation differences in respect of Foreign Operations

The Group has elected the option available in respect of measurement of cumulative translation differences that existed at the date of transition to Ind AS and accordingly, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to Ind AS.

(All amounts are in Million Indian Rupees unless otherwise stated)

32.2 Reconciliation of total equity between previous GAAP and Ind AS

Particulars	Notes	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Total equity under previous GAAP		2,953.39	2,152.75	1,916.32
*Ind AS Adjustments**				
Allowance for Expected Credit Loss on Trade Receivables	(i)	(2.96)	(6.12)	(21.76)
Accounting for Leases as per Ind AS 116	(ii)	(38.87)	(31.53)	(19.73)
Measurement of Financial Liabilities at Amortised Cost	(iii)	0.22	0.70	1.32
Measurement of Financial Assets at amortised cost	(iv)	3.93	2.48	1.12
Reclassification of Preference Share Capital	(v)	(387.46)	(35.00)	(35.00)
Deferred Tax Adjustments on the above (net)	(vi)	11.78	10.05	13.30
**includes Ind AS adjustments in subsidiaries restated in prior periods pursuant to common control business combination*				
Impact of errors/ prior period errors	(vii)			
- Valuation of Inventory	(a)	(90.03)	(88.16)	(80.23)
- Income tax for earlier years	(b)	16.16	-	-
- Measurement of Deferred Tax Assets/ Liabilities	(c)	-	15.09	16.50
Impact of Common Control Business Combination	37			
Net Impact of Reserves and surplus as per IGAAP of subsidiaries consolidated in the respective heads other equity in accordance with pooling of interest method including restatement of prior periods under common control business combination		(1,479.79)	(1,615.36)	(1,599.90)
Net Impact of elimination of unrealised profit on intra group inventory movement restated in prior periods under common control business Combination		(17.36)	(30.64)	(17.93)
Net Impact of foreign currency translation reserve recognised in respect of foreign subsidiary, restated in prior periods under common control business combination		(97.10)	(92.18)	(139.55)
Total adjustment to equity		**(2,081.48)**	**(1,870.67)**	**(1,881.86)**
Total equity under Ind AS		**871.91**	**282.08**	**34.46**

(All amounts are in Million Indian Rupees unless otherwise stated)

32.3 Reconciliation of total comprehensive income

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Profit as per previous GAAP		435.41	152.10	61.59
Ind AS Adjustments*				
Allowance for Expected Credit Loss on Trade Receivables	(i)	3.16	15.64	(5.63)
Accounting for Leases as per Ind AS 116	(ii)	(7.34)	(11.80)	(19.61)
Measurement of Financial Liabilities at Amortised Cost	(iii)	(0.48)	(0.62)	1.32
Measurement of Financial Assets at amortised cost	(iv)	1.45	1.36	1.26
Reclassification of Preference dividend	(v)	(49.98)	(36.80)	(4.22)
Deferred Tax Adjustments on the above (net)	(vi)	1.73	(3.25)	5.83
*includes Ind AS adjustments in subsidiaries restated in prior periods pursuant to common control business combination				
Impact of errors/ prior period errors	(vii)			
- Valuation of Inventory	(a)	(1.87)	(7.93)	(10.09)
- Income tax for earlier years	(b)	16.16	-	-
- Measurement of Deferred Tax Assets/ Liabilities	(c)	(15.09)	(1.41)	3.60
Impact of Common Control Business Combination	37			
Net Impact of Profit and loss as per IGAAP of subsidiaries restated in prior periods under common control business combination		295.18	122.08	54.05
Net Impact of elimination of unrealised profit on intra group inventory movement restated in prior periods under common control business combination		7.02	4.58	32.58
Net Impact of foreign currency translation reserve recognised in Other comprehensive in respect of foreign subsidiary, restated in prior periods under common control business combination		(28.00)	47.37	(139.55)
Total adjustments to P&L		**221.94**	**129.22**	**(80.46)**
Total comprehensive income under Ind AS		**657.35**	**281.32**	**(18.87)**

Explanatory Notes

(i) Allowance for Expected Credit Loss on Trade Receivables

Under previous GAAP, provision for bad and doubtful debts was recognized as per the internal policy of the Group under the incurred loss model. Under Ind AS, the impairment loss allowance on account of Trade receivables is created based on a provision matrix computed under the Expected credit loss model.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Trade Receivables	(2.96)	(6.12)	(21.76)
	(2.96)	(6.12)	(21.76)

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Allowance for Expected Credit Loss	3.16	15.64	(5.63)
	3.16	15.64	(5.63)

(All amounts are in Million Indian Rupees unless otherwise stated)

(ii) Accounting for Leases as per Ind AS 116

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Group has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Right of Use Assets	15.74	50.10	98.41
Lease Liabilities	(54.61)	(81.63)	(118.14)
	(38.87)	(31.53)	(19.73)

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Rent Expenses	5.90	68.00	63.29
Interest Expense on Lease Liabilities	(22.31)	(25.28)	(28.77)
Amortisation of RoU Assets	9.08	(54.52)	(54.13)
	(7.33)	(11.80)	(19.61)

(iii) Measurement of Financial Liabilities at Amortised Cost

Under IGAAP, financial liabilities were carried at cost. Under Ind AS, certain financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Borrowings	0.22	0.70	1.32
	0.22	0.70	1.32

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Finance Costs	(0.48)	(0.62)	1.32
	(0.48)	(0.62)	1.32

(All amounts are in Million Indian Rupees unless otherwise stated)

(iv) Measurement of Financial Assets at Amortised Cost

Under previous GAAP, the security deposits paid for lease rent are shown at the transaction value. Whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting year. Accordingly, the difference between the transaction and discounted value of the security deposits paid is recognized as part of the Right of Use Asset and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Right of Use Assets	(0.39)	(0.28)	(0.20)
Other Financial Assets (Security Deposits)	4.32	2.76	1.32
	3.93	2.48	1.12

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income from Financial Assets	1.62	1.53	1.33
Amortisation of RoU Assets	(0.17)	(0.17)	(0.06)
	1.45	1.36	1.27

(v) Reclassification of Preference Share Capital

Under previous GAAP, Preference shares were classified as a part of share capital. However, under Ind AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form. These Preference share instruments were evaluated and it was concluded that the same does not contain any equity component and hence they have been classified as a financial liability under Ind AS. Further, dividend on these preference shares have been recognised as finance cost as required under Ind AS 109.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Other Equity	387.46	35.00	35.00
Borrowings	(387.46)	(35.00)	(35.00)
	-	-	-

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Finance Costs	(49.98)	(36.80)	(4.22)
	(49.98)	(36.80)	(4.22)

(vi) Deferred Tax Adjustments of the above

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or through statement of profit and loss or other comprehensive income.

Impact of the above

in Balance Sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Deferred Tax Asset/ (Liability) (Net)	11.78	10.05	13.30
	11.78	10.05	13.30

in Statement of Profit and Loss	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Profit and Loss			
- Deferred Tax Expense	1.73	(3.25)	5.83
Other Comprehensive Income			
- Deferred Tax Expense			
	1.73	(3.25)	5.83

(All amounts are in Million Indian Rupees unless otherwise stated)

(vii) Adjustment for Errors/ Prior Period Errors

(a) Valuation of Inventory

The Group has developed a policy for evaluating the net realisable value of inventory considering certain technical parameters with due regard to the ageing there of and basis the same, an analysis of the carrying value of inventory across the periods covered by these financial statements have been carried out. Based on the review as above, necessary impact of write down in respect of value of inventory identified as no longer usable has been given in the respective period in accordance with Ind AS 8.

(b) Income tax for earlier years

The Group has carried out a review of the outstanding provisions carried in the Balance Sheet in respect of Income Tax payable towards earlier years and basis the same, certain provisions identified as no longer payable have been written back in these financial statements.

(c) Measurement of Deferred Tax

The Group has reviewed and corrected the measurement of deferred tax assets as at the end of each of the reporting periods and the consequent impact is as disclosed hereunder.

(d)Earnings per share adjusted for the effects of errors

Impact of adjustment for errors	(0.80)	(9.34)	(6.49)
Weighted average no of shares outstanding	5,58,83,450	5,35,80,929	5,21,25,628
Amount of adjustment to Basic Earnings per share (Rs.)	**(0.01)**	**(0.17)**	**(0.12)**
Impact of adjustment for errors	(0.80)	(9.34)	(6.49)
Weighted average no of shares outstanding	5,58,83,450	5,35,80,929	5,21,25,628
Amount of adjustment to Diluted Earnings per share(Rs.)	**(0.01)**	**(0.17)**	**(0.12)**

Impact of the above

in Balance Sheet	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
(a) Valuation of Inventory	(90.03)	(88.16)	(80.23)
(b) Income tax for earlier years	(16.16)	-	-
(c) Measurement of Deferred Tax	-	15.09	16.50
	(106.19)	**(73.07)**	**(63.73)**

in Statement of Profit and Loss	**Year ended March 31, 2022**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
(a) Valuation of Inventory	(1.87)	(7.93)	(10.09)
(b) Income tax for earlier years	16.16	-	-
(c) Measurement of Deferred Tax	(15.09)	(1.41)	3.60
	(0.80)	**(9.34)**	**(6.49)**

32.4 Effect of Ind AS adoption on the statement of cash flows

There are no changes to the cash flows from operating, financing and investing activities as reported in the cash flow statement for the years 2019-20, 2020-21 and 2021-22 drawn up under the previous GAAP on account of transition to Ind AS, other than those arising due to reclassification of the previous year figures to conform to the current year's layout and on account of restatement of prior periods to give effect to common control business combination (refer note no.37)

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 33 - Related Party Disclosures

(a) Names of Related Parties and nature of relationship :

List of related parties where control exists

(i) Subsidiaries	Avalon Technology & Services Pvt. Ltd. (w.e.f 25.09 2019)* Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)* ABV Electronics Inc (D/B/A Sienna Corporation) (w.e.f 31.01.2022)* **Also Refer Note no. 37*
(ii) Key Management Personnel	T P Imbichammad-Chairman Emeritus (w.e.f 12.07.2022) [Managing Director till 12.07.2022] Kunhamed Bicha-Chairman and Managing Director (w.e.f 12.07.2022) [Director till 12.07.2022] Bhaskar Srinivasan-President Sareday Seshu Kumar-Director Luqman Veedu Ediyanam-Director RM Subramanian-Chief Financial Officer Rajesh V - Company Secretary (w.e.f. 02.02.2022) O J Sathish - CEO of Sienna ECAD Technologies Pvt. Ltd. Robinson, Michael - Chief Operating Officer US Operations
(iii) Relatives of Key Management Personnel	**Mariyam Bicha-Wife of Chairman Emeritus** Shamil Bicha - Son of Chairman Emeritus
(iv)Entities controlled by (i)or(ii)	**Sienna Technology & Services Private Limited*** Sienna ECAD LLC# **Struck off pursuant to an application by the company on 30.03.2021, vide public notice dated 12.11.2021.* *#Dissolved on 08.06.2020.*

The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
I. Details of Transactions					
a)Sales					
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	19.28	21.37	6.63
		Sienna ECAD Technologies Pvt. Ltd.	21.00	-	-
		ABV Electronics Inc (D/B/A Sienna Corporation)	1,240.91	1,168.77	966.75
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	285.78	221.57	129.25
		Sienna ECAD Technologies Pvt. Ltd.	16.99	13.50	18.61
		ABV Electronics Inc (D/B/A Sienna Corporation)	234.36	122.25	100.84
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	0.40	-	-
		Avalon Technology & Services Pvt. Ltd.	2.84	3.53	2.36
		Sienna ECAD LLC	-	-	3.86
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	1,118.72	951.74	839.36
		Avalon Technology & Services Pvt. Ltd.	59.34	45.93	14.91
			2,999.62	**2,548.66**	**2,082.57**
b) Purchases/Expenses					
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	285.78	221.57	129.25
		Sienna ECAD Technologies Pvt. Ltd.	0.40	-	-
		ABV Electronics Inc (D/B/A Sienna Corporation)	1,118.72	951.74	839.36
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	19.28	21.37	6.63
		Sienna ECAD Technologies Pvt. Ltd.	2.84	3.53	2.36
		ABV Electronics Inc (D/B/A Sienna Corporation)	59.34	45.93	14.91
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	21.00	-	-
		Avalon Technology & Services Pvt. Ltd.	16.99	13.50	18.61
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	1,240.91	1,168.77	966.75
		Avalon Technology & Services Pvt. Ltd.	234.36	122.25	100.84
			2,999.62	**2,548.66**	**2,078.71**

(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
c)Remuneration to KMP/Relatives of KMP	Avalon Technologies Limited	T P Imbichammad	18.00	8.81	9.00
		Kunhamed Bicha	12.24	5.88	8.51
		Shamil Bicha	6.16	4.54	4.64
		RM Subramanian	8.01	6.49	4.18
		Rajesh V	0.28	-	-
	Avalon Technology & Services Pvt. Ltd.	T P Imbichammad	-	8.81	9.00
		Kunhamed Bicha	-	5.88	6.00
			-	-	-
	Sienna ECAD Technologies Pvt. Ltd.	O J Sathish	3.49	4.43	3.49
	ABV Electronics Inc (D/B/A Sienna Corporation)	Kunhamed Bicha	11.96	11.88	10.33
		Robinson, Michael	25.86	24.33	21.34
		Bhaskar Srinivasan	28.69	27.00	23.11
			114.69	**108.05**	**99.60**
d) Interest Income	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	14.00	6.25	
		Sienna ECAD Technologies Pvt. Ltd.		1.29	2.16
	Avalon Technology & Services Pvt. Ltd.	Sienna ECAD Technologies Pvt. Ltd.		0.10	0.13
			14.00	**7.64**	**2.29**
e) Dividend Income	Avalon Technologies Limited	ABV Electronics Inc (D/B/A Sienna Corporation)	12.20		
			12.20	**-**	**-**
f) Interest expense	Avalon Technologies Limited	Sareday Seshu Kumar	0.05	0.80	1.41
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	14.00	6.25	
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited		1.29	2.16
		Avalon Technology & Services Pvt. Ltd.	-	0.10	0.13
			14.05	**8.44**	**3.70**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
g) Dividend Expenses	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	12.20		
			12.20	**-**	**-**
h) Reimbursement of expenses (receivable/(payable))	Avalon Technologies Limited	Sienna ECAD Technologies Pvt. Ltd.	24.70	22.07	-
		ABV Electronics Inc (D/B/A Sienna Corporation)	17.63	14.12	
		Avalon Technology & Services Pvt. Ltd.	(5.61)	27.66	31.71
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	5.61	(27.66)	(31.71)
		Sienna ECAD Technologies Pvt. Ltd.		0.19	
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	(24.70)	(22.07)	
		Avalon Technology & Services Pvt. Ltd.		(0.19)	
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	(17.63)	(14.12)	
			-	**-**	**-**
i) Sale of Fixed Asset/Components	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	6.31		
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	16.21		
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	-	20.97	66.55
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	0.04		
		Avalon Technology & Services Pvt. Ltd.	0.03		
			22.59	**20.97**	**66.55**
j) Purchase of Fixed Asset	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	16.21		
		Sienna ECAD Technologies Pvt. Ltd.	0.04		
		ABV Electronics Inc (D/B/A Sienna Corporation)	-	20.97	66.55
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	6.31		
		Sienna ECAD Technologies Pvt. Ltd.	0.03		
			22.59	**20.97**	**66.55**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
k) Loans Given	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.		140.00	
			-	**140.00**	**-**
l) Loans Availed	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited		140.00	
			-	**140.00**	**-**
m) Repayment of Loan	Avalon Technologies Limited	Sareday Seshu Kumar	3.75	6.25	10.00
	Sienna ECAD Technologies Pvt. Ltd.	T P Imbichammad		0.98	
			3.75	**7.23**	**10.00**
n) Corporate Guarantee given	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	333.89	381.35	389.45
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	945.81	955.02	931.19
			1,279.70	**1,336.37**	**1,320.64**
o) Corporate Guarantee received	Avalon Technologies Limited	ABV Electronics Inc (D/B/A Sienna Corporation)	945.81	955.02	931.19
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	333.89	381.35	389.45
			1,279.70	**1,336.37**	**1,320.64**
p) Acquisition of shares in					
- Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	T P Imbichammad			16.54
		Kunhamed Bicha			46.67
		Bhaskar Srinivasan			35.28
		Mariyam Bicha			1.84
- Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	Sienna ECAD LLC		33.14	
			-	**33.14**	**100.33**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
q) Investment in Shares	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.		100.00	
			-	**100.00**	**-**
r) Issue of Shares (Including Securities Premium)	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited		100.00	
			-	**100.00**	**-**
s) Buy Back of Common stock shares	ABV Electronics Inc (D/B/A Sienna Corporation)	Kunhamed Bicha	24.81		
		Bhaskar Srinivasan	19.87		
		Sareday Seshu Kumar	4.47		
		Luqman Veedu Ediyanam	5.99		
			55.14	**-**	**-**
II. Outstanding Balances at the year end					
a) Amount owed by related parties					
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd.	290.73	140.00	241.81
		Sienna ECAD Technologies Pvt. Ltd.	48.55	43.89	41.21
		ABV Electronics Inc (D/B/A Sienna Corporation)	472.45	591.45	1,374.18
		Sienna Technology & Services Private Limited	-	-	2.39
		Kunhamed Bicha	-	6.66	3.73
		Bhaskar Srinivasan	-	0.80	0.80
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	-	14.64	-
		Sienna ECAD Technologies Pvt. Ltd.	10.60	6.66	7.26
		ABV Electronics Inc (D/B/A Sienna Corporation)	164.71	65.63	80.31
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technology & Services Pvt. Ltd.	6.27	0.34	-
	ABV Electronics Inc (D/B/A Sienna Corporation)	Sienna ECAD Technologies Pvt. Ltd.	-	25.01	45.54
			993.31	**895.08**	**1,797.23**

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

33 (b) The following are the details of the transactions and balances as per Ind AS 24 read with ICDR Regulations during the year ended

Particulars	In the books of	Transaction with	For the Year ended March 31, 2022	For the Year ended March 31, 2021	For the Year ended March 31, 2020
b) Amount owed to related parties					
	Avalon Technologies Limited	Avalon Technology & Services Pvt. Ltd. Sien	-	14.64	-
		Sareday Seshu Kumar		3.75	10.08
	Avalon Technology & Services Pvt. Ltd.	Avalon Technologies Limited	290.73	140.00	241.81
		Sienna ECAD Technologies Pvt. Ltd.	6.27	0.34	
	Sienna ECAD Technologies Pvt. Ltd.	Avalon Technologies Limited	48.55	43.89	41.21
		Avalon Technology & Services Pvt. Ltd.	10.60	6.66	7.26
		ABV Electronics Inc (D/B/A Sienna Corporation)		25.01	45.54
		T P Imbichammad			0.98
	ABV Electronics Inc (D/B/A Sienna Corporation)	Avalon Technologies Limited	472.45	591.45	1,374.18
		Avalon Technology & Services Pvt. Ltd.	164.71	65.63	80.31
			993.31	**891.37**	**1,801.37**

(All amounts are in Million Indian Rupees unless otherwise stated)

Note 34 Commitments

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	34.37	30.54	14.72

Note 35 Details of Transactions with Struck Off companies

Name of struck off Company	Nature of transactions with struck-off Company	Balance as at 31.03.2022	Balance as at 31.03.2021	Balance as at 31.03.2020
Sienna Technology & Services Private Limited	Trade receivables	-	-	2.39
Elixir (India) Private Limited	Trade receivables	-	-	-
Sunrise Auto electronics Private Limited	Trade Payable	-	-	-
Duratech Solutions	Advance to Vendors	-	-	-
Smartlivz Technologies India Private Limited	Provision	0.01	0.01	0.01

"-" denotes zero or figures which are below the rounding off norms adopted by the Group.

Note 36 Contingent Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Income tax demand	29.24	43.39	20.03
Provident Fund demand	6.57	-	-
Total	**35.81**	**43.39**	**20.03**

a) Future cash outflows, if any, in respect of above are determinable only on receipt of judgement/decisions pending at various forums/ authorities or final outcome of matter.

b) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. In respect of matters where it is only possible, but not probable that outflow of economic resources would be required to settle the matter, the same are disclosed as contingent liability.

c) The group does not expect any reimbursements from third parties in respect of the above contingent liabilities.

Note 37 Common Control Business Combinations

The Company has acquired controlling stakes in certain group companies on different dates between September 2019 to January, 2022 as stated below. The four shareholders identified as Promoters and Promoter group in Note No. 10.4 ("Parties exercising common control") together held majority stake (as detailed below) in these companies prior to the respective dates of acquisition of majority stake therein by the Company and as a result of a contractual arrangement, they collectively had the power to govern the respective company's financial and operating policies.

Company Name	Nature of Business	Date of Acquisition by the Company	% Stake Acquired by the Company	% Stake held by Parties exercising common control prior to Acquisition by Company
Avalon Technology and Services Private Limited, India* (ATSPL)	Electronics Manufacturing Services (EMS) providers	25th September, 2019	100%	89.96%
Sienna Ecad Technologies Private Limited, India (Sienna ECAD)	PCB analysis/design engineering services	31st March, 2021	94.20%	94.20%
		31st May, 2021	5.80%	-
ABV Electronics Inc (D/B/A Sienna Corporation)#, United States of America	Electronics Manufacturing Services (EMS) providers	30th January, 2021	5.40%	74.65%
		31st January, 2022	94.60%	80.05%

(All amounts are in Million Indian Rupees unless otherwise stated)

**In the case of ATSPL, pursuant to the share transfer agreement executed in September, 2019, the entire shares in ATSPL held by the Shareholders was acquired by the Company. The purchase consideration in this regard was settled by way of issue of 8,386 fully paid up equity shares of face value ₹100 in the Company (representing 5.48% of Equity Shares of the Company). As a result of this transaction, ATSPL became a wholly owned subsidiary of the Company.*

#In the case of Sienna Corporation, the Company had originally acquired 7,22,595 Common Stock Shares having a par value of $0.001/ Share aggregating to 5.40% of its total share capital during the year 2020-21. Thereafter, during January 2022, the Board of Directors of Sienna Corporation passed an "Action of Unanimous Consent" whereby the Board agreed to repurchase and retire 12,644,405 shares of common stock held by its other shareholders out of total common stock shares of 13,387,000 (buy back transaction). As a result of this buy back transaction, Sienna Corporation became a wholly owned subsidiary of the Company effective 31st January, 2022.

Since both the Company and the respective acquiree entities are controlled by the same group of individuals acting together under a contractual arrangement both before and after the acquisition, the above transactions are treated as a common control business combination in accordance with Appendix C to Ind AS 103 and accounted in accordance with the accounting policy disclosure in Note No. 1(2)(A). Accordingly, financial information in respect of prior periods is restated as if the business combination had occurred from the beginning of the earliest period presented.

Ownership interests in the above companies held by the Shareholders other than the Company or the Parties exercising common control have been disclosed under Non- Controlling Interest until the date of subsidiarisation of these companies.

Other Disclosures in respect of Common Control Business Combination

In the case of Avalon Technology and Services Private Limited

Particulars	Amount
Date of Acquisition	September 25, 2019
% of Shares Acquired	100.00%
Consideration transferred (A)	111.53
Carrying amount (as per books) of identifiable net assets acquired* (B)	113.01
Difference (A)-(B)	**(1.48)**
Treatment in Books of Account	
Difference between Consideration and Share Capital (including related securities premium, if any) recognised in Capital Reserve as per Ind AS 103	99.59
Balance in Reserves and Surplus recognised under Other Equity under respective heads under Pooling of Interest method as per Ind AS 103	(101.07)
Total	**(1.48)**

**Since pooling of interest method is followed as per Ind AS 103, book value of net assets is considered*

(All amounts are in Million Indian Rupees unless otherwise stated)

In the case of Sienna Ecad Technologies Private Limited

Particulars	Amount	Amount
Date of Acquisition	March 31, 2021	May 31, 2021
% of Shares Acquired	94.20%	5.80%
Consideration transferred (A)	33.14	11.00
Carrying amount (as per books) of identifiable net assets acquired* (B)	(25.04)	(1.31)
Difference (A)-(B)	**58.18**	**12.31**
Treatment in Books of Account		
Difference between Consideration and Share Capital (including related securities premium, if any) recognised in Capital Reserve as per Ind AS 103	-	12.31
Balance in Reserves and Surplus recognised under Other Equity under respective heads under Pooling of Interest method as per Ind AS 103	58.18	-
Total	**58.18**	**12.31**

**Since pooling of interest method is followed as per Ind AS 103, book value of net assets is considered*

In the case of ABV Electronics Inc (D/B/A Sienna Corporation)

Particulars	Amount	Amount
Date of Acquisition	30-01-2021	31-01-2022
% of Shares Acquired	5.40%	94.60%
Consideration transferred (A)	73.30	56.57
Carrying amount (as per books) of identifiable net assets acquired* (B)	(80.74)	(1,283.67)
Difference (A)-(B)	**154.04**	**1,340.24**
Treatment in Books of Account		
Difference between Consideration and Share Capital (including related securities premium, if any) recognised in Capital Reserve as per Ind AS 103	160.69	326.56
Balance in Reserves and Surplus recognised under Other Equity under respective heads under Pooling of Interest method as per Ind AS 103	(6.65)	1,013.68
Total	**154.04**	**1,340.24**

**Since pooling of interest method is followed as per Ind AS 103, book value of net assets is considered*

(All amounts are in Million Indian Rupees unless otherwise stated)

38 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries).

The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

39 Ratios

Sl. No.	Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	Variance(%)		Reasons	
							2021 vs 2022	2020 vs 2021	2021 vs 2022	2020 vs 2021
1	Current Ratio	Current Assets	Current Liabilities	1.13	1.00	0.85	12.72%	17.51%		
2	Debt-Equity Ratio	Total borrowings(including lease liabilities)	Total Equity attributable to equity holders of the parent	3.64	5.28	5.89	(30.95%)	(10.43%)	1(i)	
3	Debt Service Coverage Ratio	Earnings available for debt service (1)	Debt Service (2)	2.99	1.37	1.13	118.43%	20.91%	1(ii)	
4	Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity (5)	1.18	1.46	2.66	(19.00%)	(45.08%)		2(i)
5	Inventory Turnover Ratio	Sales	Average Inventory	4.43	4.58	4.19	(3.27%)	9.35%		
6	Trade receivables turnover ratio	Net Credit Sales	Avg. Trade Receivables	4.67	4.66	5.07	0.17%	(8.03%)		
7	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	5.21	3.40	3.12	53.57%	8.82%	1(iii)	
8	Net capital turnover ratio	Net Sales	Working Capital (3)	16.37	1,553.16	-11.80	(98.95%)	(13,262.75%)	1(iv)	2(ii)
9	Net Profit Ratio	Net Profit for the year	Net Sales	8.12%	3.35%	1.92%	142.63%	74.09%	1(v)	2(iii)
10	Return on capital employed	Earning before interest and taxes	Capital Employed (4)	29.24%	17.30%	23.99%	69.02%	(27.89%)	1(vi)	2(iv)
11	Return on Investment (The Group does not have any income bearing investments)									

(1) Earning available for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

(2) Debt service = Interest & Lease Payments + Principal Repayments

(3) Working capital shall be calculated as current assets minus current liabilities

(4) Capital Employed = Tangible Net Worth(excluding Intangible Assets) + Total Debt

(5) Total Equity (including non-controlling interest) is considered

Explanation for Variance in ratios by more than 25%

1. (March 2021 vs March 2022)

(i) Reduction in Debt-Equity ratio is due to impact of higher profit during the year on closing balance of Equity.

(ii) Increase in Debt Service Coverage ratio is due to increase in profitability due to reduction in cost account of economies associated with higher scale of operations and income arising in respect of the exceptional item (refer note no.26) thus, availability of higher earnings available for debt service.

(iii) Increase in Trade Payables turnover ratio is due to increase in operations without a substantial proportionate increase in receivable/ payable position augmented by improved collections and better payable management.

(iv)) Reduction in Net Capital turnover ratio is due to increase in net working capital on account of increase in inventories to meet the increased operational requirements.

(v) Increase in Net Profit ratio is due to increase in profitability due to reduction in cost account of economies associated with higher scale of operations and income arising in respect of the exceptional item (refer note no.26) thus, availability of higher earnings available for debt service.

(vi) Increase in Return on Capital Employed ratio is due to increase in profitability due to reduction in cost account of economies associated with higher scale of operations and waiver of loan.

Explanation for Variance in ratios by more than 25%

2. (March 2020 vs March 2021)

(i) Decrease in Return on Equity ratio is due to increase in profitability due to reduction in cost account of economies associated with higher scale of operations and income arising in respect of the exceptional item (refer note no.26) thus, availability of higher earnings available for debt service.

(ii)) Reduction in Net Capital turnover ratio is due to increase in net working capital on account of increase in inventories to meet the increased operational requirements.

(iii) Increase in Net Profit ratio is due to increase in profitability due to reduction in cost account of economies associated with higher scale of operations.

(vi) Decrease in Return on Capital Employed ratio is due to decrease in foreign exchange loss on borrowings compared to previous year.

40 Events after reporting date

40.1 Conversion of the Company from Private Limited to Public Limited

Pursuant to resolution passed by the Members in the Extraordinary General Meeting dated 06.07.2022 and as approved by Registrar of the Company w.e.f. 29.07.2022 the Company has been converted from Private Limited Company into a Public Limited Company including adoption of new Memorandum of Association and new Articles of Association as applicable to Public Company in place of existing Memorandum of Association and Articles of Association of the Company.

40.2 Sub-division of equity shares:

The Shareholders in their extra-ordinary general meeting dated 27.06.2022 approved sub-division of each fully paid up equity share of nominal value of ₹ 100 (Rupees One Hundred Only), into five equity shares having a face value of ₹2/- (Rupees Two only) each. As a result of the same, the issued share capital has changed from 1,59,667 Equity Shares of Rs.100/- each to 79,83,350 Equity Shares of Rs.2/- each.

The Authorised Share Capital of the Company is changed to Rs. 220 millions divided into 8,50,00,000 Equity Shares of Rs.2 each and 5,00,000 Preference Shares of Rs.100/-each.

40.3 Issue of Bonus shares

Subsequent to the year end, as per recommendation of the Board of Directors in their meeting held on 24.06.2022 and approval of the shareholders dated 27.06.2022 the Company has issued 4,79,00,100 bonus equity shares of face value of Rs. 2/- each in ratio of 6:1 (i.e. 6 Bonus Shares for every 1 Equity Share), which were allotted to the shareholders on 27.06.2022. Consequently, the issued, subscribed and paid-up share capital has increased to Rs. 111.76 Millions comprising of 5,58,83,450 equity shares of face value of Rs. 2/- each. These shares are retrospectively considered for the computation of basic and diluted EPS.

40.4 Approval of Avalon - Employee Stock Option Plan 2022

The Company has, vide Shareholders' approval dated 07.07.2022, introduced, implemented "Avalon - Employees Stock Option Plan 2022" ("ESOP 2022") and approved the plan authorizing the committee to grant not exceeding One per cent (1%) of the issued Capital of the Company, to identified employees under 'Avalon - Employees Stock Option Plan 2022' ("ESOP 2022") during any one year, equal to or exceeding One per cent (1%) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of option in one or more tranches, from time to time which in aggregate shall be exercisable into not more than 30,00,000 (Thirty Lakhs only) shares with each such option conferring a right upon the employee to apply for one share in the company in accordance with the terms and conditions as may be decided under the plan. Pursuant to the plan, the Company has granted _ Employee Stock Options on 19.07.2022.

AVALON TECHNOLOGIES LIMITED (formerly known as Avalon Technologies Private Limited)
(All amounts are in Million Indian Rupees unless otherwise stated)

41 Additional information in respect of the entities included in the Restated Consolidated Financial Information

Name of the entity in the group	Country of Incorporation	% of Voting power	Net Assets i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	INR	As % of profit and loss	INR	As % of other comprehensive income	INR	As %of total comprehensive income	INR
Parent										
Avalon Technologies Private Limited										
For the year ended 31st March 2022	India	100.00%	258.27%	2,251.85	40.01%	272.74	(6.99%)	1.70	41.75%	274.45
For the year ended 31st March 2021		100.00%	226.79%	1,977.41	48.33%	111.56	2.83%	1.43	40.16%	112.99
For the year ended 31st March 2020		100.00%	205.49%	1,791.71	39.11%	48.21	1.15%	(1.63)	(246.77%)	46.59
Subsidiaries										
1.Avalon Technology &Services Pvt. Ltd. (w.e.f 25.09 2019)										
For the year ended 31st March 2022	India	100.00%	44.86%	391.14	18.75%	127.78	(5.47%)	1.33	19.64%	129.11
For the year ended 31st March 2021		100.00%	30.05%	262.04	11.91%	27.49	2.55%	1.29	10.23%	28.78
For the year ended 31st March 2020		100.00%	15.25%	133.00	18.50%	22.80	0.59%	(0.84)	(116.31%)	21.96
2.Sienna ECAD Technologies Pvt. Ltd. (w.e.f 31.03.2021)										
For the year ended 31st March 2022	India	100.00%	(0.31%)	(2.68)	3.39%	23.09	(2.39%)	0.58	3.60%	23.67
For the year ended 31st March 2021		94.20%	(2.87%)	(25.04)	11.30%	26.09	0.81%	0.41	9.42%	26.50
For the year ended 31st March 2020		94.20%	(5.91%)	(51.54)	6.73%	8.30	0.05%	(0.07)	(43.59%)	8.23
3.ABV Electronics Inc (D/B/A Sienna Corporation) USA (w.e.f 31.01.2022)										
For the year ended 31st March 2022	USA	100.00%	(161.70%)	(1,409.84)	30.53%	208.13	95.76%	(23.28)	28.12%	184.85
For the year ended 31st March 2021		80.05%	(145.36%)	(1,267.43)	19.12%	44.13	70.84%	35.79	28.41%	79.92
For the year ended 31st March 2020		74.65%	(144.62%)	(1,260.95)	16.87%	20.80	73.29%	(104.18)	441.63%	(83.38)
Non controlling interest										
For the year ended 31st March 2022		0.00%	-	-	7.34%	50.01	19.09%	(4.64)	6.90%	45.37
For the year ended 31st March 2021		25.75%	(112.51%)	(317.37)	6.88%	15.89	22.96%	11.60	9.77%	27.49
For the year ended 31st March 2020		31.15%	(1,251.51%)	(431.27)	6.38%	7.86	24.92%	(35.42)	145.97%	(27.56)
Adjustment on account of consolidation										
For the year ended 31st March 2022			(41.12%)	(358.56)	(0.02%)	(0.11)	-	-	(0.02%)	(0.12)
For the year ended 31st March 2021			103.90%	(347.53)	2.45%	5.66	-	-	2.01%	5.66
For the year ended 31st March 2020			1,281.29%	(146.49)	12.40%	15.29	-	-	(80.93%)	15.28
For the year ended 31st March 2022			100.00%	871.91	100.00%	681.64	100.00%	(24.31)	100.00%	657.33
For the year ended 31st March 2021			100.00%	282.08	100.00%	230.82	100.00%	50.52	100.00%	281.34
For the year ended 31st March 2020			100.00%	34.46	100.00%	123.26	100.00%	(142.14)	100.00%	(18.88)

(All amounts are in Million Indian Rupees unless otherwise stated)

42 Interest in other entities

(i) (a) Subsidiaries

The Group's subsidiaries as at the year end are given below

Name of the company	Principal Place of business	% voting power/ownership interest held by the group		
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Avalon Technology &Services Pvt. Ltd.	India	100.00%	100.00%	100.00%
Sienna ECAD Technologies Pvt. Ltd.	India	100.00%	94.20%	94.20%
ABV Electronics Inc (D/B/A Sienna Corporation)	USA	100.00%	80.05%	74.65%

Name of the company	Principal Place of business	% voting power/ownership interest held by the NCI		
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Avalon Technology &Services Pvt. Ltd.	India	0.00%	0.00%	0.00%
Sienna ECAD Technologies Pvt. Ltd.	India	0.00%	5.80%	5.80%
ABV Electronics Inc (D/B/A Sienna Corporation)	USA	0.00%	19.95%	25.35%

(ii) Non-controlling interest

Given below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

1) ABV Electronics Inc (D/B/A Sienna Corporation)

Summarized balance sheet	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current assets	1,371.30	1,030.12	770.47
Less: Current liabilities	2,115.03	1,799.85	2,404.07
Net current assets	**(743.73)**	**(769.73)**	**(1,633.60)**
Non-current assets	398.26	408.04	411.10
Less: Non-current liabilities	1,064.36	1,221.57	466.54
Net non-current assets	**(666.10)**	**(813.53)**	**(55.44)**
Total net assets	**(1,409.83)**	**(1,583.26)**	**(1,689.04)**
Accumulated non controlling interest	**-**	**(315.83)**	**(428.10)**

Summarized Statement of profit and loss	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Revenue	5,256.50	4,547.59	4,013.53
Profit/(loss) for the year	257.92	58.41	27.86
Other comprehensive income/(loss)	(27.92)	47.36	(139.54)
Total comprehensive income	**230.00**	**105.77**	**(111.68)**
Profit allocated to non-controlling interest	**45.15**	**25.86**	**(28.31)**

Summarized Statement of Cash flows	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Net cash used in/generated from operating activities	68.38	(735.96)	53.93
Net cash used in/generated from investing activities	(25.46)	(94.49)	(14.72)
Net cash used in/generated financing activities	(38.15)	825.47	(37.41)
Net increase/ (decrease) in cash and cash equivalents	**4.77**	**(4.98)**	**1.80**

43 The company has opted for following exemptions with respect to disclosure of certain matters as per general requirements section of Guidance note on Division II -Ind AS schedule III issued by ICAI.

Additional Information for disclosure:
(i) Payments to auditors,
(ii) Disclosures in respect of CSR expenditure,
(iii) Disclosures required as per the MSMED Act, 2006.

As per our report of even date attached

For Varma & Varma
Chartered Accountants
Firm Registration No. 004532S

For and on behalf of the Board

Kunhamed Bicha
Chairman & Managing Director

RM Subramanian
Chief Financial Officer

P R Prasanna Varma
Partner
Membership No. 025854

Rajesh V
Company Secretary

Chennai
August 02, 2022

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2022, on the basis of our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" beginning on pages 368, 273, and 30, respectively.

(*in ₹ million*)

Particulars	Pre-Offer as at March 31, 2022	As adjusted for the Offer*
Total borrowings		
Current borrowings (excluding current maturity)	2,071.76	[●]
Non- current borrowings (including current maturity)	868.77	[●]
Total Borrowings	**2,940.53**	[●]
Total equity	**871.91**	[●]
Equity Share Capital	15.97	[●]
Other equity	855.94	[●]
Less: non – controlling interest	0.00	[●]
Total Capital	**3,812.44**	[●]
Ratio: Non-Current Borrowings / Total Equity	**1.00**	[●]
Ratio: Total Borrowings / Total Equity	**3.37**	[●]

**Post-Offer Capitalisation will be determined after finalisation of Offer Price.*

***Note**:*

- *The above has been computed on the basis of the Restated Consolidated Ind AS Financial Information – Annexure I.*
- *Preference Share capital has been considered as a part of the Company's borrowings.*
- *The corresponding post-Offer capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.*

OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the Fiscals 2022, 2021 and 2020, respectively ("**Company's Financial Statements**") are available at https://www.avalontec.com/investors/. Further, the audited standalone financial statements of our Material Subsidiaries, as at and for the Fiscals 2022, 2021 and 2020 ("**Subsidiaries Financial Statements**") are available at https://www.avalontec.com/investors/.

Our Company is providing these links to its website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Company's Financial Statements and the Subsidiaries 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 to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Company's Financial Statements and the Subsidiaries Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company, or any entity in which its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor the BRLMs or the Promoters, 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 Company's Financial Statements and the Subsidiaries Financial Statements, or the opinions expressed therein.

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As on/ For Fiscal 2022	As on/ For Fiscal 2021	As on/ For Fiscal 2020
Weighted average no. of equity shares outstanding during the period/ year - For basic earnings per equity share	5,58,83,450	5,35,80,929	5,21,25,628
Weighted average no. of equity shares outstanding during the period/ year - For Diluted earnings per equity share	5,58,83,450	5,35,80,929	5,21,25,628
Basic Earnings/ (loss) per Equity Share (₹)	11.30	4.01	2.21
Diluted Earnings/ (loss) per Equity Share (₹)	11.30	4.01	2.21
Return on Net worth (%)	85.86	40.36	25.19
Net Asset Value Per Equity Share (₹)	15.60	11.19	8.93
Earnings before interest, tax, depreciation and amortisation (EBITDA) (₹ in million)	975.48	661.44	644.79

The ratios have been computed as under:

- *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
- *Pursuant to resolutions passed in extra-ordinary general meeting held on 27th June, 2022, shareholders have approved subdivision of each equity share of face value of Rs. 100 each into fifty equity shares of face value of Rs. 2 each and issue of bonus equity shares of face value of Rs.2 each in the ratio of 6:1. As required under Ind AS 33 "Earning per share", the above sub-division and Bonus shares are retrospectively considered for the computation of weighted average number of equity shares outstanding during the period, in accordance with Ind AS 33.*
- *"Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation each as applicable for the Company on a consolidated restated basis. Net worth represents equity attributable to owners of the holding company and does not include amounts attributable to non-controlling interests*
- *Return on Networth is calculated as Restated Profit for the year attributable to the equity shareholders of the Company divided by average net worth (excluding non-controlling interest).*
- *Net asset value per share (attributable to equity holders of the parent) is calculated by dividing net worth (excluding non-controlling interest) by weighted average numbers of equity share outstanding during the respective year*
- *EBITDA is calculated as Restated Profit before tax (Before Exceptional items) plus finance costs and depreciation and amortization expenses, less other income*

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 Consolidated Financial Statements, which is included in this Draft Red Herring Prospectus.

This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Risk Factors" and "Forward-Looking Statements" on pages 30 and 17, respectively.

Unless otherwise indicated or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. See "Financial Statements" on page 273.

Unless otherwise indicated or the context requires otherwise, in this section, references to "we," "us", "our" or "Group" refer to Avalon Technologies Limited on a consolidated basis and references to "the Company" or "our Company" refer to Avalon Technologies Limited on a standalone basis.

Overview

We are one of the leading fully integrated EMS companies with end-to-end capabilities in delivering box build solutions in India in terms of revenue in Fiscal 2022 (*source: F&S Report*), with a focus on high value precision engineered products. Through a unique global delivery model (*source: F&S Report*), we provide a full stack product and solution suite, right from PCB design and assembly to the manufacture of Box Build, to certain global OEMs, including OEMs located in the United States, China, Netherlands and Japan. Through our end-to-end capabilities, we believe our customers may achieve tangible benefits such as reduced manufacturing costs, improved supply chain management and reduced inventory obsolescence.

Our capabilities include PCB design and assembly, cable assembly and wire harnesses, sheet metal fabrication and machining, magnetics, injection molded plastics and end-to-end box build of electronic systems. We specialize in manufacturing and providing design support for critical integrated assemblies, sub-assemblies, components and enclosures for multiple industry verticals. The end-use industries we cater to include a mix of established and long product lifecycle industries, such as industrial, mobility and medical devices and high growth "sunrise" industries, such as solar, electric vehicles and hydrogen in the clean energy sector and digital infrastructure in the communications sector.

We have developed long relationships with certain of our customers through a client servicing model which aims to provide fully integrated solutions, robust manufacturing capabilities, delivering quality products on time, supply chain efficiency as well as a focus on new product development. Our new product development approach typically starts with component level design engagement with customers. This allows us to be entrenched with the customer from the conception of their product, and subsequently move up the value chain with them by leveraging our fully integrated offerings. Certain of our key customers include Kyosan India Private Limited, Zonar Systems Inc., Collins Aerospace, e-Infochips Private Limited, The US Malabar Company, Meggitt (Securaplane Technologies Inc) and Systech Corporation, with whom we have had relationships for more than seven years. In addition to maintaining our relationships with existing customers, we have increased our key customer base over time from 54 customers in Fiscal 2020 to 62 customers in Fiscal 2021, to 81 customers in Fiscal 2022, increasing our order book (open order) from ₹5,046.72 million as of March 31, 2020, to ₹6,345.79 million as of March 31, 2021, to ₹8,578.69 million as of March 31, 2022 and further to ₹10,391.49 million as of June 30, 2022. We have been recognized by our customers with various awards including "Best Supplier Award for demonstrated sustained performance" from Collins Aerospace, Bengaluru in 2019 and "Supplier Excellence Award for Strategic Partnership" from Faiveley Transport Rail Technologies India Private Limited, a Wabtec Company in 2018. As we have a diversified client base across multiple end-use industries, we have minimal concentration risk.

We have a unique global delivery model, comprising design and manufacturing capabilities across both India and the United States (*source: F&S Report*). We are the only Indian EMS company with full-fledged manufacturing facilities in the United States, which gives us a unique competitive advantage in the North American markets (*source: F&S Report*). We have 12 manufacturing units located across the United States and India: one unit in Atlanta, Georgia, one unit in Fremont, California, seven units in Chennai, Tamil Nadu, one unit in Kanchipuram, Tamil Nadu and two units in Bengaluru, Karnataka. This enables us to offer clients local manufacturing services across these locations depending on their needs, and also leverage favorable policy initiatives such as the 'Make in India' program of the Government of India, leading to high customer retention and cost-efficient manufacturing. We also benefit from leveraging manufacturing cost arbitrage, through our manufacturing facilities located in India, for the global market. Further, we stand to benefit from the tailwinds of Aatmanirbhar Bharat and the PLI Scheme (which we are eligible for) across verticals, which would help to reduce import dependence as well as position India as an export hub. This is a unique competitive advantage of the Indian market (i.e. Aatmanirbhar Bharat, PLI Scheme, low labor cost, geographical diversification, among others). The EMS sector is a sizeable industry globally and in India, and is expected to grow at a significant pace. While the EMS market in India was valued at ₹1,469 billion (US$20 billion) in Fiscal 2022 and is expected to grow at a CAGR of 32.3% to reach a value of ₹4,502 billion (US$60 billion) in Fiscal 2026, the EMS market in the United States was valued at approximately US$140 billion in 2021 and is expected to grow at a CAGR of 6.1% to reach US$188 billion by 2026. (*source: F&S Report*).

Each of our manufacturing facilities integrates manufacturing, warehousing and logistics. Our electronic manufacturing facilities comprise an aggregate of 65 production lines, consisting of ten SMT lines, 12 THT lines and 43 assembly lines. We have separate lines for our sheet metal fabrication, machining, cable assembly and wire harnesses, magnetics and plastics to mention a few. Each of our facilities is accredited with global quality standards and certifications. Our manufacturing facilities are staffed by a workforce of 1,933 persons, as of June 30, 2022. Our operations are enhanced by our 209 member strong product engineering teams, as of June 30, 2022, who have backgrounds in multiple engineering disciplines, including electrical and electronics, mechanical, aeronautical, plastics engineering and mechatronics, among others. We believe our engineering capabilities will enable us to offer customers innovative EMS solutions, and provide technological solutions to increase operational and cost efficiencies.

Significant Factors Affecting our Financial Condition and Results of Operations

Availability and Cost of Raw Materials

Cost of raw materials consumed constitutes the most significant portion of our expenditures and in Fiscals 2020, 2021 and 2022, cost of raw materials amounted to ₹4,289.84 million, ₹4,356.22 million and ₹5,608.04 million, respectively, accounting for 65.68%, 62.60% and 65.85%, respectively, of our total income. Our business prospects, financial and operational performance, are significantly dependent on the movement of prices of raw materials purchased, as well as any changes in global price indices. There are two significant factors affecting our financial condition and operational performance, namely, the cost of raw materials and the availability of the same. Raw material pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labor costs, labor unrest, natural disasters, competition, import duties, fuel prices, power tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Further, shortage in supply of raw materials we use in our business may result in an increase in the price of the products. Our ability to pass on increased raw material costs is impacted by a lag in the time period which may extend upto three months depending on settlement cycle with customers and will correspond to an increase or decrease in our profit in absolute terms. For example, increase in raw material prices tend to increase our expenditures by approximately the same amount, resulting in our expenditures being a higher percentage of our revenues, consequently decreasing our profit margin.

Operating Costs and Efficiencies

Our ability to manage our operating costs and efficiencies is critical to maintaining our competitiveness and profitability. We continually undertake efforts to reduce our costs in order to protect our margins, such as enhancing utilization of our manufacturing capacity, and improving productivity and effective negotiations with raw material suppliers. However, our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. In addition, we may face pressure from our key customers to reduce prices, and in order to reduce raw material costs, maintain our profitability, we must be able to reduce raw material costs and decrease other costs including direct and indirect costs, and boost our productivity. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

We ensure that the products that we supply to our customers are of high quality and free of defects. To do so entails costs which we incur. Such cost relates to matters such as capital expenditure, manpower, systems deployment, quality control and return material authorization. Quality control is critical to our operations and a failure to prevent the passing down of defects to our customers may lead to significant costs. Further, when selecting new suppliers, we take into consideration their reputation, product quality, price, reliability, infrastructure, delivery time and credit terms.

Competition

We operate in a competitive environment and we expect to face greater competition, from existing competitors located both in India and globally, and in particular from other companies in India, when supplying to domestic market. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of products manufactured by us and the price and quality of such products. Further, we may face price pressures from our customers who aim to produce their products at competitive costs. While we strive to maintain fair prices and gain customer loyalty through performance, we will at times be compelled to reduce prices to satisfy the customer. Such reduction in prices has the potential to impact our profitability. Failure to meet customer price reduction targets could result in the customer moving the business to the competition.

While we endeavor to be a competitive enterprise, certain of our competitors may have more resources than us, have greater financial, manufacturing, R&D and other resources, while certain competitors may have lower cost of operations. In addition, certain competitors may have competitive advantages in manufacturing certain types of precision products compared to us. Consequently, our competitors may possess wider product ranges, larger sales teams, greater intellectual property resources and broader appeal across various divisions. Our ability to negotiate price with our customers is also impacted by international and domestic competition.

We also expect additional competition from companies with operations in other countries and low-cost regions, such as China, Mexico and Vietnam. Additionally, we believe that our ability to compete also depends in part on factors outside of our control, such as the price at which our competitors offer comparable services, and the extent of our competitor’s responsiveness to their customer’s needs.

Maintaining Customer Relationships

A substantial portion of our revenue from operations consists of sale of products to our customers. As key customers typically have specific requirements, we believe that our continued relationships with our customers plays a significant role in determining our continued success and results of operations. We have built long term relationships, with certain of our customers extending for more than seven years, and as of March 31, 2022, we had an average relationship of more than eight years, with customers who accounted for 80% of our revenue in Fiscal 2022. Our relationships with these customers have thus been gradually strengthened by proving our reliability and quality through initially fulfilling their component requirement and eventually becoming a one-stop solution provider to them. The demand for our products from our customers has a significant impact on our results of operations and financial condition and our sales are particularly impacted by the inventory and sales levels of our key customers. In the event that we lose one or more of our key customers or if the amount of business we receive from them is reduced for any reason or they commence production in India, our cash flows and results of operations may be affected. Our supply arrangements with our customers also require us to meet certain standards and performance obligations and our failure to meet such specifications could result in a reduction of business from them, termination of contracts or additional costs and penalties, all of which may adversely impact our results of operations and financial condition.

Capacity Utilization and Expansion

Our capacity utilization is dependent upon our ability to optimally manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions and natural disasters. While we have a preventive maintenance program in place, any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning equipment in a timely manner or at all, our facilities may not be able to operate at desired utilization levels or our operations may be suspended until we procure machinery to replace the same. Further, we manage the utilization of our manufacturing facilities optimally, by operating two shifts a day, while maintaining sufficient buffer capacity to ramp up production and address spikes in order volumes, besides having capacity to address the onset of potential new business. Our results of operations have been, and will continue to be, affected by our ability to fulfil, on a timely basis, the product requirements of our customers, and our ability to achieve greater efficiencies in cost, time, quality and scale in our manufacturing processes.

Strength of our Order Book

Our results of operations are affected by the strength of our order book. Our order book (open order) has increased from ₹5,046.72 million as of March 31, 2020, to ₹6,345.79 million as of March 31, 2021, to ₹8,578.69 million as of March 31, 2022 and further to ₹10,391.49 million as of June 30, 2022. Our order book has been increasing year on year, which can be attributed to a number of factors, including increasing customer confidence. Investors should not consider our order book as an accurate indicator of our future performance or future revenue. The successful conversion of orders into revenue and getting new orders will depend on the demand from our customers, which is beyond our control and is subject to uncertainty as well as changes in Government policies and priorities. Going forward, our order book may be affected by delays, cancellations, renegotiations of the contracts as well as the long gestation period in concluding such contracts, if any.

Cost and Availability of Skilled Labor

We are focused on growing and maintaining a skilled employee base and engage a strong pool of engineering/managerial talent. As of June 30, 2022, we had 1,652 permanent employees and 281 persons employed as contract workers/temporary employees. In Fiscals 2020, 2021 and 2022, our employee benefits expense were ₹1,162.12 million, ₹1,192.08 million and ₹1,313.53 million, respectively, which as a percentage of total income amounted to accounted for 17.79%, 17.13% and 15.42%, respectively. The success of our business is dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, designers and other corporate management professionals who have the required experience and expertise. We believe that our growth and work environment has allowed us to attract and retain talent on a large scale. During Fiscals 2020, 2021 and 2022, the average monthly attrition of permanent employees were 113, 77 and 76, respectively. Our average attrition rates (for permanent employees) in Fiscals 2020, 2021 and 2022 were 6.09%, 4.79%, and 4.76%, respectively, calculated for each period by dividing the number of resignations during such period by the average number of employees as of the first day and last day of such period. If there are any labor shortages, it could increase our production cost and hinder our productivity and ability to meet customers' delivery schedules, any or all of which may have an adverse impact on our results of operations.

Global Economic Conditions affecting Demand

The EMS industry is sensitive to global demand and availability of disposable incomes. The demand for our products is affected by the level of business activity of our customers, which is influenced by the level of economic activity in the industries we cater to, in India, the United States and other countries where our customers operate. Any decline in the economic fortunes of the industries or countries we operate in, can adversely affect the performance of our customers and the demand of our products in turn. General economic factors, which affect our operations, include, among others:

- Geo-political risks
- Global and local economic or fiscal instability;
- Global and local political and regulatory measures and developments, such as tax incentives or other subsidies and environmental policies;
- Global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by our customers to borrow money) and foreign exchange rates and inflation rates;
- General levels of GDP growth and growth in personal disposable income;
- Demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market;
- Economic development, shifting of wealth in India, in particular growth in the middle class, and change in consumer preferences;
- Cost of raw material and labor;

Critical Accounting Policies

Basis of Consolidation

a. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group 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 to direct the relevant activities of the entity.

The Group consolidates the financial statements of the parent and its subsidiaries on a line by line basis, adding together like items of assets, liabilities, income and expenses. Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group 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 and loss.

d. Common control business combinations (CCBC) transactions

Business combinations of entities under common control are accounted for using the pooling of interests method as follows:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts from the controlling parties' perspective.
(ii) No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize accounting policies.
(iii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the Financial statements, irrespective of the actual date of the combination.
(iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
(v) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
(vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

The details of subsidiaries consolidated in the Restated Consolidated Financial Statements are as given below:

Company Name	Country of Incorporation	Shareholding %		
		2021-22	2020-21	2019-20
Avalon Technology and Services Private Limited	India	100%	100%	100%
Sienna Ecad Technologies Private Limited	India	100%	94.20%	0%
ABV Electronics Inc. (D/B/A Sienna Corporation)	United States of America	100%	5.40%	0%

Our Company had acquired majority stake in the above subsidiary companies on different dates between September 2019 to January 2022. However, owing to the fact that the acquisition as above meets the definition of Common Control Business Combination as stated under Appendix C to Ind AS 103 since all the combining entities are ultimately controlled by the same parties both before and after the business combination (refer "*Financial Statements - Note 37 – Common Control Business Combinations*" on page 357), the financial information in respect of prior periods has been restated as if the business combination had occurred from the beginning of the earliest preceding period presented in the Restated Consolidated Financial Statements.

Significant Accounting Policies

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, if any.

If the Group has acquired a property, plant and equipment on deferred term basis and terms are beyond normal credit terms, property plant and equipment will be recognized on cash price equivalent, i.e. discounted amount.

The cost of Assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation on property, plant and equipment (tangible assets) is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under straight line method. The useful life of assets prescribed in Schedule II to the Companies Act, 2013 are considered for the purpose of computation of depreciation. However, if the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on an annual review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life as indicated below which is different from that stated in Schedule II to the Companies Act, 2013.

Category	Useful life
Buildings	3 - 60 years
Plant and machinery	1 - 15 years
Computers	3 - 6 years
Office equipment	5 - 15 years
Furniture and fixtures	10 - 15 years
Vehicles	4 - 8 years
Tools	3 - 5 years

**Useful life of tools are based on internal estimate of the Group. Tools and dies used are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume products are depreciated at higher rate.*

Depreciation charge on additions/ deletions is restricted to the period of use. Depreciation methods, useful lives and residual values are reviewed annually.

Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful life as given below.

Category	Useful life
Patents	10 years
Software	4 years

Amortization method and useful lives are reviewed annually.

Leases

As lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contact involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

The Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is certain that the option to extend the lease will be exercised/option to terminate the lease will not be exercised.

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

Right-of-use assets are depreciated/amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right-of-use assets reflects that the purchase option will be exercised. Otherwise, right-of-use assets are depreciated /amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

Impairment

Assessment is done annually as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. In such cases, impairment losses are reversed to the extent the assets carrying amount does not exceed, the carrying amount that would have been determined if no impairment loss had previously been recognized.

Borrowing Cost

Borrowing costs that are attributable to the acquisition/ construction/ production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of that asset. All other borrowing costs are charged to revenue.

Inventories

Cost of raw materials, components, stores and spares are ascertained on a moving weighted average cost basis. Cost of finished goods and work-in-progress comprise of direct materials, direct labor and an appropriate proportion of variable and fixed overhead. Such costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates taxes (not recoverable from the taxing authorities) and discounts. Goods that are consigned to the Group are not considered in inventory.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories as identified by the management are duly provided for/ written down to the realizable value, as the case maybe.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

Foreign Currency Transaction

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the Functional currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are reinstated at the end of accounting period.

Exchange differences on reinstatement of all monetary items are recognized in the Statement of Profit and Loss.

Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and rebates offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow.

Sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Advance from customers is recognized under other current liabilities which is released to revenue on satisfaction of performance obligation.

Rendering of Services

Income from other service activities are recognized at a point in time on satisfaction of performance obligation towards rendering of such services in accordance with the terms of arrangement.

Other Income

***Interest*:** Interest income is recognized on effective interest method taking into account the amount outstanding and the rate applicable.

Dividend: Dividend income is recognized when the right to receive dividend is established.

Insurance Claims: Insurance claims are accounted for on the basis of claims lodged with insurance company and to the extent that there is a reasonable certainty in realizing the claims.

Employee Benefits

1. *Short - Term employee benefits*

   All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

2. *Defined Contribution Plans*

In respect of operations in India:

Contribution towards provident fund/ Employee State Insurance for employees working in India is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made monthly.

3. *Defined Benefit Plan*

In respect of operations in India:

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") which is unfunded covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the other comprehensive income in the year in which they arise. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

4. *Other Long term employee benefits*

In respect of operations in India:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognized in the Profit and Loss Statement in the year in which they arise.

Segment Reporting

The Group is engaged in providing electronics manufacturing services ("**EMS**") with capabilities in printed circuit board assembly, custom cable and wire harnesses, etc. Since the Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and to assess its performance, the entire operations are to be classified as a single business segment, namely EMS.

For further information, see "*Financial Statements – Annexure V - Significant Accounting Policies to Restated Consolidated Financial Information*" on page 288.

<u>Critical Accounting Judgements, Assumptions and Key Sources of Estimation Uncertainty</u>

The following are the critical judgements, assumptions concerning the future, and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The charge in respect of periodic depreciation for the year is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of

Company's assets are determined by the management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Employee Benefits

The cost of defined benefit plans are determined using actuarial valuation, which involves making assumptions about discount rates, expected rates of return on assets, future salary increases, and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Taxation

Significant assumptions and judgements are involved in determining the provision for tax based on tax enactments, relevant judicial pronouncements and tax expert opinions, including an estimation of the likely outcome of any open tax assessments/ litigations. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, based on estimates thereof. Significant assumptions are also involved in evaluating the recoverability of deferred tax assets recognized on unused tax losses.

Provisions and contingencies

Critical judgements are involved in measurement of provisions and contingencies and estimation of the likelihood of occurrence thereof based on factors such as expert opinion, past experience etc.

Impairment of Trade receivable – Expected Credit loss

The impairment provisions for trade receivables are based on assumptions about risk of default. The Group uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on Group's history at the end of each reporting period.

Common Control Business Combination

Significant judgment and factual assessment are involved in identifying whether a business combination is a common control business combination or not in accordance with Appendix C to Ind AS 103

Estimation of uncertainties relating to the global health pandemic due to COVID-19 (COVID-19)

The Group, based on the internal and external information available up to the date of approval of the Restated Consolidated Financial Information, has concluded that no adjustments are required in the carrying amounts of its financial assets and other assets. Given the uncertainties associated with the nature and duration of the pandemic, actual results may differ from those estimated as at the date of approval of the Restated Consolidated Financial Information. The Group will continue to monitor future economic conditions and update its assessment.

Key Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our profit and loss statement.

Income

Total income consists of revenue from operations and other income.

Revenue from Operations

Revenue from operations primarily comprises (a) revenue from sale of products, such as printed circuit board assemblies (PCBA), cable assemblies and wire harness, electromechanical integration (EMI / Box Build), sheet metal fabrication, magnetics and injection moulded plastics; (b) sale of services, such as PCB design and analysis and (iii) scrap sales, which primarily includes scrap generated during regular operations. In Fiscals 2020, 2021 and 2022, our revenue from operations accounted for 98.27%, 99.22% and 98.72%, respectively, of our total income.

The following table sets forth the breakup of our revenue from operations for the years indicated:

Particulars	Fiscal					
	2020		2021		2022	
	(₹ million)	% of total revenue from operations	(₹ million)	% of total revenue from operations	(₹ million)	% of total revenue from operations
Sale of product	6,156.57	95.92%	6,396.10	92.63%	7,717.80	91.80%
Sale of services	254.42	3.96%	499.93	7.24%	675.44	8.03%
Other operating revenues						
- Scrap sales	7.68	0.12%	8.68	0.13%	13.94	0.17%
Revenue from Operations	**6,418.67**	**100.00%**	**6,904.71**	**100.00%**	**8,407.18**	**100.00%**

Other income

Other income primarily includes amount no longer payable written back, other non-operating income, such as others (aggregate of items), which primarily includes insurance claims received and write back of payables, and interest income earned on financial assets (at amortized cost). In Fiscals 2020, 2021 and 2022, our other income accounted for 1.73%, 0.78% and 1.28%, respectively, of our total income.

Cost of raw materials consumed

Cost of raw materials consumed primarily includes purchase of raw materials and various types of components like integrated circuits, sensors and transistors and other commodities like cables, all kind of metals and alloys, resins for manufacture of plastics etc. In Fiscals 2020, 2021 and 2022, our cost of raw materials consumed accounted for 65.68%, 62.60% and 65.85% , respectively, of our total income.

Changes in inventories of finished goods, work-in-progress and stock in trade

Changes in inventories of finished goods, work-in-progress and stock in trade reflects the difference between our inventories at the start of the year and the end of the year. In Fiscals 2020, 2021 and 2022, our changes in inventories of finished goods, work-in-progress and stock in trade accounted for (2.71)%, 2.93% and (0.78)%, respectively, of our total income.

Employee benefits expense

Employee benefits expense primarily consists of salaries, wages and bonus, staff welfare expenses, contribution to provident and other funds, gratuity and compensated absence expenses. In Fiscals 2020, 2021 and 2022, our employee benefits expense accounted for 17.79%, 17.13% and 15.42%, respectively, of our total income.

Finance costs

Finance costs primarily consists of interest expense of loans (at amortized cost), obligations under financial lease, bank charges, dividend on preference shares and other borrowing cost. In Fiscals 2020, 2021 and 2022, our finance costs accounted for 6.88%, 3.88% and 2.92%, respectively, of our total income.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense primarily relates to depreciation of our property, plant and equipment, depreciation on right-of-use and amortization of intangible assets. In Fiscals 2020, 2021 and 2022, our depreciation, amortization and impairment expense accounted for 2.37%, 2.26% and 2.02%, respectively, of our total income.

Other expenses

Other expenses primarily consists of freight outwards, professional charges, repairs and maintenance, power and fuel, consumables, tools and dies, insurance, general expenses, SAP implementation expenses, software license charges, travelling and conveyance, communication expenses and rent. In Fiscals 2020, 2021 and 2022, our other expenses accounted for 7.64%, 7.06% and 6.77%, respectively, of our total income.

Results of Operations

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the Fiscals 2020, 2021 and 2022:

	Fiscal					
	2020		**2021**		**2022**	
	(₹ million)	**% of total income**	**(₹ million)**	**% of total income**	**(₹ million)**	**% of total income**
Income						
Revenue from Operations	6,418.67	98.27%	6,904.71	99.22%	8,407.18	98.72%
Other income	112.81	1.73%	54.26	0.78%	109.32	1.28%
Total income	**6,531.48**	**100.00%**	**6,958.97**	**100.00%**	**8,516.50**	**100.00%**
Expenses						
Cost of raw materials consumed	4,289.84	65.68%	4,356.22	62.60%	5,608.04	65.85%
Purchases of stock-in-trade	0.00	0.00%	0.00	0.00%	0.00	0.00%
Changes in inventories of finished goods, work-in-progress	-177.32	-2.71%	203.77	2.93%	-66.71	-0.78%
Employee benefits expense	1,162.12	17.79%	1,192.08	17.13%	1,313.53	15.42%
Finance costs	449.57	6.88%	269.94	3.88%	248.47	2.92%
Depreciation and amortization	155.08	2.37%	157.47	2.26%	171.93	2.02%
Other expenses	499.24	7.64%	491.20	7.06%	576.83	6.77%
Total expenses	**6,378.53**	**97.66%**	**6,670.68**	**95.86%**	**7,852.09**	**92.20%**
Profit before tax (before exceptional items)	**152.95**	**2.34%**	**288.29**	**4.14%**	**664.41**	**7.80%**
Exceptional items	0	0.00%	0	0.00%	199.90	2.35%
Profit before tax (after exceptional items)	**152.95**	**2.34%**	**288.29**	**4.14%**	664.41	10.15%
Tax expense						
(a) Current tax	21.72	0.33%	33.90	0.49%	138.72	1.63%
(b) Tax of earlier years	0.00	0.00%	0.00	0.00%	-16.13	-0.19%
(c) Deferred tax	7.97	0.12%	23.57	0.34%	60.08	0.71%
Profit for the year	**123.26**	**1.89%**	**230.82**	**3.32%**	**681.64**	**8.00%**
Other comprehensive income						
Items that will not be reclassified to profit or loss						

	Fiscal					
	2020		2021		2022	
	(₹ million)	% of total income	(₹ million)	% of total income	(₹ million)	% of total income
Remeasurements of the defined benefit plans-Gratuity	-3.63	-0.06%	4.39	0.06%	5.02	0.06%
Income tax expense on remeasurement benefit/ (loss) of defined benefit plans	1.04	0.02%	-1.24	-0.02%	-1.41	-0.02%
Items that may be reclassified to profit or loss						
Exchange differences in translating the financial statements of foreign operations	-139.55	-2.14%	47.37	0.68%	-27.92	-0.33%
Total other comprehensive income	**-142.14**	**-2.18%**	**50.52**	**0.73%**	**-24.31**	**-0.29%**
Total comprehensive income for the period	**-18.88**	**-0.29%**	**281.34**	**4.04%**	**657.33**	**7.72%**

Fiscal 2022 compared to Fiscal 2021

Total Income. Our total income increased by 22.38% from ₹6,958.97 million in Fiscal 2021 to ₹8,516.50 million in Fiscal 2022 primarily due to an increase in revenue from operations.

Revenue from operations. Our revenue from operations increased by 21.76% from ₹6,904.71 million in Fiscal 2021 to ₹8,407.18 million in Fiscal 2022, primarily due to an increase in sale of products.

Sale of products increased by 20.66% from ₹6,396.10 million in Fiscal 2021 to ₹7,717.80 million in Fiscal 2022 primarily on account of increased sale across all segments. Sale of printed circuit board assemblies increased by 21.91% from ₹2,429.46 million in Fiscal 2021 to ₹2,961.71 million in Fiscal 2022 primarily on account of increase in sales from existing and new customers. Sale of cables increased by 33.21% from ₹635.35 million in Fiscal 2021 to ₹846.36 million in Fiscal 2022 primarily on account of increased customer base. The contribution from the box build segment increased by 14.13% to ₹3,739.86 million in Fiscal 2022 from ₹3,276.76 million in Fiscal 2021, aided by incremental contribution from new customers (21 box build customers in Fiscal 2022 compared with 18 in Fiscal 2021).

Sale of services also increased by 35.11% from ₹499.93 million in Fiscal 2021 to ₹675.44 million in Fiscal 2022 primarily on account of increase in non-recurring engineering income.

The following table sets forth revenue from operations by major product lines for the years indicated:

Categories of product sold	Fiscal 2021 (₹ million)	Fiscal 2022 (₹ million)	Indexed to previous year (%)
Design	151.20	184.68	22.14%
Printed Circuit Board	2,429.46	2,961.71	21.91%
Box Build	3,276.76	3,739.86	14.13%
Cables	635.35	846.36	33.21%
Metal	291.20	351.56	20.66%
Magnetics	87.79	265.65	202.60%
Plastics	32.95	57.36	74.08%

Categories of product sold	Fiscal 2021	Fiscal 2022	Indexed to previous year
	(₹ million)	(₹ million)	(%)
Total	**6,904.71**	**8,407.18**	**21.76%**

Note: Indexed to previous year (%) shall mean amount pertaining to the current financial year divided by corresponding amounts in the immediately preceding financial year.

Other income. Other income increased by 101.48 % from ₹54.26 million in Fiscal 2021 to ₹109.32 million in Fiscal 2022, primarily due to an increase in (a) other non-operating income (net of expenses directly attributable to such income) – others (aggregate of items), which comprise insurance claims received and write back of payables, by 84.88 % from ₹20.63 million in Fiscal 2021 to ₹38.14 million in Fiscal 2022 on account of insurance claims received; and (b) amount no longer payable written back by 84.78% from ₹20.63 million in Fiscal 2021 to ₹38.12 million in Fiscal 2022. This was marginally offset by a decrease in profit on sale of investments from ₹5.37 million in Fiscal 2021 to nil in Fiscal 2022.

Expenses. Total expenses increased by 17.71% from ₹6,670.68 million in Fiscal 2021 to ₹7,852.09 million in Fiscal 2022 primarily due to an increase in cost of raw materials, employee benefit expenses and other expenses.

Cost of raw materials consumed. Our cost of raw materials consumed increased by 28.74% from ₹4,356.22 million in Fiscal 2021 to ₹5,608.04 million in Fiscal 2022, primarily on account of increase in business volumes. As a percentage of total income, cost of raw materials consumed increased to 65.85% in Fiscal 2022 from 62.60% in Fiscal 2021.

Changes in inventories of finished goods, work-in-progress and stock in trade. Our changes in inventories of work-in-progress and finished goods decreased from ₹203.77 million in Fiscal 2021 to ₹(66.71) million in Fiscal 2022, primarily on account of higher consumption of materials, in line with the increase in business volumes.

Employee benefits expenses. Our employee benefits expenses increased by 10.19% from ₹1,192.08 million in Fiscal 2021 to ₹1,313.53 million in Fiscal 2022, primarily on account of an increase in salaries and wages, which increased by 8.13% from ₹1,091.78 million in Fiscal 2021 to ₹1,180.49 million in Fiscal 2022. This increase resulted from annual merit increases and head count additions. Staff welfare expense also increased by 69.75% from ₹44.53 million in Fiscal 2021 to ₹75.59 million in Fiscal 2022. As a percentage of total income, employee benefits expense decreased to 15.42% in Fiscal 2022 from 17.13% in Fiscal 2021, on account of the increase in revenue from operations.

Finance costs. Our finance costs decreased by 7.95% from ₹269.94 million in Fiscal 2021 to ₹248.47 million in Fiscal 2022, primarily on account of a decrease in borrowings from ₹2,953.32 million in Fiscal 2021 to ₹2,940.53 million in Fiscal 2022. This decrease resulted from efficient working capital management and reduced interest rates due to better credit rating. As a percentage of total income, finance costs decreased to 2.92% in Fiscal 2022 from 3.88% in Fiscal 2021.

Depreciation, amortization and impairment expense. Depreciation, amortization and impairment expense increased by 9.18% from ₹157.47 million in Fiscal 2021 to ₹171.93 million in Fiscal 2022, primarily on account of incremental depreciation on additions to fixed assets. Depreciation on property, plant and equipment pertaining to continuing operations increased by 14.21% from ₹96.04 million in Fiscal 2021 to ₹109.69 million in Fiscal 2022, primarily on account of incremental depreciation on additions to fixed assets. As a percentage of total income, depreciation, amortization and impairment expense decreased to 2.02% in Fiscal 2022 from 2.26% in Fiscal 2021, on account of the increase in revenue from operations.

Other expenses. Other expenses increased by 17.43% from ₹491.20 million in Fiscal 2021 to ₹576.83 million in Fiscal 2022, primarily on account of an increase in freight outwards, professional charges, travelling and conveyance and business promotion expenses. The expenses related to freight outwards increased by 54.31% from ₹77.33 million in Fiscal 2021 to ₹119.33 million in Fiscal 2022, in line with our increase in revenue from operations. Professional charges increased by 58.54% from ₹49.31 million in Fiscal 2021 to ₹78.18 million in Fiscal 2022, primarily on account of outsourcing of certain design projects relating to ECAD to third party vendors. Travelling and conveyance expenses increased by 93.25% from ₹12.15 million in Fiscal 2021 to ₹23.48 million in Fiscal 2022, primarily on account of travel relating to business development post easing of pandemic related travel restrictions. Business promotion expenses increased by 611.27% from ₹1.42 million in Fiscal 2021 to ₹10.10 million in Fiscal 2022, primarily on account of the easing of pandemic restrictions. As a percentage of total income, other expenses reduced from 7.06% in Fiscal 2021 to 6.77% in Fiscal 2022.

Profit before tax. For the various reasons discussed above, our profit before tax increased by 199.80% from ₹288.29 million in Fiscal 2021 to ₹864.31 million in Fiscal 2022. In Fiscal 2022, we had an exceptional item of ₹199.90 million, which was in relation to the paycheck protection ("**PPP**") loans under the new federal program designed to support small businesses during the COVID-19 pandemic which our subsidiary in the United States had applied for and received in April 2020 and February 2021. The PPP loans was part of the CARES Act, which was signed into law on March 27, 2020 and implemented by the SBA with cooperation from private banks. As per the extant terms, the loans were to be forgiven to the extent that the loan proceeds were used for eligible expenses such as payroll and other expenses described by the CARES Act. Our subsidiary had utilized the loan proceeds for eligible purposes and based on its application, in June and September 2021, and it was informed that both PPP loans had been approved for total forgiveness. In view of the non-routine nature of the transaction and its significant impact in the statement of profit and loss, the same has been classified as an exceptional item.

Tax expenses. Tax expenses increased by 217.85% from ₹57.47 million in Fiscal 2021 to ₹182.67 million in Fiscal 2022, primarily on account of (a) current tax expense which increased by 309.20% from ₹33.90 million in Fiscal 2021 to ₹138.72 million in Fiscal 2022; and (b) deferred tax expense which increased by 154.90% from ₹23.57 million in Fiscal 2021 to ₹60.08 million in Fiscal 2022.

Profit for the year. For the various reasons discussed above, our profit for the year increased by 195.32% from ₹230.82 million in Fiscal 2021 to ₹681.64 million in Fiscal 2022.

Total other comprehensive income. Our total other comprehensive loss was ₹ 24.31 million in Fiscal 2022 compared to other comprehensive income of ₹50.52 million in Fiscal 2021. This was driven mainly by foreign exchange differences in translating the financial statements of foreign operations.

Total comprehensive income for the year. As a result of the factors above, our total comprehensive income increased by 133.64% from ₹281.34 million in Fiscal 2021 to ₹657.33 million in Fiscal 2022.

Fiscal 2021 compared to Fiscal 2020

Total Income. Our total income increased by 6.55% from ₹6,531.48 million in Fiscal 2020 to ₹6,958.97 million in Fiscal 2021 primarily due to an increase in revenue from operations.

Revenue from operations. Our revenue from operations increased by 7.57% from ₹6,418.67 million in Fiscal 2020 to ₹6,904.71 million in Fiscal 2021, primarily due to an increase in sale of products and sale of services.

Sale of products increased by 3.89% from ₹6,156.57 million in Fiscal 2020 to ₹6,396.10 million in Fiscal 2021 primarily on account of increase in sale of printed circuit board, box build, cables and magnetics. Sale of printed circuit boards increased by 6.27% from ₹2,286.11 million in Fiscal 2020 to ₹ 2,429.46 million in Fiscal 2021 primarily on account of increase of business from existing customers. Sale of box build increased by 15.75% from ₹2,830.86 million in Fiscal 2020 to ₹3,276.76 million in Fiscal 2021 primarily on account of increase of business from existing customers. Sale of cables increased by 16.56% from ₹545.08 million in Fiscal 2020 to ₹635.35 million in Fiscal 2021 primarily on account of increase of business from existing customers. Sales in the magnetic division increased by 29.24% from ₹67.93 million in Fiscal 2020 to ₹87.79 in Fiscal 2021, aided by expansion in the customer base. This increase was marginally offset by a decrease in sale of metal and plastics by 35.97% and 64.97% from ₹454.80 million and ₹94.11 million in Fiscal 2020 to ₹291.20 and 32.95 million in Fiscal 2021 primarily on account of disruptions in the customer base caused by the outbreak of Covid-19.

Sale of services also increased by 96.50% from ₹254.42 million in Fiscal 2020 to ₹499.93 million in Fiscal 2021 primarily on account of increase in non-recurring engineering income.

The following table sets forth revenue from operations by major product lines for the years indicated:

Categories of product sold	Fiscal 2020 (₹ million)	Fiscal 2021 (₹ million)	Indexed to previous year (%)
Design	139.78	151.20	8.17%

Categories of product sold	Fiscal 2020 (₹ million)	Fiscal 2021 (₹ million)	Indexed to previous year (%)
Printed Circuit Board (PCB)	2,286.11	2,429.46	6.27%
Box Build	2,830.86	3,276.76	15.75%
Cables	545.08	635.35	16.56%
Metal	454.80	291.20	(35.97%)
Magnetics	67.93	87.79	29.24%
Plastics	94.11	32.95	(64.97%)
Total	**6,418.67**	**6,904.71**	**7.57%**

Note: Indexed to previous year (%) shall mean amount pertaining to the current financial year divided by corresponding amounts in the immediately preceding financial year.

Other income. Other income decreased by 51.90% from ₹112.81 million in Fiscal 2020 to ₹54.26 million in Fiscal 2021, primarily due to the absence of gain from foreign currency fluctuations (nil in Fiscal 2021 as compared with a gain of ₹65.03 million in Fiscal 2020). In Fiscal 2021, we also had profit on sale of investments of ₹5.37 million on account of sale of investments in Enarka India Private Limited. This increase was significantly offset by a decrease in other non-operating income (net of expenses directly attributable to such income) – others (aggregate of items), which comprise of interest expense wrote back, by 46.43% from ₹37.58 million in Fiscal 2020 to ₹20.13 million in Fiscal 2021.

Expenses. Total expenses increased by 4.58% from ₹6,378.53 million in Fiscal 2020 to ₹6,670.68 million in Fiscal 2021 primarily due to an increase in cost of raw materials, changes in inventories of finished goods, work-in-progress and stock in trade, and employee benefit expenses, which was offset by a decrease in finance costs and other expenses.

Cost of raw materials consumed. Our cost of raw materials consumed increased by 1.55% from ₹4,289.84 million in Fiscal 2020 to ₹4,356.22 million in Fiscal 2021, primarily on account of increase in business. As a percentage of total income, cost of raw materials consumed improved to 62.60% in Fiscal 2021 from 65.68% in Fiscal 2020 on account of consumption from opening inventory.

Changes in inventories of finished goods, work-in-progress and stock in trade. Our changes in inventories of work-in-progress and finished goods increased from ₹(177.32) million in Fiscal 2020 to ₹203.77 million in Fiscal 2021, primarily on account of increasing in closing inventory.

Employee benefits expenses. Our employee benefits expenses marginally increased by 2.58% from ₹1,162.12 million in Fiscal 2020 to ₹1,192.08 million in Fiscal 2021, primarily on account of an increase in salaries and wages, which increased by 1.40% from ₹1,076.69 million in Fiscal 2020 to ₹1,091.78 million in Fiscal 2021. Staff welfare expense also increased by 33.97% from ₹33.24 million in Fiscal 2020 to ₹44.53 million in Fiscal 2021. As a percentage of total income, employee benefits expense decreased to 17.13% in Fiscal 2021 from 17.79% in Fiscal 2020, on account of higher revenue.

Finance costs. Our finance costs decreased by 39.96% from ₹449.57 million in Fiscal 2020 to ₹269.94 million in Fiscal 2021, primarily on account of exchange differences of ₹87.24 million in Fiscal 2020 as an adjustment to borrowing costs. This decrease in finance costs was offset by an increase in dividend on preference shares from ₹4.22 million in Fiscal 2020 to ₹36.80 million in Fiscal 2021, primarily on account of the timing of the issue of Series A preference shares by ABV Electronics Inc. in Mar 2000. As a percentage of total income, finance cost decreased to 3.88% in Fiscal 2021 from 6.88% in Fiscal 2020.

Depreciation, amortization and impairment expense. Depreciation, amortization and impairment expense marginally increased by 1.54% from ₹155.08 million in Fiscal 2020 to ₹157.47 million in Fiscal 2021, primarily on account of addition of fixed assets. Depreciation on property, plant and equipment pertaining to continuing operations increased by 3.66% from ₹92.65 million in Fiscal 2020 to ₹96.04 million in Fiscal 2021, primarily on account of addition of fixed assets. As a percentage of total income, depreciation, amortization and impairment expense decreased to 2.26% in Fiscal 2021 from 2.37% in Fiscal 2020, on account of higher revenue.

Other expenses. Other expenses decreased by 1.61% from ₹499.24 million in Fiscal 2020 to ₹491.20 million in Fiscal 2021, primarily on account of an increase in provision for doubtful debts, travelling and conveyance, professional charges and power and fuel. The expenses related to provision for doubtful debts decreased from

₹27.76 million in Fiscal 2020 to ₹(7.80) million in Fiscal 2021, primarily on account of reversal of provision for doubtful debts on improved collection of outstanding amounts. Professional charges decreased by 31.43% from ₹71.92 million in Fiscal 2020 to ₹49.31 million in Fiscal 2021, primarily on account of reduction in Consultancy charges. Travelling and conveyance expenses decreased by 65.99% from ₹35.73 million in Fiscal 2020 to ₹12.15 million in Fiscal 2021, primarily on account of the travel restrictions on account of the COVID-19 pandemic. Power and fuel expenses also decreased by 12.90% from ₹51.41 million in Fiscal 2020 to ₹44.78 million in Fiscal 2021, primarily on account of reduction in the power cost due to COVID-19 related lockdowns. This decrease in other expenses was offset by an increase in miscellaneous expenses by 69.24% from ₹36.31 million in Fiscal 2020 to ₹61.45 million in Fiscal 2021, and we also incurred expenses towards SAP implementation of ₹22.07 million in Fiscal 2021 compared to nil in Fiscal 2020. As a percentage of total income, other expenses decreased to 7.06% in Fiscal 2021 from 7.64% in Fiscal 2020, on account of higher revenue.

Profit before tax. For the various reasons discussed above, our profit before tax increased by 88.49% from ₹152.95 million in Fiscal 2020 to ₹288.29 million in Fiscal 2021.

Tax expenses. Tax expenses increased by 93.57% from ₹29.69 million in Fiscal 2020 to ₹57.47 million in Fiscal 2021, primarily on account of (a) current tax expense which increased by 56.07% from ₹21.72 million in Fiscal 2020 to ₹33.90 million in Fiscal 2021; and (b) deferred tax expense which increased by 195.73% from ₹7.97 million in Fiscal 2020 to ₹23.57 million in Fiscal 2021.

Profit for the year. For the various reasons discussed above, our profit for the year increased by 87.26% from ₹123.26 million in Fiscal 2020 to ₹230.82 million in Fiscal 2021.

Total other comprehensive income. Our total other comprehensive loss was ₹142.14 million in Fiscal 2020 compared to other comprehensive income of ₹50.52 million in Fiscal 2021. This was driven mainly by the foreign exchange rate difference in translating the financial statements of foreign operations.

Total comprehensive income for the year. As a result of the factors above, we had a total comprehensive loss of ₹18.88 million in Fiscal 2020 compared to a total comprehensive income of ₹281.34 million in Fiscal 2021.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our capital expenditure and working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. As of March 31, 2022, we had ₹77.59 million in cash and cash equivalents. We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for the next 12 months.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Fiscal		
	2020	**2021**	**2022**
	(₹ million)		
Net cash generated by operating activities	657.25	55.16	138.59
Net cash used in investing activities	(192.70)	(262.62)	(165.69)
Net cash generated from/ (used in) financing activities	(423.42)	279.64	(208.36)
Effects of changes in exchange rates	0.88	(4.73)	(0.33)
Net increase/ (decrease) in cash and cash equivalents	42.01	67.45	(235.79)
Cash and cash equivalents at the end of the year	245.93	313.38	77.59

Operating Activities

Net cash generated by operating activities was ₹138.59 million in Fiscal 2022. Our profit before tax for the year was ₹864.31 million in Fiscal 2022 and adjustments to reconcile profit for the year to operating profit before working capital changes primarily consisted of finance costs recognized in profit or loss of ₹209.06 million and depreciation and amortization expense of ₹171.93 million, which was offset by loan forgiveness – Payroll Protection Program of ₹199.90 million. Operating profit before working capital changes amounted to ₹1,112.22 million in Fiscal 2022 and the primary movements in working capital consisted of decrease in trade and other receivables of ₹63.50 million primarily on account of improved collections, which was significantly offset by an increase in inventories of ₹812.47 million primarily on account of build-up of inventory to mitigate the risk of component shortage and increase in other assets of ₹105.65 million. Cash generated from operations amounted to ₹263.83 million and income tax paid amounted to ₹125.24 million in Fiscal 2022.

Net cash generated by operating activities was ₹55.16 million in Fiscal 2021. Our profit for the year was ₹288.29 million in Fiscal 2021 and adjustments to reconcile profit for the year to operating profit before working capital changes primarily consisted of finance costs recognized in profit or loss of ₹229.36 million and depreciation and amortization expense of ₹157.47 million. Operating profit before working capital changes amounted to ₹650.97 million in Fiscal 2021 and the primary movements in working capital consisted of decrease in inventories of ₹91.01 million, decrease in other assets of ₹83.34 million and increase in provision of ₹9.30 million, which was significantly offset by an increase in trade and other receivables of ₹694.50 million primarily on account of increase in the business volumes. Cash generated from operations amounted to ₹90.49 million and income tax paid amounted to ₹35.33 million in Fiscal 2021.

Net cash generated by operating activities was ₹657.25 million in Fiscal 2020. Our profit for the year was ₹152.95 million in Fiscal 2020 and adjustments to reconcile profit for the year to operating profit before working capital changes primarily consisted of finance costs recognized in profit or loss of ₹440.49 million and depreciation and amortization expense of ₹155.08 million. Operating profit before working capital changes amounted to ₹825.31 million in Fiscal 2020 and the primary movements in working capital consisted of decrease in trade and other receivables of ₹576.75 million primarily on account of increase in the business volumes, which was significantly offset by a decrease in trade payables of ₹301.05 million and decrease in other liabilities of ₹244.18 million. Cash generated from operations amounted to ₹704.18 million and income tax paid amounted to ₹46.93 million in Fiscal 2020.

Investing Activities

Net cash used in investing activities was ₹165.69 million in Fiscal 2022, primarily on account of acquisition of property, plant and equipment of ₹159.42 million relating to machinery.

Net cash used in investing activities was ₹262.62 million in Fiscal 2021, primarily on account of acquisition of property, plant and equipment of ₹192.14 million relating to machinery and investments/ loans made during the year of ₹106.43 million. This was marginally offset by proceeds from sale of non-current investments of ₹28.87 million.

Net cash used in investing activities was ₹192.70 million in Fiscal 2020, primarily on account of acquisition of property, plant and equipment of ₹170.36 million relating to machinery and proceeds from sale of non-current investments of ₹(23.50) million on account of sale of Investment in Enarka India Private Limited.

Financing Activities

Net cash used in financing activities was ₹208.36 million in Fiscal 2022 primarily on account of interest paid of ₹188.94 million, repayment of non-current borrowings of ₹107.69 million, repayment of current borrowings of ₹111.24 million, repayment of lease liability of ₹72.13 million and buyback of common stock of ₹56.62 million, which was significantly offset by proceeds from non-current borrowings of ₹377.24 million.

Net cash generated from financing activities was ₹279.64 million in Fiscal 2021 primarily on account of proceeds from non-current borrowings of ₹636.63 million and proceeds from issue of equity shares of ₹72.71 million, which was significantly offset by interest paid of ₹217.36 million and repayment of non-current borrowings of ₹196.21 million.

Net cash used in financing activities was ₹423.42 million in Fiscal 2020 on account of interest paid of ₹425.88 million, repayment of non-current borrowings of ₹154.75 million and repayment of lease liability of ₹63.29 million, which was significantly offset by proceeds from issue of preferred stock of ₹301.59 million.

Capital Expenditures

Our capital expenditures primarily comprised expenditures relating to acquisition of pick and place machines. In Fiscal 2020, 2021 and Fiscal 2022, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹169.56 million, ₹228.99 million and ₹168.42 million, respectively. The following table sets forth our fixed assets for the periods indicated:

	Fiscal 2020	Fiscal 2021	Fiscal 2022
	(₹ million)		
Property, plant and equipment	165.92	225.98	168.11
Intangible Assets	3.64	3.01	0.31
Total	**169.56**	**228.99**	**168.42**

For more information, see "*Financial Statements – Annexure VII – Note 2: Property, Plant and Equipment and Capital Work-in-Progress* " on page 305.

Indebtedness

As of March 31, 2022, we had total borrowings (consisting of current and non-current borrowings) of ₹2,940.53 million. Our debt to total equity ratio was 3.37 as of March 31, 2022. For further information on our indebtedness, see "*Financial Indebtedness*" on page 393.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2022, and our repayment obligations in the periods indicated:

	As at March 31, 2022
	(₹ million)
Non-Current Borrowings	741.83
Current Borrowings	2,071.76
Current maturities of long-term debts	126.94
Total borrowings	**2,940.53**

Contractual Obligations, Contingent Liabilities and Commitments

Contractual Obligations

We have continuing payment obligations under borrowings, commercial contracts and finance leases. The following table sets forth our contractual obligations as of March 31, 2022:

	As at March 31, 2022			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	(₹ million)			
Non-derivatives				

	As at March 31, 2022			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	(₹ million)			
Borrowings	2,198.70	741.83	-	**2,940.53**
Lease liabilities	65.96	100.16	69.84	**235.97**
Trade payables	1,184.90	-	-	**1,184.90**
Other financial liabilities	69.87	-	-	**69.87**
Total	**3,519.43**	**841.99**	**69.84**	**4,431.27**

Contingent Liabilities

As of March 31, 2022, our contingent liabilities that have not been accounted for in the Restated Consolidated Financial Statements, were as follows:

	As of March 31, 2022
	(₹ million)
Income tax demand	29.24
Provident Fund demand	6.57
Total	**35.81**

For more information, see "*Financial Statements – Note 36: Contingent Liabilities*" on page 357.

Commitments

The following table sets forth our commitments as of March 31, 2022:

	As at March 31, 2022
	(₹ million)
Estimated amount of contracts amounting to be executed on capital account and not provided for	34.37

For more information, see "*Financial Statements – Note 34: Commitments*" on page 357.

Non-GAAP Measures

EBITDA, EBITDA Margin, and other non-GAAP measures, (together, "**Non-GAAP Measures**"), 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, these Non-GAAP Measures are 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 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, such Non-GAAP Measures are not standardized terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation for the following non-GAAP financial measures included in this Draft Red Herring Prospectus are set out below for the periods indicated:

Reconciliation for EBITDA and Adjusted EBITDA

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
	(₹ million)		
Profit for the year (A)	123.26	230.82	681.64

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
	(₹ million)		
Tax expense (B)	29.69	57.47	182.67
Finance costs (C)	449.57	269.94	248.47
Depreciation, amortization and impairment expense (D)	155.08	157.47	171.93
Exceptional items (E)	0.00	0.00	199.90
Other income (F)	112.81	54.26	109.32
EBITDA (G=A+B+C+D-E-F)	**644.79**	**661.44**	**975.48**

Reconciliation for EBITDA Margin

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
	(₹ million)		
EBITDA (A)	644.79	661.44	975.48
Revenue from operations (B)	6,418.67	6,904.71	8,407.18
EBITDA Margin (A/B)	10.05%	9.58%	11.60%

Reconciliation for Return on Net Worth

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
	(₹ million)		
Equity share capital (A)	15.30	15.97	15.97
Other equity (B)	450.43	583.48	855.94
Share Holder's Equity* (Excluding Non-Controlling Interests) (C= A+B)	465.73	599.45	871.91
Average Shareholders' Equity (D)	458.21	532.59	735.67
Restated profit attributable to equity shareholders of the parent company (**E**)	115.40	214.93	631.63
Return on net worth (%) (F=E/D)	25.19%	40.36%	85.86%

**Share Holder's Equity means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation each as applicable for the Company on a consolidated restated basis. Net worth represents equity attributable to owners of the holding company and does not include amounts attributable to non-controlling interests.*

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that we believe have or are reasonably likely to have a current or future material effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include sales, purchases, loans, other expenses and remuneration to key managerial persons. For further information relating to our related party transactions see "*Financial Statements – Restated Consolidated Financial Information – Note 33-Related Party Disclosures*" on page 350.

Auditor's Observation

There have been no reservations/ qualifications/ adverse remarks/ highlighted by our statutory auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2020, 2021 and 2022. However, we have certain matters of emphasis which have been included in the Special Purpose Consolidated Ind AS Financial Statements, where attention has been drawn to the basis of preparation of the Special Purpose Consolidated Ind AS Financial Statements.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

Quantitative and Qualitative Disclosures about Market Risk

Our business activities expose us to a variety of financial risks, namely, market risk, credit risk and liquidity risk. We monitor and manage the financial risks relating to our operations through internal risk reports which analyze exposures by degree and magnitude of risks.

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 conditions. Market risk mainly comprises interest rate risk and currency risk. Financial instruments affected by market risk includes borrowings, investments, trade payables and trade receivables. Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

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. Our exposure to changes in interest rates primarily relates to our outstanding floating rate debt. We have INR denominated long term debt and a portion of our working capital debt is denominated in foreign currency. These credit facilities are subject to periodic interest rate resets.

Foreign Currency Risk

We undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant portion of our purchases and sales are denominated in foreign currency and hence, a natural hedge exists as a result of which, major foreign exchange fluctuations in import payables gets offset by export receivables. We also pass on the impact of foreign exchange fluctuations to certain customers in line with the relevant contracts. Exchange rate exposures are also managed within approved policy parameters by continuous monitoring.

The carrying amounts of our foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities as at As at March 31,			Assets as at As at March 31,		
	2022	2021	2020	2022	2021	2020
EURO	0.11	3.69	0.15	0.27	0.06	0.22
GBP	0.02	0.02	0.01	0.04	-	-
JPY	827.89	1,309.94	1,032.86	13.64	-	-
USD	24.38	13.10	14.70	24.23	20.19	25.33

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. We have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Our exposure of our counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

Liquidity Risk

The ultimate responsibility for liquidity risk management rests with our Board of Directors, who have established a liquidity risk management framework for the management of our short-term, medium-term and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

For more information, see "*Financial Statements – Note 31.3 – Financial Risk Management*" on page 341.

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. 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 income from our continuing operations. For more information regarding trends and uncertainties, please see "*—Significant Factors Affecting Our Financial Condition and Results of Operations*" on page 369 and "*Risk Factors*" on page 30.

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. For more information regarding new products, please see "*Our Business*" on page 186.

Future Relationship between Cost and Income

Except as disclosed in this Draft Red Herring Prospectus, there are no known factors that will have a material adverse impact on our operations and finances. For more information, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 186 and 368, respectively.

Seasonality of Business

Our business is not subject to seasonal variations, however, our results may be subject to fluctuation. For further information, see "*Risk Factors – Our operating results may fluctuate from period to period, which may affect our business and financial condition.*" on page 50.

Significant Dependence on a Single or Few Customers or Suppliers

We do not have any significant dependence on a single or few customers or suppliers.

Significant Economic Changes

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. See "*Risk Factors" and "—Significant Factors Affecting Our Financial Condition and Results of Operations*" on page 369.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. See "*Risk Factors – We face significant competitive pressures in our business, and our inability to compete effectively would be detrimental to our business and prospects."* on page 42.

Significant Developments subsequent to March 31, 2022

Pursuant to a resolution of our Board passed in their meeting held on June 24, 2022, and a resolution of our Shareholders passed in their extraordinary general meeting held on June 27, 2022, (i) each fully paid - up equity share of our Company of face value ₹100 was split into 50 Equity Shares of ₹2 each, and accordingly, 159,667 equity shares of our Company of ₹100 each were split into 7,983,350 Equity Shares of ₹2 each; and (ii) our Company issued 47,900,100 bonus Equity Shares in the ratio 6:1. Further, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on July 6, 2022, and the name of our Company was changed from 'Avalon Technologies Private Limited' to 'Avalon Technologies Limited'. Further, pursuant to resolutions adopted by our Board of Directors and Shareholders both dated July 7, 2022, our Company has instituted the ESOP Scheme. For details of the ESOP Scheme and the options which have been granted thereunder, please see "*Capital Structure – Employee Stock Option Scheme*" on page 92.

Other than as disclosed above, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially or 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 twelve months.

FINANCIAL INDEBTEDNESS

We avail loans and financing facilities in the ordinary course of our business for meeting our working capital and business requirements. For details of the borrowing powers of our Board, see "*Our Management – Borrowing Powers*" on page 250.

We have obtained the necessary consents required under the relevant financing documentation for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents and change in the composition of our Board.

The details of the indebtedness of the Company (on a consolidated basis) as on June 30, 2022, is provided below:

Category of borrowing	Sanctioned amount (₹ in million)	Outstanding amount (in ₹ million)
Working Capital Facilities		
Secured		
Fund based	2,458.88	2,269.78
Non-fund based*	6.00	NIL
Non-fund based**	(1,106.31)	(20.18)
Unsecured		
Fund based	NIL	NIL
Total working capital facilities (A)	**2,464.88**	**2,269.78**
Term Loan facilities (B)^	392.02	350.15
Equipment Loans (C)	169.42	61.24
Vehicle Loans (D)	6.20	0.20
Unsecured Loan from Related Party (E)##	NIL	38.88
Preference Share Capital (F)##	NIL	402.48
Total borrowings (A + B + C + D + E + F)##	**3,032.51**	**3,122.73**

Notes:
* *Pertains to Credit exposure limit for Forward Contracts in Bank of India of our Company*
** *Sublimit to the entire working capital limit and hence not included in the total sanction and loan outstanding*
^ *Includes the sanction amount of Regions Equipment Loan and SBA Loan pertaining to Sienna Corporation. For certain term loans, the principal outstanding as on June 30, 2022 is inclusive of the interest charged for the month of June 2022, leading to an amount outstanding as on June 30, 2022, higher than the sanctioned amount*
Sanction amount not applicable for the followings loans – (i) unsecured loan from related party and (ii) Preference shares. Hence total outstanding amount is greater than the sanctioned amount

Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various financing documentation executed by us in relation to our indebtedness.

1. ***Interest:*** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum. The spreads are different for different facilities.

   The interest rates for the term loans, working capital facilities and the equipment loans availed by our Company typically range as under:

   - Ranging from 6.50% to 11.75%

   The interest rates for the facilities availed by our Subsidiary typically range from 7.50% to 13.00%

2. ***Penal Interest***: The terms of certain financing facilities availed by us prescribe penalties for non-compliance of certain obligations by us. These include, *inter alia*, breach of non-payment of instalments, our Company becoming bankrupt or committing any act of insolvency, breaching any provisions as set forth in the loan documentation entered into with the lenders or default in the performance of the obligations set forth in such loan documentation, *etc.* Further, the default interest payable on the facilities availed by us is typically 2% to 5% per annum.

3. ***Pre-payment penalty:*** The terms of facilities availed by us typically have prepayment provisions in terms of the norms of such individual lenders.

4. ***Validity/Tenor:*** The tenor of the equipment loans and term loans availed by us range typically for a tenor from three (3) to six (6) years.

5. ***Security:*** In terms of our term loan facilities and our equipment loans, we are required to, *inter alia*:

   (a) Create a hypothecation over the equipment, current assets and moveable assets, as applicable;

   (b) Create equity mortgage over immovable property;

   (c) Keep non-interest bearing, refundable fixed deposits with the lenders;

   (d) Furnish personal guarantee from our Promoters and corporate guarantee from ABV Electronics Inc., USA; and

   (e) Furnishing of corporate guarantees by our Company in connection with facilities availed by our Subsidiaries.

6. ***Repayment:*** The loans (other than working capital loans) are typically repayable in structured instalments.

7. ***Key Covenants:*** Certain of our borrowing arrangements provide for covenants restricting certain corporate actions, and we are required to take the prior approval of the relevant lender before undertaking such corporate actions, *inter alia* the following:

   (a) effecting changes in the ownership or control or make any material change in the management set-up including resignation of promoter directors;

   (b) effecting any change in our capital structure where the shareholding of the existing promoter gets diluted below current levels or 51%;

   (c) not approaching the capital markets for mobilizing additional resources either in the form of debt or equity; and

   (d) undertake any new project, diversification into non-core business, implement any scheme of amalgamation, reconstitution expansion/modernisation, revaluation of assets, undertake capital expenditure, repay subordinated loans or sell, assign, mortgage or otherwise dispose of any fixed assets.

8. ***Events of default:*** Borrowing arrangements entered into by us, contain standard events of default, including:

   (a) default in payment of interest or instalment amount due;

   (b) any interest remaining unpaid and in arrears for a period of 3 months after the same shall have become due whether demanded or not;

   (c) being adjudicated as insolvent or a receiver being appointed in respect of the whole or any part of the property;

   (d) breach or default of any covenant or other terms and conditions under one finance schedule will be cross defaulted all the financial schedules contracted with the lender; and

   (e) occurrence of any circumstances which in prejudicial to or impairs or imperils or like to prejudice, impair, imperil the security given.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us. See "*Risk Factors – We are required to comply with certain* *restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, suspension of further drawdowns, which may adversely affect our business, results of operations and financial condition"* on page 48.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding (i) criminal proceedings involving our Company, Subsidiaries, Directors, or Promoters (the "**Relevant Parties**"); and (ii) actions by statutory or regulatory authorities involving the Relevant Parties (iii) claims relating to direct and indirect taxes involving the Relevant Parties; and (iv) litigations or arbitration proceedings involving the Relevant Parties which has been determined to be material pursuant to the Materiality Policy (as disclosed herein below). Further, there are no disciplinary actions (including penalties) imposed by SEBI or a recognized stock exchange against our Promoters in the last five Fiscals immediately preceding the date of this DRHP, 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 August 2, 2022:

*All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, and tax matters (direct or indirect), will be considered material if: (i) the monetary amount of claim/ dispute/ liability made by or against the entity or person in any such proceedings is one percent (or in excess of one percent) of the restated consolidated profit after taxes of our Company for the latest financial year included in the Restated Consolidated Financial Information (being Fiscal 2022) i.e. ₹6.81 million ("**Material Civil Proceedings**"), or (ii) where monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of our Company ("**Other Material Proceedings**").*

Further, in accordance with the Materiality Policy, our Company has considered such creditors 'material' to whom the amount due is equal to or in excess of five percent of the total trade payables of our Company basis the latest Restated Consolidated Financial Information. Accordingly, five percent of the total trade payables of our Company as on March 31, 2022 amounts to ₹59.24 million, and therefore, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹59.24 million as on March 31, 2022.

For the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory or regulatory or taxation authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered material until such time that the Relevant Party is impleaded as a defendant in litigation before any judicial forum.

Unless stated to the contrary, the information provided below is as of the date of this DRHP. All terms defined in a particular litigation disclosure below are for that particular litigation only.

LITIGATION INVOLVING OUR COMPANY

(a) Outstanding litigation proceedings against our Company

(i) Criminal proceedings

As on the date of this DRHP, there are no criminal proceedings pending against our Company.

(ii) Outstanding actions by regulatory or statutory authorities

1. The Office of the Joint Director, Directorate of Enforcement, Chennai Zonal Office ("**ED**") has initiated investigation by issuing a letter dated November 8, 2017 ("**Letter 1**") against our Company under FEMA and the Prevention of Money Laundering Act, 2002. Through its Letter 1, ED has sought clarifications along with documentary evidence in relation to the information shared by ICICI Bank Limited alleging that our Company has not realized the export proceeds amounting to ₹3,474.12 million ("**Export Proceed Amount**") in the period prior to March 2015 and requested to furnish the details of 'export and realization' for the period from 2012 to 2015 in a prescribed format within 10 days from the date of receipt of the Letter 1. Through its response dated December 15, 2017, our Company submitted that all export proceeds were realized by our Company within a year and that there is no unrealized Export Proceed Amount against our Company's exports.

Further, the ED issued another letter dated September 11, 2020 ("**Letter 2**") to our Company under section 37 of FEMA read with section 133(6) of the IT Act, seeking details and clarifications within 10 days from the date of receipt of the Letter 2, along with documentary evidence with respect to the exports made during the period from fiscals 2008 to 2020. Through its various responses dated September 16, 2020, October 29, 2020, December 1, 2020 and February 2, 2021, our Company submitted the requisite records and documents pertaining to the exports made in the said period.

Subsequently, our Company was issued summons dated May 6, 2022 by the ED under Sections 37(1) and (3) of FEMA read with Section 131 (1) of the IT Act and Section 30 of CPC to give evidence and to produce books of account or other documents of our Company as specified by the ED. Through its various responses dated May 26, 2022, June 10, 2022, July 4, 2022 and July 18, 2022, our Company has submitted the requisite records and documents. The matter is currently pending.

2. Our Company received a letter dated September 26, 2018 from the Assistant General Manager, Reserve Bank of India in relation to certain allotments made by our Company in the calendar years 2005, 2006, 2007 and 2016 with respect to (i) delay in reporting receipt of consideration for issue of certain capital instruments and where the issue is reckoned as FDI in Form ARF (advance remittance form) beyond 30 days under Paragraph 9(1)(A) of of Schedule I of the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 ("**Rules**"); (ii) delay in filing of Form FC-GPR beyond 30 days under Paragraph 9(1)(B) of the Rules; and (iii) delay in the allotment of shares beyond 180 days under Paragraph 8 of the Rules.

   Our Company filed an application for compounding dated March 4, 2022 ("**Compounding Application**") before the General Manager, Foreign Exchange Department, Reserve Bank of India under the FEMA for the aforementioned non-compliances. Through its order dated August 1, 2022, the RBI disposed of the Compounding Application with directions to our Company to pay an amount of ₹1.12 million, which was paid by our Company on August 4, 2022.

   Additionally, in relation to delay in filing of Form FC-GPR, Form FC-TRS and Form DI with the RBI in relation to share swap pursuant to acquisition of ATSPL by our Company during calendar year 2019, our Company through its letter dated June 4, 2022 ("**LSF Waiver Request Letter**"), has requested the RBI to condone the delay in filing and waiver of the late submission fee aggregating to an amount of ₹0.9 million. Our Company is awaiting directions from the RBI on the said LSF Waiver Request Letter.

   For details in relation to the capital issuances by our Company, see "*Capital Structure*" at page 84.

3. The Enforcement Officer, Employees Provident Fund Organisation, Chennai ("**Enforcement Officer, Chennai**") has issued a show cause notice dated July 15, 2016 ("**SCN**") to our Company under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("**Act**"), alleging failure by our Company to enrol employees and identify subterfuge of wages for the period starting from April 2013 to June 2016 ("**Relevant Period**"). Further, in order to quantify the amounts of dues, an enquiry was initiated under section 7A of the Act and an opportunity of hearing was provided to our Company by issuing summons dated August 29, 2016 ("**Summons**"). Through an order dated December 31, 2019 ("**Impugned Order**"), the Enforcement Officer, Chennai directed our Company to pay subterfuge dues of ₹6.6 million for the Relevant Period in the respective accounts of the employees of our Company.

   Pursuant to the issue of Summons and the Impugned Order passed by the Regional Commissioner, Chennai, our Company filed: (i) a writ petition dated January 27, 2017 ("**Writ Petition**") before the High Court of Judicature at Madras ("**Madras High Court**"), challenging the Summons issued to our Company; (ii) a waiver application dated January 24, 2020 ("**Waiver Application**") before the Central Government Industrial Tribunal cum Labour Court, Chennai

("**CGIT**") against the Impugned Order; and (iii) an appeal dated January 24, 2020 before the CGIT praying, *inter-alia*, for a stay on further proceedings under the Impugned Order.

The Madras High Court through its order dated May 3, 2018, disposed the Writ Petition and directed the Regional Commissioner, Chennai to proceed with the enquiry and assess the amount and not to demand any contribution on allowances till the final order of the Supreme Court of India in the on-going matter of Gujarat Cyrpomet Limited against Employees Provident Fund Organisation.

CGIT through an order dated April 13, 2021 disposed of the Waiver Application and granted a stay on the Impugned Order till July 15, 2021. The case has been further adjourned to September 5, 2022. The matter is currently pending.

4. The Deputy Director, Ministry of Corporate Affairs ("**Deputy Director, MCA**") has issued a show-cause notice dated December 2, 2021 ("**SCN 1**") to our Company, seeking reasons and details for non—appointment of cost-auditor and non-submission of cost audit report for fiscal 2017, in contravention of section 148(2) of the Companies Act, 2013 ("**Act**") read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 ("**Rules**") ("**Alleged Contravention**"). Through its response dated December 9, 2021, our Company submitted the relevant details. Further, the Deputy Director, MCA issued another show-cause notice dated April 25, 2022 ("**SCN 2**") to our Company seeking clarification and reasons from our Company as to why an action should not be taken against our Company for the Alleged Contravention, within 20 days from the date of issue of SCN 2. Subsequently, our Company through its letter dated April 28, 2022, submitted its response, among other things that the requirement for cost audit shall not apply to our Company as per Rule 4(3) of the Rules since, our Company is located in a Special Economic Zone and is thereby exempted from the compliance of the appointment of a cost auditor. The matter is currently pending.

(iii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings pending against our Company.

(iv) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings pending against our Company.

(b) Outstanding litigation proceedings by our Company

(i) Criminal proceedings

As on the date of this DRHP, there are no criminal proceedings pending by our Company.

(ii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings initiated by our Company.

(iii) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings initiated by our Company.

(c) Tax proceedings involving our Company

Except as mentioned below, there are no pending claims related to direct and indirect taxes involving our Company as on the date of this DRHP:

Nature of proceeding	Number of proceedings outstanding	Amount involved* (in ₹ million)
Direct tax	8	73.23
Indirect tax	NIL	NIL

Total	**8**	**73.23**

* *To the extent quantifiable.*

LITIGATION INVOLVING OUR SUBSIDIARIES

(a) Outstanding litigation proceedings against Subsidiaries

(i) Criminal proceedings

As on the date of this DRHP, there are no pending criminal proceedings against our Subsidiaries.

(ii) Actions by statutory or regulatory authorities

1. ATSPL received a show-cause notice dated December 2, 2020 ("**SCN**") under the Factories Act, 1948 ("**Act**") and the Tamil Nadu Factories Rules, 1950 ("**Rules**") from the Office of the Deputy Director of Industrial Safety and Health-V, Chennai, who conducted an inspection of our factory on November 27, 2020, in connection with the fire accident that occurred on November 25, 2020, in the factory premises of ATSPL located at Plot No.7, 8, SDF Phase-III, MEPZ SEZ, Tambaram, Chennai. The SCN alleged that ATSPL failed to take all practicable measures to prevent an outbreak of fire and thus violated sections 7A(1) 7A(2), 38(1), 38(3) of the Act and rule 61F read with rule 61E of the Rules. The employees of ATSPL, namely, Richard Parandaman, Kesavan P, Ramadoss and T P Imbichammad have submitted their respective responses to the SCN through their letters dated November 27, 2020, December 30, 2020, November 27, 2020 and December 30, 2020, respectively. The matter is currently pending.

2. The Regional Provident Fund Commissioner (C&R), Employees Provident Fund Organisation, Chennai ("**Regional Commissioner, Chennai**") has issued a show cause notice dated August 3, 2016 ("**SCN**") to ATSPL under section 7A of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, alleging failure by ATSPL to enroll employees and identify subterfuge of wages for the period starting from April 2013 till the date of the SCN. Subsequently, a representative of ATSPL had a physical meeting with the Regional Commissioner, Chennai on August 10, 2016 to discuss issues raised in the SCN and there has been no further communication since.

3. ICICI Bank Limited, in its capacity as the designated authorised dealer bank ("**AD Bank**") of Sienna ECAD issued a letter dated December 15, 2020 highlighting non-compliance in relation to the requirement of filing the annual performance reports ("**Form APR**") in relation to investments made in its erstwhile subsidiary ECAD Technologies Inc. under applicable law. Through its letters, each dated April 5, 2022, Sienna ECAD submitted Forms APR for fiscals 2007, 2008, 2009, 2010 and 2011 with the AD Bank.

   While the AD Bank has submitted the Forms APR and Sienna ECAD has received acknowledgment from RBI for the periods 2007, 2008 and 2009, the submission by the AD Bank of Form APR for the periods 2010 and 2011 are currently in process.

(iii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings pending against our Subsidiaries.

(iv) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings pending against our Subsidiaries.

(b) Outstanding litigation proceedings by our Subsidiaries

(i) Criminal proceedings

As on the date of this DRHP, there are no pending criminal proceedings initiated by our Subsidiaries.

(ii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings initiated by our Subsidiaries.

(iii) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings initiated by our Subsidiaries.

(c) Tax proceedings involving our Subsidiaries

Except as mentioned below, there are no pending claims related to direct and indirect taxes involving our Subsidiaries as on the date of this DRHP:

Nature of proceeding	Number of proceedings outstanding	Amount involved* (in ₹ million)
Direct tax	2	3.22
Indirect tax	1	1.36
Total	**3**	**4.58**

* *To the extent quantifiable.*

LITIGATION INVOLVING OUR DIRECTORS

(a) Outstanding litigation proceedings against Directors

(i) Criminal proceedings against our Directors

As on the date of this DRHP, there are no pending criminal proceedings against our Directors.

(ii) Actions by statutory or regulatory authorities

As on the date of this DRHP, there are no actions by statutory authorities against our Directors.

(iii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings pending against our Directors.

(iv) Other *Material Proceedings*

As on the date of this DRHP, there are no Other Material Proceedings pending against our Directors.

(b) Outstanding litigation proceedings by our Directors

(i) Criminal proceedings

As on the date of this DRHP, there are no pending criminal proceedings initiated by our Directors.

(ii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings initiated by our Directors.

(iii) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings initiated by our Directors.

(c) ***Tax proceedings involving our Directors:***

Except as mentioned below, there are no pending claims related to direct and indirect taxes involving our Directors as on the date of this DRHP:

Nature of proceeding	Number of proceedings outstanding	Amount involved (in ₹ million)
Direct tax	2*	Not quantifiable
Indirect tax	NIL	N.A

Nature of proceeding	Number of proceedings outstanding	Amount involved (in ₹ million)
Total	2	Not quantifiable

The matters are pending against one of our Chairman and Managing Director, Kunhamed Bicha.

LITIGATION INVOLVING OUR PROMOTERS

(a) Outstanding litigation proceedings against our Promoters

(i) Criminal proceedings

As on the date of this DRHP, there are no pending criminal proceedings against our Promoters.

(ii) Actions by statutory or regulatory authorities

As on the date of this DRHP, there are no actions by statutory authorities against our Promoters.

(iii) Disciplinary action including penalty imposed by SEBI or stock exchanges in the last five financial years including outstanding action

No disciplinary action has been taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus either by SEBI or any stock exchange.

(iv) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings pending against our Promoters.

(v) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings pending against our Promoters.

(b) Outstanding litigation proceedings by our Promoters

(i) Criminal proceedings

As on the date of this DRHP, there are no pending criminal proceedings initiated by our Promoters.

(ii) Material Civil Proceedings

As on the date of this DRHP, there are no Material Civil Proceedings initiated by our Promoters.

(iii) Other Material Proceedings

As on the date of this DRHP, there are no Other Material Proceedings initiated by our Promoters.

(c) Tax proceedings involving our Promoters:

Except as mentioned below, there are no pending claims related to direct and indirect taxes involving our Promoters as on the date of this DRHP:

Nature of proceeding	Number of proceedings outstanding	Amount involved (in ₹ million)
Direct tax	2*	Not quantifiable
Indirect tax	NIL	N.A.
Total	**2**	**Not quantifiable**

* *The matters are pending against one of our Promoters, Kunhamed Bicha.*

OUTSTANDING DUES TO CREDITORS

Further, in accordance with the Materiality Policy, our Company has considered such creditors 'material' to whom the amount due is equal to or in excess of five percent of the consolidated trade payables of our Company as of the end of the most recent period covered in the Restated Consolidated Financial Information, *i.e.* ₹59.24 million, as of March 31, 2022 ("**Material Creditors**").

The details of the total outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), Material Creditors and other creditors as on March 31, 2022 is as set forth below:

Particulars	Number of creditors	Amount involved (₹ in million)
Dues to micro, small and medium enterprises	61	11.89
Dues to Material Creditor(s)	2	484.64
Dues to other creditors (including outstanding liabilities)	833	688.37
Total	**896**	**1184.90**

For details of outstanding dues to the Material Creditors (referenced above) as on March 31, 2022, (along with the names and amounts involved for each such Material Creditor) see https://www.avalontec.com/investors/.

MATERIAL DEVELOPMENTS

Except as disclosed in this Draft Red Herring Prospectus, no circumstances have arisen since March 31, 2022, the date of the last Restated Consolidated Financial Information disclosed in this DRHP, which may materially and adversely affect, or are likely to affect our profitability, our operations, the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our Company and Material Subsidiaries have received the necessary consents, licenses, permissions, registrations, and approvals from the Government of India, various governmental agencies and other statutory and / or regulatory authorities required for carrying out our present business activities. Except as mentioned below, no further material approvals are required for carrying on our present business activities. Our Company and Material Subsidiaries undertakes to obtain all material approvals, licenses and permissions required to operate our present business activities, including such material approvals, licenses, and permissions as may be necessary to set up and operate our manufacturing facilities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Red Herring Prospectus, and in case of licenses and approvals which have expired, we have either made an application for renewal, or are in the process of making an application for renewal. For further details in connection with the applicable regulatory and legal framework, see "Key Regulations and Policies" on page 222.

The approvals required to be obtained by us include the following:

APPROVALS IN RELATION TO THE OFFER

For details, see "*Other Regulatory and Statutory Disclosures - Authority for the Offer*" on page 411.

INCORPORATION DETAILS OF OUR COMPANY

(a) Certificate of incorporation dated November 3, 1999, issued by the RoC to our Company, in the name of '*Avalon Technologies Private Limited'*.

(b) Fresh certificate of incorporation dated July 29, 2022 issued by the RoC to our Company, consequent upon change of name upon conversion to a public company in the name to '*Avalon Technologies Limited*'.

(c) Our Company's corporate identity number is U30007TN1999PLC043479

APPROVALS IN RELATION TO OUR BUSINESS OPERATIONS

For information on our business operations, see "*Our Business – Overview*" on page 186. An indicative list of the material approvals required by us to undertake our businesses are set out below:

A. Approvals in relation to our business

(a) PCBA & Box Build division- B8, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045

(i) Consent dated July 11, 2017 (bearing reference number 170728954769), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of the plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2027;
(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM08429) issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;
(iii) Certificate of Building Stability dated October 9, 2021 (bearing reference number H1/3491/2021), issued by the Director of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of PCBS and Wiring Harness Assemblies*' as per section 7(1) under Rule-12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to October 8, 2024; and
(iv) Consent dated July 11, 2017 (bearing reference number170718954769), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar to operate for expansion for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2027.

(b) Cable division- B7, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045

(i) Consent dated July 11, 2017 (bearing reference number 170728951098), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of the plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2027;

(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM07714), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;

(iii) Certificate of Building Stability dated October 11, 2021 (bearing reference number H1/3491/2021), issued by the Director of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of PCBS and Wiring Harness Assemblies*' as per section 7(1) under Rule12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to October 10, 2024; and

(iv) Consent dated July 11, 2017 (bearing reference number 170718951098), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar to operate for expansion for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2027.

(c) *Sheet metal fabrication division (DTA Unit)- Plot No S18, SIPCOT Industrial Park, Sriperumbudur Taluk, Pillaipakkam, Kanchipuram District - 602105[*]

(i) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM12430), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022; and

(ii) Fire service license dated September 8, 2021 (bearing reference number 522/2021), issued by the District Officer, Fire and Rescue Services, Kanchipuram for '*Manufacturing of Sheet Metal Part Plant and machineries of 420 HP*' under Section 13 of the Tamil Nadu Fire Service Act 1985 read with Tamil Nadu Fire Service Rules 1990 Appendix III, which is valid up to September 7, 2022.

(iii) GST identification number 33AACCA4147K2ZT under the Centre Goods and Services Tax Act, 2017.

[*]Pursuant to the deed of sub-lease dated November 10, 2020 entered into by our Company and our Material Subsidiary ATSPL, whereby ATSPL has to obtain the following necessary clearances:

(i) Consent dated October 21, 2019 (bearing reference number 1901227628625), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Sriperumbudur to establish or take steps to establish the industry under Section 21 of the Air Act, which is valid up to March 31, 2024; and

(ii) Consent dated October 21, 2019 (bearing reference number 1901127628625), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Sriperumbudur for the establishment or to take steps to establish the industry under Section 25 of the Water Act, which is valid up to March 31, 2024.

(iii) GST identification number 33AAHCA3430A3ZG under the Centre Goods and Services Tax Act, 2017.

(d) Powder coating division- Unit 15,16, SDF III, MEPZ-SEZ, Tambaram, Chennai - 600045

(i) Consent dated March 4, 2022 (bearing reference number 2205243446665), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of the plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2032;

(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM06916), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;

(iii) Certificate of Building Stability dated July 30, 2021 (bearing reference number H1/3491/2021), issued by the Director of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of Powder Coating*' as per section 7(1) under Rule-12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to July 29, 2024; and

(iv) Consent dated March 4, 2022 (bearing reference number 2205143446665), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2032.

(e) ***Store House- Unit No. 5253-SDF-II, MEPZ-SEZ, Tambaram, Chennai-600045***

(i) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM06541), issued by the Joint Director of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022.

B. Tax related Approvals

(a) Permanent account number AACCA4147K, issued by the Income Tax Department, Government of India.

(b) Tax deduction account number CHEA07378A, issued by the Income Tax Department, Government of India.

(c) Professional tax registration certificates, as issued under applicable professional tax legislations.

(d) GST identification number 33AACCA4147K1ZU under the Centre Goods and Services Tax Act, 2017 for our Cable division located at B7, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045.

C. Registrations under employment laws

(a) Registration for employees' provident fund with the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with code number TBTAM0060046000.

(b) Registration for employees' insurance with the relevant regional office of the Employees State Insurance Corporation under the Employees' State Insurance Act, 1948 with code number 51000769020000606.

D. Foreign Trade Related Approvals

Our Company has been allotted an Importer – Exporter Code (bearing reference number 3899000137), issued by the Office of Development Commissioner, Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

E. Registration under other statutes

(a) Udyam registration certificate dated July 16, 2020 (bearing reference number UDYAM-TN-08-0000420), issued by the Ministry of Micro Small and Medium Enterprises, Government of India.

(b) Letter of approval dated January 2, 2018 (bearing reference number 8/526/2003/SEZ) ("**LOA**"), issued by the Office of the Development Commissioner, MEPZ Special Economic Zone and HEOUs in Tamil Nadu, Pondicherry, Andaman and Nicobar Island, Ministry of Commerce and Industry, Department of Commerce, Government of India ("**Office of the Development Commissioner**") for grant of SEZ status under Rule 19(6) of SEZ Rules, 2006, which is valid up to December 31, 2022. Pursuant to the LOA, a tax exemption certificate dated July 21, 2017 (bearing reference number 8/526/2003/SEZ) was issued by the Office of the Development Commissioner for exemption of payment of customs duty under the Customs Act, 1962 and excise duty on diesel under the Central Excise Act, 1944.

***F.* Approvals applied for but not yet received**

Except as disclosed below, there are no material approvals applied for which has not been received by our Company:

(a) With respect to our PCBA & box build division unit located at B8, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license;

(b) With respect to our cable division unit located at B7, First main road, MEPZ-SEZ, Tambaram, Chennai – 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license; and

(c) With respect to our powder coating division unit located at Unit 15,16, SDF III, MEPZ-SEZ, Tambaram, Chennai - 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license.

G. Intellectual Property Rights

As on the date of this Draft Red Herring Prospectus, our Company has registered trade marks in relation to our old corporate logo:

Registered Trademark	**Class of trade mark under the Trade Marks Act**	**Registering Authority**	**Valid up to**
Avalon	6, 7, 9 and 40	Trade Marks Registry, Chennai	October 15, 2023

Our Company has filed applications under classes 6, 7, 9 and 40 for registration of our current corporate logo with the Trade Marks Registry, Government of India. The applications under 6, 7 and 9 and have been published in the trade mark journal under section 20(1) of the Trade Marks Act:

Trade Mark	**Class of trade mark under the Trade Marks Act***	**Registering Authority**
Avalon manufacturing your success	6, 7 and 9	Trade Marks Registry, Chennai

* *The applications filed by our Company in relation to our corporate logo under Classes 6,7 and 9 are currently open for objection under the provisions of Trade Mark Act and Trade Mark Rules, 2002.*

The application filed under Class 40 before the Trade Marks Registry, Chennai has been objected by the Trade Mark Registry, Chennai under provisions of the Trade Marks Act and the Trade Mark Rules, 2002.

APPROVALS OBTAINED BY AVALON TECHNOLOGY AND SERVICES PRIVATE LIMITED

A. Approvals in relation to business

(a) Sheet metal fabrication division

1. A6, A7, 3rd main road, MEPZ-SEZ, Tambaram, Chennai – 600045 (Main facility)

(i) Consent dated February 20, 2017 (bearing reference number 170427309212), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of the plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2026;

(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM09860), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu which is valid up to December 31, 2022;

(iii) Fire service license dated February 9, 2022 (bearing reference number 1100/A1/2022), issued by the District Officer, Fire and Rescue Service Department, Chennai City South District, Ashok Nagar, Chennai for '*Manufacturing of Sheet Metals*' under Section 13 of the Tamil Nadu Fire Service Act 1985 read with Tamil Nadu Fire Service Rules 1990 Appendix III, and which is valid up to February 8, 2023;

(iv) Certificate of Stability dated March 24, 2021, issued by the Joint Director-IV, Directorate of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of Sheet Metal Fabrication and Electro Mechanical Assemblies*' as per section 6 and Rule-12-b (3) of the

Factories Act 1948 and the TN Factories Rules, 1950, respectively, which is valid up to March 23, 2024; and

(v) Consent dated February 20, 2017 (bearing reference number 170417309212), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2026.

2. No S9, SDFII, MEPZ-SEZ, Tambaram, Chennai – 600045. (Metal unit II)

(i) Consent dated March 4, 2022 (bearing reference number 2205243446517), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2032;

(ii) Registration and license to work a factory dated October 25, 2020 (bearing reference number KPM12373), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;

(iii) Certificate of Building Stability dated July 30, 2021 (bearing reference number H1/3491/2021), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of Machining Components*' as per section 7(1) under Rule 12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to July 29, 2024; and

(iv) Consent dated March 4, 2022 (bearing reference number 2205143446517), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2032.

(b) ***Magnetics division- Unit 5, 6, 7,8, SDF III, MEPZ-SEZ, Tambaram, Chennai – 600045***

(i) Consent dated March 4, 2022 (bearing reference number 2205243407965), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2032;

(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM12003), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;

(iii) Certificate of Building Stability dated July 30, 2021 (bearing reference number H1/3491/2021), issued by the Director of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of Transformers and Inductors*' as per section 7(1) under Rule-12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to July 29, 2024; and

(iv) Consent dated March 4, 2022 (bearing reference number 2205143407965), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act, which is valid up to March 31, 2032.

(c) Injection moulded plastics division- Unit 5,6, SDF II, MEPZ-SEZ, Tambaram, Chennai – 600045

(i) Consent dated March 4, 2022 (bearing reference number 2205243446857), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for operation of the plant and discharge of emissions under Section 21 of the Air Act, which is valid up to March 31, 2032;

(ii) Registration and license to work a factory dated October 28, 2021 (bearing reference number KPM10095), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu, which is valid up to December 31, 2022;

(iii) Certificate of Building Stability dated July 30, 2021 (bearing reference number H1/3491/2021), issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu for '*Manufacturing of Plastic Products*' as per section 7(1) under Rule 12-B (3) and (4) of the Factories Act 1948 and Rules, 1950, which is valid up to July 29, 2024; and

(iv) Consent dated March 4, 2022 (bearing reference number 2205143446857), issued by the District Environmental Engineer, Tamil Nadu Pollution Control Board, Maraimalai Nagar for the operation of the plant and discharge of sewage and/or trade effluent under Section 25 of the Water Act as amended in 1988, which is valid up to March 31, 2032.

(d) PCBA, box build and cable division (DTA unit)- #23, J.K. Tech Square, EPIP Zone, behind Lemon Tree Hotel, Whitefield, Bengaluru: 560 066

(i) Factory license dated October 15, 2019 (bearing reference number MYB-24950), issued by the Department of Factories, Boilers, Industrial Safety and Health, Government of Karnataka, which is valid up to December 31, 2022.

B. Tax related Approvals

(a) Permanent account number AAHCA3430A, issued by the Income Tax Department, Government of India.

(b) Tax deduction account number CHEA14325D, issued by the Income Tax Department, Government of India.

(c) Professional tax registration certificates, as issued under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1956.

(d) GST identification number 33AAHCA3430A2ZH under the Centre Goods and Services Tax Act, 2017 for our Sheet metal fabrication (Metal II) division located at No S9, SDFII, MEPZ-SEZ, Tambaram, Chennai – 600045. (Metal unit II).

(e) GST identification number 29AAHCA3430A1Z7 under the Centre Goods and Services Tax Act, 2017 for our PCBA, box build and cable division (DTA unit) located at #23, J.K. Tech Square, EPIP Zone, behind Lemon Tree Hotel, Whitefield, Bengaluru: 560 066.

In view of the conversion of our Company into a public limited company and consequent change of name, our Company shall apply for the updation of certain of its tax related approvals.

C. Registrations under employment laws

(a) Registration for employees' provident fund with the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with code number TBTAM0063384000.

(b) Registration for employees' insurance with the relevant regional office of the Employees State Insurance Corporation under the Employees' State Insurance Act, 1948 with code number 51001044460000699.

D. Foreign Trade Related Approvals

Certificate of Importer – Exporter Code bearing reference number 3812000059, issued by the Office of Development Commissioner, Directorate General of Foreign Trade, Ministry of Commerce, Government of India dated September 7, 2012.

E. Registration under other statutes

(a) Udyam registration certificate dated July 3, 2020 (bearing reference number UDYAM-TN-08-0000005), issued by the Ministry of Micro Small and Medium Enterprises, Government of India.

(b) Letter of approval dated January 24, 2018 (bearing reference number 8/132/2009/SEZ), issued by the Office of the Development Commissioner, MEPZ Special Economic Zone and HEOUs in Tamil Nadu, Pondicherry, Andaman and Nicobar Island, Ministry of Commerce and Industry, Department of Commerce, Government of India for grant of SEZ status under Rule 19(6) of SEZ Rules, 2006, which is valid up to December 14, 2022.

***F.* Approvals applied for but not yet received**

Except as disclosed below, there are no material approvals applied for which has not been received by ATSPL:

(a) With respect to the PCBA, box build and cable division (DTA unit) of ATSPL located at #23, J.K. Tech Square, EPIP Zone, behind Lemon Tree Hotel, Whitefield, Bengaluru: 560 066, we have submitted the following applications:
   (i) an application dated June 17, 2022 for consent for establishment or expansion, before the Karnataka State Pollution Board under the Air Act;
   (ii) an application dated May 12, 2022 for Fire Safety Recommendation or NOC for Industrial Building to the Office of the Chief Fire Officer, Karnataka; and
   (iii) an application dated June 17, 2022 for consent for establishment or expansion, before the Karnataka State Pollution Board under the Water Act.

(b) With respect to the sheet metal fabrication unit (metal unit-II) located at Unit 5, 6, 7,8, SDF III, MEPZ-SEZ, Tambaram, Chennai – 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license;

(c) With respect to the magnetics division located at Unit 5, 6, 7,8, SDF III, MEPZ-SEZ, Tambaram, Chennai – 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license; and

(d) With respect to the injection moulded plastics division located at Unit 5,6, SDF II, MEPZ-SEZ, Tambaram, Chennai – 600045, we have submitted an application dated July 6, 2022 with the Divisional Fire Officer, Fire and Rescue Service, Chennai for the renewal of its fire license.

G. Approvals required but not applied for

(a) Our Company has won the e-auction conducted by the MEPZ for the property located at MEPZ, Kadaperi, Taluk Tambaram, Chengalpattu District, Chennai. While a sale deed dated July 6, 2022, executed between DXC Technology India Private Limited and our Company, the applications for the obtaining necessary approvals are yet to be made by our Company.

APPROVALS OBTAINED BY ABV ELECTRONICS INC

a) ***Material Approvals/ Licenses***

(i) Occupation tax certificate dated March 22, 2022 (bearing a reference number 22-25978), issued by the Occupational Tax Office, City of Suwanee, State of Georgia, which is valid up to December 31, 2022.
(ii) Sales Tax certificate dated September 1, 2006 (bearing a reference number 303887627), issued by the Department of Revenue, State of Georgia.
(iii) Business license dated May 12, 2005 (bearing a reference number 063564), issued by the City of Fremont, State of California, which is valid up to March 31, 2023.

b) ***Intellectual Property***

As on the date of this Draft Red Herring Prospectus, the intellectual property owned by, used by, or licensed to ABV Electronics Inc.:

(i) Corporate name, "*ABV Electronics, Inc*.", registered with the California Secretary of State and the Georgia Secretary of State.
(ii) Fictitious business name, "Sienna Corporation," registered with the County of Alameda, State of California.
(iii) Website: www.siennagroup.com.
(iv) Social media accounts, including www.linkedin.com/company/sienna-corporation/.
(v) All goodwill associated with the Company.
(vi) All customer lists owned/ by the Company, which constitute the Company's confidential information.
(vii) All trade secrets developed and owned by the Company, which constitute the Company's confidential information.
(viii) All unpatented, unregistered, and proprietary inventions, designs, formulas, calculations, know-how, and processes developed and owned by the Company, which constitute the Company's confidential information.

(ix) All unregistered logos, service marks, trademarks, and business or trade names used by the Company in its business.

(x) All moral rights and works of authorship owned and developed by the Company, which may constitute the Company's confidential property.

(xi) All other work product developed by and/or for the benefit of the Company, which may constitute the Company's confidential property.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

1. Our Board of Directors has authorised the Offer by a resolution passed in their meeting held on August 2, 2022.

2. Our Shareholders have approved and authorised the Fresh Issue by way of a special resolution passed at their extraordinary general meeting held on August 2, 2022.

3. This Draft Red Herring Prospectus was approved by our Board through its resolution in its meeting dated August 9, 2022.

Approval from the Selling Shareholders

Our Board took on record the approval for the Offer for Sale for the Offered Shares by the Selling Shareholders pursuant to a resolution dated August 2, 2022. The Selling Shareholders specifically confirm that they are in compliance with Regulations 8 and 8A of the SEBI ICDR Regulations, to the extent applicable, and have held the Offered Shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, and that they are the legal and beneficial owners of the Offered Shares.

In accordance with Regulation 8A of the SEBI ICDR Regulations; (i) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 50% of their respective pre-Offer shareholding (on a fully- diluted basis) and (ii) the number of Equity Shares offered for sale by Selling Shareholders holding, individually or with persons acting in concert, less than 20% of pre-Offer shareholding of our Company (on a fully- diluted basis), shall not exceed more than 10% of the pre-Offer shareholding of our Company (on a fully- diluted basis)

For details on the authorisations of the Selling Shareholders in relation to the Offer, see "*The Offer*" on page 68.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by the SEBI or other Governmental Authorities

Our Company, the Selling Shareholders, our Promoters, our Directors, the members of the Promoter Group and the persons in control of our Company have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Compliance with the SBO Rules

Our Company, our Promoters, the Selling Shareholders and the members of the Promoter Group are in compliance with the SBO Rules, to the extent in force and as applicable as on the date of this Draft Red Herring Prospectus.

Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against any of our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company does not satisfy the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations, as set forth below: "*An issuer not satisfying the condition stipulated in Regulation 6(1) of the SEBI ICDR Regulations shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.*"

Our Company did not fulfil the requirement under Regulation 6(1)(a) of the SEBI ICDR Regulations, of having net tangible assets of at least ₹30.00 million on a restated and consolidated basis, in each of the preceding three full years.

We are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹1.00 million provided that under-subscription in either of these two sub-categories of the Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations. Please see "*Offer Structure*" on page 435.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

The Selling Shareholders confirm compliance with and will comply with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

a. Neither our Company nor the Promoters, members of the Promoter Group, the Directors or the Selling Shareholders are debarred from accessing the capital markets by the SEBI.

b. None of the Promoters or the Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.

c. None of the Promoters or the Directors has been declared a fugitive economic offender.

d. Other than as disclosed in this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

e. None of our Company, our Promoters or Directors is a Wilful Defaulter or Fraudulent Borrower

The Selling Shareholders confirm that the Equity Shares offered by each Selling Shareholder as part of the Offer for Sale have been held in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF THE 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 BRLMs, JM FINANCIAL LIMITED, DAM CAPITAL ADVISORS LIMITED, IIFL SECURITIES LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. 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 BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 9, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY 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 BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

The filing of this Draft Red Herring Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of registering the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, the Directors, the Selling Shareholders and the BRLMs

Our Company, the Directors, the Selling Shareholders and the BRLMs 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 Company's instance and anyone placing reliance on any other source of information, including our Company's website www.avalontec.com, would be doing so at his or her own risk. The Selling Shareholder, their respective directors, affiliates, associates, and officers, as applicable, accept no responsibility for any statements made in this Draft Red Herring Prospectus, other than those specifically made or confirmed by the Selling Shareholder in relation to itself as a Selling Shareholder and their respective portion of the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders 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, or (ii) the blocking of the Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on the account of any errors, omissions or non-compliance by various parties involved, or any other fault, malfunctioning, breakdown or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 Shareholders, 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 BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Chennai only.

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds registered with the SEBI, VCFs, AIFs, public financial institutions as specified under Section 2(72) of the Companies Act, scheduled commercial banks, state industrial development corporation, permitted national investment funds, NBFC-SIs, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, permitted insurance companies and pension funds, insurance funds set up and managed by the army, navy or air force and insurance funds set up and managed by the Department of Posts, Government of India) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to, offer to sell or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations 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 himself or herself about, and to observe, any such restrictions. 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.**

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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 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"; 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"), in private transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions as defined in and 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.

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 this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this 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.

Eligible Investors

The Equity Shares are being offered and sold

1. in the United States, only to investors that are U.S. QIBs, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act; and

2. outside the United States, in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur;

and in each case who are deemed to have made the representations set forth immediately below.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the BRLMs that it has received a copy of the 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 this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this 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 (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 a U.S. QIB with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or the Selling Shareholders or a person acting on behalf of an affiliate of our Company or the Selling Shareholders;

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, (ii) in a transaction complying with Regulation S under the U.S. Securities Act, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by

Rule 144 thereunder (if available), or (iv) pursuant to another available exemption from the registration requirements 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 purchaser is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;

7. 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 under the U.S. Securities Act for resales of any such Equity Shares;

8. 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;

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, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE EQUITY SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THE EQUITY SHARES AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

10. the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), 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 or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;

11. the purchaser acknowledges that our Company, the Selling Shareholders, the BRLMs, 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 BRLMs, 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;

12. the 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;

13. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase;

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the BRLMs that it has received a copy of the 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 this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this 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 this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser is not purchasing the Equity Shares as a result of any "directed selling efforts" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);

5. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such 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;

6. the purchaser is not an affiliate of our Company or the Selling Shareholders or a person acting on behalf of an affiliate;

7. 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) pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;

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 acknowledges that our Company, the Selling Shareholders, the BRLMs, 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 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.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. 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 the 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 BSE and 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.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or such period as may be prescribed by SEBI.

If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. For avoidance of doubt, no liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of their portion of the Offered Shares.

Each of the Selling Shareholders undertake to provide such reasonable assistance as may be requested by our Company, to the extent such assistance is required from such Selling Shareholders in relation to the Offered Shares to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within such time prescribed by SEBI.

Consents

Consents in writing of (a) the Selling Shareholders, our Directors, our Company Secretary, Compliance Officer and Legal Head, the Statutory Auditors, the Independent Chartered Accountant, the legal counsels appointed for the Offer, lenders to our Company, F&S, the bankers to our Company, the BRLMs and Registrar to the Offer, to act in their respective capacities, have been obtained; and (b) the Syndicate Members, Monitoring Agency, Bankers to the Offer/Escrow Bank, Public Offer Bank, Sponsor Bank and Refund 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 Sections 26 and 32 of the Companies Act, 2013. Further, such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Experts

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

Our Company has received the written consent dated August 9, 2022 from Varma & Varma, Chartered Accountants, holding a valid peer review certificate from ICAI to include their name as required under section 26 (5) 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 August 2, 2022 on our Restated Consolidated Financial Information; and (ii) their report dated August 9, 2022 on the statement of possible special tax benefits available to the Company, its Material Subsidiaries and its shareholders 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.

Our Company has received written consent dated August 9, 2022 from Mohan & Venkataraman, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) 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 Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company.

In addition, our Company has received written consent dated August 9, 2022 from Protech Consultants, as chartered engineer to include their name under the Companies Act, 2013 in this Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of their certificate dated August 9, 2022 on our Company's and our Subsidiaries' manufacturing capacity and its utilization at certain manufacturing facilities, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public issue (as defined under the SEBI ICDR Regulations) during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Further, except as disclosed in *"Capital Structure – Equity Share capital history of our Company"* on page 85, our Company has not made any rights issue (as defined under the SEBI ICDR Regulations) during the last five years.

Underwriting commission, brokerage and selling commission 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 last five years preceding the date of this Draft Red Herring Prospectus.

Capital issue in the preceding three years

None of the securities of any of our Subsidiaries are currently listed on any stock exchange. For details in relation to the capital issuances by our Company since incorporation, see "*Capital Structure*" at page 84.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public issue in the five years preceding the date of this Draft Red Herring Prospectus. Other than as disclosed in the section *"Capital Structure*" on page 84, our Company has not undertaken any rights issues in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiaries/Promoters of our Company

As on the date of this Draft Red Herring Prospectus, none of our Subsidiaries have securities listed on any stock exchange.

Exemption under securities laws

Our Company has not applied to SEBI for any exemption from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.

Past price Information of past issues handled by the BRLMs

A. JM Financial

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited.

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] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Paredeep Phosphates Limited[#]	15,017.31	42.00	May 27, 2022	43.55	-10.24% [-3.93%]	Not Applicable	Not Applicable
2.	Life Insurance Corporation of India[#8]	205,572.31	949.00	May 17, 2022	867.20	-27.24% [-3.27%]	Not Applicable	Not Applicable
3.	Campus Activewear Limited*[7]	13,997.70	292.00	May 05, 2022	360.00	11.92% [0.70%]	41.71% [6.72%]	Not Applicable
4.	AGS Transact Technologies Limited[#]	6,800.00	175.00	January 31, 2022	176.00	-42.97% [-3.05%]	-28.63% [-1.64%]	-52.69% [-0.77%]
5.	CMS Info Systems Limited[#]	11,000.00	216.00	December 31, 2021	218.50	21.99% [-1.81%]	25.35% [0.74%]	3.75%[-8.71%]
6.	Data Patterns (India) Limited*	5,882.24	585.00	December 24, 2021	856.05	29.70% [3.61%]	13.56% [1.42%]	14.16%[-8.03%]
7.	C.E. Info Systems Limited[#]	10,396.06	1,033.00	December 21, 2021	1,581.00	70.21% [6.71%]	48.48% [2.74%]	21.40%[-8.80%]
8.	Tega Industries Limited*	6,192.27	453.00	December 13, 2021	760.00	30.70% [3.96%]	1.02% [-4.25%]	3.39% [-6.66%]
9.	Go Fashion (India) Limited*	10,136.09	690.00	November 30, 2021	1,310.00	59.75% [1.36%]	32.91% [-1.91%]	48.90% [-3.71%]
10.	Sapphire Foods India Limited[*]	20,732.53	1,180.00	November 18, 2021	1,350.00	3.69% [-4.39%]	20.78% [-2.32%]	-7.85% [-10.82%]

Source: www.nseindia.com and www.bseindia.com
[#] BSE as Designated Stock Exchange
** NSE as Designated Stock Exchange*
Notes:

1. *Opening price information as disclosed on the website of the Designated Stock Exchange.*
2. *Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.*
3. *For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *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.*
6. *Restricted to last 10 issues.*
7. *A discount of Rs. 27 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *A discount of Rs. 45 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion and Retail Individual Investors. A discount of Rs. 60 per Equity Share was offered to Policy holders.*
9. *Not Applicable – Period not completed*

2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (` 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%
2022-2023	3	2,34,587.32	-	1	1	-	-	1	-	-	-	-	-	-
2021-2022	17	2,89,814.06	-	1	2	5	5	4	1	2	3	4	3	4
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	5	2	1

B. <u>DAM Capital</u>

1. Price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by DAM Capital Advisors Limited:

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]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	CMS Info Systems Limited(2)	11,000.00	216.00	December 31, 2021	218.50	+21.99%, [-1.81%]	+25.35%, [+0.74%]	+3.75%, [-8.71%]
2	Metro Brands Limited(2)	13,675.05	500.00	December 22, 2021	436.00	+21.77%, [+4.45%]	+14.57%, [+0.64%]	+7.93%, [-9.78%]
3	C.E. Info Systems Limited(2)	10,396.06	1033.00	December 21, 2021	1,581.00	+70.21%, [+6.71%]	+48.48%, [+2.74%]	+21.40%, [-8.80%]
4	Star Health and Allied Insurance Company Limited(1)	60,186.84	900.00@	December 10, 2021	845.00	-14.78%, [+1.72%]	-29.79%, [-6.66%]	-22.21%, [-6.25%]
5	Go Fashion (India) Limited(1)	10,136.09	690.00	November 30, 2021	1,310.00	+59.75%, [+1.36%]	+32.91%, [-1.91%]	+48.90%, [-3.71%]
6	Krsnaa Diagnostics Limited(1)	12,133.35	954.00*	August 16, 2021	1,005.55	-9.42%, [+4.93%]	-27.73%, [+9.30%]	-32.63%, [+4.90%]
7	Windlas Biotech Limited(2)	4,015.35	460.00	August 16, 2021	439.00	-18.02%, [+4.79%]	-34.42%, [+9.18%]	-37.01%, [+4.62%]
8	Glenmark Life Sciences Limited(2)	15,136.00	720.00	August 6, 2021	751.10	-6.38%, [+7.10%]	-12.94%, [+10.12%]	-20.67%, [+8.45%]
9	Laxmi Organic Industries Limited(1)	6,000.00	130.00	March 25, 2021	155.50	+37.85%, [+0.11%]	+71.96%, [+10.11%]	+294.50%, [+21.45%]
10	Indian Railway Finance Corporation Limited(1)	46,333.79	26.00	January 29, 2021	24.90	-5.19%, [+6.56%]	-18.65%, [+9.02%]	-11.15%, [+15.49%]

Source: *www.nseindia.com and www.bseindia.com*
**A discount of INR 93 per equity share was provided to eligible employees bidding in the employee reservation portion.*
@ A discount of INR 80 per equity share was provided to eligible employees bidding in the employee reservation portion.
(1) NSE was the designated stock exchange for the said issue.
(2) BSE was the designated stock exchange for the said issue.
Notes:

(a) Issue size derived from prospectus / basis of allotment advertisement, as applicable
(b) Price on NSE or BSE is considered for the above calculations as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(c) % 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.
(d) Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
(e) The Nifty 50 or S&P BSE SENSEX index is considered as the benchmark index as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(f) Not applicable – Period not completed

2. Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by DAM Capital Advisors Limited:

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%
2022-23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-22	8	136,678.74	-	-	4	2	-	2	-	2	2	-	1	3
2020-21	3	56,770.65	-	-	1	-	1	1	-	-	1	1	1	-

Source*: www.nseindia.com and www.bseindia.com*

Notes:

a. *The information is as on the date of this offer document*
b. *The information for each of the financial years is based on issues listed during such financial year.*
c. *Since 30 or 180 calendar days from listing date has not elapsed for few issues, hence data for same is not available.*

C. IIFL

1. Price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by IIFL Securities Limited:

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Designated Stock Exchange as disclosed in the Red Herring Prospectus filed	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	PB Fintech Ltd.	57,097.15	980.00	NSE	November 15, 2021	1,150.00	+14.86%, [-4.33%]	-20.52%,[-4.06%]	-34.16%,[-12.85%]
2	S.J.S Enterprises Ltd.	8,000.00	542.00	NSE	November 15, 2021	542.00	-24.99%, [-4.33%]	-29.33%,[-4.06%]	-30.67%,[-12.85%]
3	Sapphire Foods India Limited	20,732.53	1,180.00	NSE	November 18, 2021	1,350.00	+3.69%,[-4.39%]	+20.78%,[-2.32%]	-7.85%,[-10.82%]
4	Star Health and Allied Insurance Company Limited	60,186.84	900.00 [1]	NSE	December 10, 2021	845.00	-14.78%,[+1.72%]	-29.79%,[-6.66%]	-22.21%,[-6.25%]
5	Anand Rathi Wealth Limited	6,593.75	550.00 [2]	BSE	December 14, 2021	602.05	+12.38%,[+5.22%]	+4.46%,[-4.42%]	+19.55%,[-6.56%]
6	Rategain Travel Technologies Limited	13,357.35	425.00 [3]	NSE	December 17, 2021	360.00	+11.99%,[+7.48%]	-31.08%,[-0.06%]	-35.24%,[-7.38%]
7	Data Patterns (India) Limited	5,882.24	585.00	NSE	December 24, 2021	856.05	+29.70%,[+3.61%]	+13.56%,[+1.42%]	+14.16%,[-8.03%]
8	Vedant Fashions Limited	31,491.95	866.00	NSE	February 16, 2022	935.00	+3.99%,[-0.20%]	+14.53%,[-8.54%]	N.A.
9	Rainbow Childrens Medicare Limited	15,808.49	542.00 [4]	NSE	May 10, 2022	510.00	-13.84%,[+0.72%]	-12.80%,[+7.13%]	N.A.
10	eMudhra Limited	4,127.86	256.00	BSE	June 1, 2022	271.00	-1.52%,[-4.27%]	N.A.	N.A.

Source: www.nseindia.com; www.bseindia.com, as applicable

(a) *A discount of INR 80 Per Equity Share was offered to eligible employees bidding in the employee reservation portion*
(b) *A discount of INR 25 Per Equity Share was offered to eligible employees bidding in the employee reservation portion*
(c) *A discount of INR 40 Per Equity Share was offered to eligible employees bidding in the employee reservation portion*
(d) *A discount of INR 20 Per Equity Share was offered to eligible employees bidding in the employee reservation portion*

Note: Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30^{th}, 90^{th} and 180^{th} calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30^{th} /90^{th} / 180^{th} calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by IIFL Securities Limited:

Financial Year	Total No. of IPO's	Total Funds Raised (in 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%	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	8	47,017.65	-	-	4	2	1	1	-	1	-	3	3	1
2021-22	17	3,58,549.95	-	-	5	-	4	8	-	6	4	3	-	3
2022-23	2	19,936.35	-	-	2	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com; www.bseindia.com, as applicable
Note: Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.
NA means Not Applicable.

D. Nomura

1. Price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Nomura Financial Advisory and Securities (India) Private Limited:

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]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Life Insurance Corporation of India	205,572.31	949[1]	May 17, 2022	867.20	-27.24% [-3.27%]	Not applicable	Not applicable
2	MedPlus Health Services Limited	13,982.95	796[2]	December 23, 2021	1,015.00	+53.22% [+3.00%]	23.06% [+1.18%]	-6.55% [-9.98%]
3	Shriram Properties Limited	6,000.00	118[3]	December 20, 2021	90.00	-12.42% [+9.02%]	-33.39% [+4.05%]	-46.69% [-7.95%]
4	RateGain Travel Technologies Limited	13,357.35	425[4]	December 17, 2021	360.00	+11.99% [+7.48%]	-31.08% [-0.06%]	-35.24% [-7.38%]
5	Fino Payments Bank	12,002.93	577	November 12, 2021	548.00	-30.55% [-3.13%]	-34.56% [-3.66%]	-52.33% [-10.42%]

6	Sansera Engineering	12,829.78	744	September 24, 2021	811.35	+0.30% [+1.29%]	+1.57% [-5.19%]	-21.26% [-3.43%]
7	CarTrade Tech Limited	29,985.13	1,618	August 20, 2021	1,599.80	-10.31% [+6.90%]	-32.68% [+8.80%]	-61.17% [+5.48%]
8	Sona BLW Precision Forgings Limited	55,500.00	291	June 24, 2021	302.40	+45.17% [+0.53%]	+93.40% [+11.97%]	+140.26% [+5.93%]
9	Nazara Technologies Limited	5,826.91	1,101[5]	March 30, 2021	1,990.00	+62.57% [+0.13%]	+38.22% [+6.84%]	+96.19% [+20.26%]
10	Gland Pharma Limited	64,795.45	1,500	November 20, 2020	1,701.00	+48.41% [+7.02%]	+57.20% [+17.82%]	+104.26% [+14.38%]

Source: *www.nseindia.com, www.bseindia.com*

1. *Discount of INR 60.00 per Equity Share was offered to eligible policyholders bidding in the Policyholder Reservation Portion, discount of INR 45.00 per Equity Share was offered to eligible employees and retail individual bidders bidding in the Employee Reservation Portion and the Retail Portion respectively*
2. *Discount of INR 78.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
3. *Discount of INR 11.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
4. *Discount of INR 40.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
5. *Discount of INR 110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*

Notes:

(a) *For each issue, depending on its Designated Stock Exchange, BSE or NSE; Sensex or Nifty50 is considered as the benchmark for each issue.*
(b) *For each issue, depending on its Designated Stock Exchange, price on BSE or NSE is considered for above calculations.*
(c) *In case 30th/90th/180th day is not a trading day, closing price on BSE or NSE of the previous trading day has been considered.*
(d) *Not applicable – Period not completed*

2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Nomura Financial Advisory & Securities (India) Private Limited

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%
2022-2023	1	205,572.31	-	1	-	-	-	-	-	-	-	-	-	-
2021-2022	7	143,658.14	-	1	2	1	1	2	2	2	2	1	-	-
2020-2021	4	100,063.57	-	-	-	2	1	1	-	-	-	3	1	-

Source*: www.nseindia.com, www.bseindia.com*

Notes*:*

a) *The information is as on the date of this document.*
b) *The information for each of the financial years is based on issues listed during such financial year.*

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the websites of the BRLMs mentioned below.

BRLMs	Website
JM Financial Limited	www.jmfl.com
DAM Capital Advisors Limited	www.damcapital.in
IIFL Securities Limited	www.iiflcap.com
Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html

For further details in relation to the BRLMs, see "*General Information – Book Running Lead Managers*" on page 75.

Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for redressal of investor grievances

SEBI, by way of its circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M 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. Subsequently, by way of its circular dated June 2, 2021 ("**June 2021 Circular**") and its circular dated April 20, 2022 ("**April 2022 Circular**"), SEBI modified the process timelines and extended the implementation timelines for certain measures introduced by the March 2021 Circular. Per the March 2021 Circular read with the June 2021 Circular and the April 2022 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 and invoice in the inbox by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) periodic sharing of statistical details of mandate blocks/unblocks, performance of apps and UPI handles, network latency or downtime, etc., by the Sponsor Bank to the intermediaries forming part of the closed user group vide email; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members only 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-Offer BRLM 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 agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the last date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order 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 BRLMs and/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. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs or the Registrar to the Offer, in the manner provided below.

All grievances in relation to the Bidding process, other than those of the Anchor Investors 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, Client ID, UPI 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.

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

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.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Company Secretary, Compliance Officer and Legal Head, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Our Company shall obtain SCORES authentication in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 and the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 read with the SEBI circular SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

Our Company, the Selling Shareholders, the Book Running Lead Managers, and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Disposal of investor grievances by our Company

Our Company has also constituted a Stakeholders Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer, and issue of duplicate shares. The Selling Shareholders have authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has also appointed Dr. Rajesh V, Company Secretary, Compliance Officer and Legal Head of our Company, as the compliance officer for the Offer. For details, "*General Information- Company Secretary and Compliance Officer*" on page 75.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 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.

SECTION VII: OFFER RELATED 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, the SCRA, SCRR, SEBI ICDR Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the GoI, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Other than the listing fees and legal counsel fees for Selling Shareholders, which shall be solely borne by the Company and Selling Shareholders, respectively, all costs, fees and expenses with respect to the Offer shall be shared by the Company and the Selling Shareholders, on a pro rata basis, in proportion to the number of Equity Shares issued and Allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale.

Provided that all Offer-related expenses shall initially be borne by our Company and each of the Selling Shareholders shall reimburse the Company for respective proportion of the expenses. Each of the Selling Shareholders shall reimburse our Company their proportionate share of the Offer-related expenses (other than the fees and expenses in relation to the legal counsel to the Selling Shareholders). For further details, see "*Objects of the Offer – Offer Expenses*" on page 114.

Ranking of Equity Shares

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 being offered and Allotted in the Offer will be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see "*Description of Equity Shares and Terms of Articles of Association*" on page 461.

Mode of Payment of Dividend

Our Company shall pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations, the Memorandum and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer will be payable to the Allottees, for the entire year, in accordance with applicable law. For more information, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" on pages 272 and 461, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹2 and the Offer Price is ₹[●] per Equity Share. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹[●] and the Cap Price of the Equity Shares is ₹[●], being the Price Band. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges. The Offer Price shall be determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- 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 preferential claims being satisfied;
- Right of free transferability of 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, 2013, the terms of the SEBI Listing Regulations and our Memorandum and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 461.

Market Lot and Trading Lot and Allotment of Equity Shares in dematerialised form

In terms of Section 29 of the Companies Act, 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated April 5, 2022 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated April 7, 2022 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "*Offer Procedure*" on page 440.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Jurisdiction

The courts of Chennai, Tamil Nadu, India will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See "– *Bid/Offer Programme*" on page 430.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest to the exclusion of the other persons, unless the nomination is varied or cancelled in the prescribed manner. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. 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 or variation to our Company in the prescribed form. 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.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or

- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may, at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, 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 dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised 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 CLOSES ON	**[●]**[(2)]

(1) *Our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, 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 Promoter Selling Shareholders, in consultation with the BRLMs 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*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]

Event	Indicative Date
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 [●]

Note: In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

This above timetable is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholders or the BRLMs.

While our Company and the Selling Shareholders 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 or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delays 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. The Selling Shareholders confirm that they shall extend complete co-operation required by our Company and the BRLMs for the 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 within such other period as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Managers will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

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 for Bids by QIBs and Non-Institutional Investors; and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors.

On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the RTA on a daily basis, as per the format prescribed in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date, and in any case no later than 3:00 p.m. IST on 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 Monday to Friday (excluding any public holiday). None of our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. 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, but the Floor Price shall not be less than the Face Value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price. Provided that, the Cap Price of the Price Band shall be at least 105% of the Floor Price.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following 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 may, 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 respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Selling Shareholders in the Offer for Sale on a proportionate basis; and (ii) through the issuance of balance part of the Fresh Issue.

Each of the Selling Shareholders shall, severally and not jointly, reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Company on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act, 2013 and any other applicable law, provided that no Selling Shareholders shall be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder.

Undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangement for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Restriction, if any, on transfer and transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoter's minimum contribution and the Anchor Investor lock-in in the Offer as detailed in "*Capital Structure*" on page 84, and except as provided in our Articles of Association as detailed in "*Description of Equity Shares and Terms of Articles Of Association*" on page 461, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting. Further, there are no restrictions on transmission of any shares/debentures of our Company and on their consolidation or splitting, except as provided in our Articles of Association.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of the Offer

Our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Fresh Issue, and each Selling Shareholder reserves the right to not proceed with the Offer for Sale, in whole or in part thereof, to the extent of its respective portion of the Offered Shares after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Managers through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of UPI Bidders, to unblock the bank accounts of the ASBA Bidders (other than Anchor Investors) shall notify the Escrow Collection Banks to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

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 within six Working Days of the Bid/Offer Closing Date or such other time period as prescribed under Applicable Law, and (ii) the final RoC approval of the Prospectus after it is filed and/or submitted with the RoC. If our Company, and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that they will proceed with a public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

OFFER STRUCTURE

The Offer of up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹10,250.00 million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹4,000.00 million by our Company and an Offer of Sale of up to [●] Equity Shares, aggregating up to ₹6,250.00 million by the Selling Shareholders. The Offer shall constitute [●]% of the post-Offer paid-up equity share capital of our Company.

A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹800.00 million. The Pre – IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and 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 the Offer complying with Rule 19(2)(b) of the SCRR.

The Offer is being made through Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations.

Particulars	QIBs(1)	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment/allocation^(2)	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIBs and Retail Individual Investors	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer Size available for Allotment or allocation	Not less than 75% of the Offer size shall be available for allocation to QIBs. 5% of Net QIB Portion will 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 Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs.	Not more than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Investors will be available for allocation. One-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size exceeding ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹1.00 million and under-subscription in either of these two subcategories of the Non-Institutional Portion may be allocated to Bidders in the other subcategory of the Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price	Not more than 10% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors will be available for allocation
Basis of Allotment if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion):	The Equity Shares available for allocation to Non-Institutional	Allotment to each Retail Individual Investor shall not be less than the minimum

Particulars	QIBs[1]	Non-Institutional Investors	Retail Individual Investors
	(a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above (c) Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.	Investors under the Non-Institutional Portion, shall be subject to the following: (a) One-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size exceeding ₹0.20 million and up to ₹1.00 million; and (b) Two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹1.00 million provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors. The Allotment to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in the SEBI ICDR Regulations	Bid lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares shall be allocated on a proportionate basis. See "*Offer Procedure*" on page 440.
Mode of Bidding[5]	Through ASBA process only except for Anchor Investors (excluding the UPI Mechanism)	Through ASBA process only (including the UPI Mechanism for an application size of up to ₹0.50 million)	Through ASBA process only (including the UPI Mechanism)

Particulars	QIBs[1]	Non-Institutional Investors	Retail Individual Investors
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹0.20 million	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹0.20 million	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size (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 ₹0.20 million
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share		
Who can Apply[3]	Public financial institutions specified in Section 2(72) of the Companies Act, 2013, FPIs registered with SEBI (other than individuals, corporate bodies and family offices), scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with the SEBI, FVCI(s), AIFs, multilateral and bilateral development financial institutions, state industrial development corporations, NBFC-SI, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹250.00 million, pension funds with a minimum corpus of ₹250.00 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts family offices and FPIs who are individuals, corporate bodies and family offices which are re-categorised as category II FPI (as defined in the SEBI FPI Regulations) and registered with SEBI	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs

Particulars	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
	of the Union of India and insurance funds set up and managed by the Department of Posts, India		
Terms of Payment[(5)]	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] ***In case of all other Bidders:*** Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders, or by the Sponsor Banks through the UPI Mechanism (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form.		

^*Assuming full subscription in the Offer*

(1) *Our Company and the Promoter Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹50.00 million per Anchor Investor, and (iii) in case of allocation above ₹2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500.00 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company and the Promoter Selling Shareholders, in consultation with the BRLMs.*

(2) *This Offer is being made in accordance with Rule 19(2)(b) of the SCRR, through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not more than 15% of the Offer will be available for allocation to Non-Institutional Investors, of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size exceeding ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹1.00 million and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, 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 met with spill-over from any other category or categories, as applicable, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price and in accordance with applicable laws. 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.*

(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.*

(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. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

(5) *SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use UPI.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The Bids by FPIs with certain structures as described under "*Offer Procedure - Bids by FPIs*" on page 446 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular CIR/CFD/DIL/12/2013 dated October 23, 2013 notified by SEBI and updated pursuant to the circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the circular CIR/CFD/DIL/1/2016 dated January 1, 2016, the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, the circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and the circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, and the circular SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 (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 BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

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 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 and (xii) interest in case of delay in allotment or refund.

*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 and circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 and any subsequent circulars or notifications issued by SEBI in this regard, 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 UPI Bidders 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 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 UPI Bidders through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline will be made effective for applications by UPI Bidders ("**UPI Phase III**"), as may be prescribed by SEBI. Additionally, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 ("**UPI Streamlining Circular**") has instituted certain mechanisms towards the streamlining of applications made through the UPI Mechanism as well as redressal of investor grievances. This UPI Streamlining Circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 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 BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism. Subsequently, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories).

Our Company, the Selling Shareholders and the Book Running Lead 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 this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the Members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, may 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 them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹1.00 million and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

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 categories, as applicable, at the discretion of our Company and the Promoter Selling Shareholders in consultation with the BRLMs 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, will 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 dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID (for UPI Bidders), 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 rematerialised subsequent to Allotment of the Equity Shares in the IPO, subject to applicable law.

Phased implementation of UPI Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020 vide SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019. Under this phase, submission of the ASBA Form by UPI Bidders through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date.

Pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, issued by SEBI, as amended by the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (the "**UPI Streamlining Circular**"), SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post–Offer BRLM will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders.

Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹0.50 million shall use
the UPI Mechanism. This circular has come into force for initial public offers opening on or after May 1, 2022 and the provisions of these circular are deemed to form part of this Draft Red Herring Prospectus.

For further details, please refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs**.**

Electronic registration of Bids

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

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 relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and UPI Bidders) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

UPI Bidders submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. UPI Bidders submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked. For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in Public Issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. Retail, QIB and NIB and also for all modes through which the applications are processed.

Since the Offer is made under Phase II, ASBA Bidders may submit the ASBA Form in the manner below:

(i) RIIs (other than UPI Bidders) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(ii) UPI Bidders may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(iii) QIBs and NIIs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which 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 Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, UPI Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)

Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). For UPI Bidders, 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 a UPI Mandate Request to such UPI Bidders for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to UPI Bidders, 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 UPI Bidders 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 Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Issue Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

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 BRLMs 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 Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank on a continuous basis.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, read and SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. NPCI vide circular reference no. NPCI/UPI/OC No. 127/ 2021-22 dated December 09, 2021, inter alia, has enhanced the per transaction limit in UPI from more than ₹0.20 million to ₹0.50 million for UPI based ASBA in initial public offerings

Participation by Promoters, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer in the QIB Portion where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLMs or its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the Lead Manager" if: (i) 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 (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to a Promoter and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoters or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to a Promoter or member of the Promoter Group of our Company.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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 scheme. 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 offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their Non-Resident External Accounts ("**NRE Account**"), or Foreign Currency Non-Resident Accounts ("**FCNR Account**"), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA regulations.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts.

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Rules.

(a) In accordance with the FEMA 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.

(b) For details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 459.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder/Applicant should 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 will be considered at par with Bids/Applications from individuals**.**

Bids by FPIs

In terms of the SEBI FPI Regulations, investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control) must be below 10% of our post-Offer Equity Share capital on a fully diluted basis. Further, in terms of the applicable FEMA Rules the total holding by each FPI cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate holdings of all the FPIs, including any other direct and indirect foreign investments in our Company, shall not exceed 24 % of the total paid-up Equity Share capital on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations 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. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time.

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the capital of the company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100%). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Our Company has increased the aggregate limit of investment by non-resident Indians in the Company from default limit of 10% to 24% of the paid-up equity share capital by a board resolution dated April 29, 2020 and shareholders' resolution May 13, 2020.

The FEMA Non-Debt Instruments Rules was 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 as respects 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.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

(A) such offshore derivative instruments are issued only by persons registered as Category I FPIs;

(B) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;

(C) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and

(D) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); including the conditions to deal in overseas direct instruments and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Bids received from FPIs bearing the same PAN shall 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 FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. The holding in any company by any individual FVCI or VCF registered with SEBI should not exceed 25% of the corpus of the FVCI or VCF. An FVCI or VCF can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations).

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

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 Shareholders or the BRLMs shall 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 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 is required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

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 as per the last audited balance sheet or a subsequent balance sheet, whichever is less. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) 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 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 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing no. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013, dated September 13, 2012 and January 2, 2013, respectively, issued by the SEBI. 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 Bids.

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, the Company, and

the Promoter Selling Shareholders in consultation with BRLMs, 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 ("**IRDA Investment Regulations**") 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.*

Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s) and such other approvals as may be required by the NBFC – SI, must be attached to the Bid-cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC – SI shall be prescribed by RBI from time to time.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, 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 laws) 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 BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Promoter Selling Shareholders in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and Promoter Selling Shareholders in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, with minimum corpus of ₹250 million, subject to applicable laws, a certified copy of 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 in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason therefor.

Bids by Anchor Investors

In accordance with the SEBI Regulations, the key terms for participation by Anchor Investors are provided below:

1) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the Book Running Lead Managers.

2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date.

5) Our Company and the Promoter Selling Shareholder, in consultation with the Book Running Lead Managers will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.

6) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made available in the public domain by the Book Running Lead Managers before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.

7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

9) Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in the following manner: there shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to each of the Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares Allotted to each of the Anchor Investors from the date of Allotment.

10) Neither (a) the Book Running Lead Managers (s) or any associate of the Book Running Lead Managers (other than mutual funds sponsored by entities which are associate of the Book Running Lead Managers or insurance companies promoted by entities which are associate of the Book Running Lead Managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the Book Running Lead Managers or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the Book Running Lead Managers) nor (b) the Promoter, Promoter Group or any person related to the Promoter or members of the Promoter Group shall apply under the Anchor Investors category.

11) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

The above information is given for the benefit of the Bidders. Our Company, the respective Selling

Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. 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 laws or regulation and as specified in the Red Herring Prospectus, when filed.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

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 BRLMs 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 this Draft 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.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation. Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB 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.

Allotment Advertisement

Our Company, the Book Running Lead Managers and the Registrar to the Offer shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a widely circulated Hindi national daily newspaper; and (iii) [●] editions of [●] a widely circulated Tamil daily newspaper (Tamil also being the regional language of Tamil Nadu, where our Registered and Corporate Office is located).

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.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. UPI Bidders can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

(A) 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;

(B) Ensure that you have Bid within the Price Band

(C) Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders) in the Bid cum Application Form (with maximum length of 45 characters. Further, UPI Bidders must mention their UPI ID;

(D) UPI Bidders 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. UPI Bidders 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;

(E) Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

(F) Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;

(G) 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;

(H) In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

(I) If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be);

(J) All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

(K) 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;

(L) Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

(M) Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

(N) Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

(O) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

(P) Ensure that the Demographic Details are updated, true and correct in all respects;

(Q) 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;

(R) Ensure that the category and the investor status is indicated in the Bid cum Application Form;

(S) Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

(T) Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

(U) Bidders (except UPI Bidders) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. UPI Bidders, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank prior to 5:00 pm of the Bid / Offer Closing Date;

(V) Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

(W) Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

(X) UPI Bidders 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 UPI Bidder shall be deemed to have verified the attachment containing the application details of the UPI Bidders 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;

(Y) FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are 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 shall be rejected;

(Z) UPI Bidders 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;

(AA) UPI Bidders, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner.

(BB) Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs; and

(CC) Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned on the website of the SEBI, is liable to be rejected.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;

(d) Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

(f) Anchor Investors should not Bid through the ASBA process;

(g) Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;

(h) Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

(i) Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);

(j) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;

(k) Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

(l) If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;

(m) Do not Bid for a Bid Amount exceeding ₹500,000 (for Bids by UPI Bidders);

(n) Do not submit the General Index Register (GIR) number instead of the PAN;

(o) Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

(p) Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders, in the UPI-linked bank account where funds for making the Bid are available;

(q) Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

(r) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

(s) 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 UPI Bidders;

(t) 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;

(u) 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);

(v) Do not submit more than one Bid cum Application Form per ASBA Account;

(w) Do not submit a Bid using UPI ID, if you are not a UPI Bidder; and

(x) Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders)

For helpline details of the Book Running Lead Managers pursuant to the SEBI circular bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information*" on page 74.

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 to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 74.

For details of grounds for technical rejections of a Bid cum Application Form, see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the UPI Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor 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 Promoter Selling Shareholders in consultation with the BRLMs, 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. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Accounts 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 Shareholders, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collection of Bid Amounts from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see "*Terms of the Offer*" on page 428.

Undertakings by our Company

Our Company undertakes the following:

(A) The complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(B) That all steps will be taken 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 within six Working Days of the Bid/Offer Closing Date or such other timeline as may be prescribed by SEBI;

(C) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;

(D) That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidder within six Working Days from the Bid/ Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where the refunds shall be credited along with the amount and the expected date of electronic credit of refund;

(E) The decisions with respect to the Price Band and the Minimum Bid lot as applicable, revision of Price Band, Offer Price, will be taken by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs.

(F) Promoter's 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;

(G) that if our Company or the Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given by our Company as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;

(H) that if our Company and the Selling Shareholder withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event our Company or the Selling Shareholder subsequently decide to proceed with the Offer;

(I) Except for Equity Shares that may be allotted pursuant to the Pre – IPO Placement and the conversion of the Preference Shares, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.; and

(J) That adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investor

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes the following severally and not jointly in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares offered by it in the Offer for Sale that:

(A) the Equity Shares offered for sale by it in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

(B) it is the legal and beneficial owner of and holds clear and marketable title to its respective portion of the Offered Shares, which are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions, and shall be in dematerialized form, at the time of transfer;

(C) it shall provide all reasonable cooperation as requested by our Company in relation to completion if Allotment and dispatch of Allotment Advice and CAN, if required, and refund orders, to the extend of its offered Equity Shares offered pursuant to the Offer;

(D) it is not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any authority or court;

(E) it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

(F) it shall not have recourse to the proceeds of the Offer until final approvals for listing and trading of the Equity Shares from the Stock Exchanges have been received; and

(G) it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer for Sale.

Only the statements and undertakings in relation to the Selling Shareholders and their portion of the Equity Shares offered in the Offer for Sale which are confirmed or undertaken by the Selling Shareholders in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings made or confirmed" by the Selling Shareholders. No other statement in this Draft Red Herring Prospectus will be deemed to be "made or confirmed" by a Selling Shareholder, even if such statement relates to such Selling Shareholder.

The filing of this Draft Red Herring Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

Utilisation of Offer Proceeds

Our Board certifies that:

(a) all monies received out of the Offer 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;

(b) details of all monies utilised out of the Fresh Issue 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

(c) 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

Utilisation of the Offer Proceeds by Selling Shareholders

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. Each of the Selling Shareholders will be entitled to the respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses the relevant taxes thereon. For details of Offered Shares by each Selling Shareholder, see "*Other Regulatory and Statutory Disclosures*" beginning on page 411.

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 ₹1.00 million or one per cent 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 until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. 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 of fund in India.

As per the FDI Policy, FDI in companies engaged in the sector that we operate in is permitted up to 100% of the paid-up share capital of such company under the automatic route.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see "*Offer Procedure*" on page 440.

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 only being 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 Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of 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

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
AVALON TECHNOLOGIES LIMITED

(Incorporated under the Companies Act, 1956)

This set of Articles of Association has been approved pursuant to the provisions of Section 14 of the Companies Act, 2013 and by a special resolution passed at the Extraordinary General Meeting of Avalon Technologies Limited (the "**Company**") held on July 06, 2022. These Articles have been adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof.

PRELIMINARY

1. The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013, as amended from time to time, shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

2. The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, as amended from time to time, be such as are contained in these Articles.

DEFINITIONS AND INTERPRETATION

3. In these Articles, the following words and expressions, unless repugnant to the subject, shall mean the following:

"**Act**"means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.

"**Annual General Meeting**"means the annual general meeting of the Company convened and held in accordance with the Act.

"**Articles of Association**"or"**Articles**"mean these articles of association of the Company, as may be altered from time to time in accordance with the Act.

"**Board**"or "**Board of Directors**"means the board of directors of the Company in office at applicable times.

"**Company**"means Avalon Technologies Limited, a company incorporated under the laws of India.

"**Depository**"means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Act and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"**Director**"shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with and the provisions of these Articles.

"**Equity Shares or Shares**" shall mean the issued, subscribed and fully paid-up equity shares of the Company of Rs. Rs. 2/- (Rupees Two only) each;

"**Exchange**" shall mean BSE Limited and the National Stock Exchange of India Limited.

"**Extraordinary General Meeting**"means an extraordinary general meeting of the Company convened and held in accordance with the Act;

"**General Meeting**"means any duly convened meeting of the shareholders of the Company and any adjournments thereof;

"**IPO**"means the initial public offering of the Equity Shares of the Company;

"**Member**"means the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the beneficial owners whose names are recorded as such with the Depository;

"**Memorandum**"or "**Memorandum of Association**"means the memorandum of association of the Company, as may be altered from time to time;

"**Office**"means the registered office, for the time being, of the Company;

"**Officer**"shall have the meaning assigned thereto by the Act;

"**Ordinary Resolution**" shall have the meaning assigned thereto by the Act;

"**Register of Members**"means the register of members to be maintained pursuant to the provisions of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of shares held in a Depository; and

"**Special Resolution**" shall have the meaning assigned thereto by the Act.

4. Except where the context requires otherwise, these Articles will be interpreted as follows:

(a) headings are for convenience only and shall not affect the construction or interpretation of any provision of these Articles.

(b) where a word or phrase is defined, other parts of speech and grammatical forms and the cognate variations of that word or phrase shall have corresponding meanings;

(c) words importing the singular shall include the plural and vice versa;

(d) all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders;

(e) the expressions "hereof", "herein" and similar expressions shall be construed as references to these Articles as a whole and not limited to the particular Article in which the relevant expression appears;

(f) the ejusdem generis (of the same kind) rule will not apply to the interpretation of these Articles. Accordingly, **include** and **including** will be read without limitation;

(g) any reference to a **person** includes any individual, firm, corporation, partnership, company, trust, association, joint venture, government (or agency or political subdivision thereof) or other entity of any kind, whether or not having separate legal personality. A reference to any person in these Articles shall, where the context permits, include such person's executors, administrators, heirs, legal representatives and permitted successors and assigns;

(h) a reference to any document (including these Articles) is to that document as amended, consolidated, supplemented, novated or replaced from time to time;

(i) references made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the Ministry of Corporate Affairs. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Companies Act, 2013 have been notified.

(j) a reference to a statute or statutory provision includes, to the extent applicable at any relevant time:

    (i) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision; and

    (ii) any subordinate legislation or regulation made under the relevant statute or statutory provision;

(k) references to writing include any mode of reproducing words in a legible and non-transitory form; and

(l) references to **Rupees, Re., Rs., INR, ₹**are references to the lawful currency of India.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. AUTHORISED SHARE CAPITAL

The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force.

6. NEW CAPITAL PART OF THE EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

7. KINDS OF SHARE CAPITAL

The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:

(a) Equity share capital:

 (i) with voting rights; and/or

 (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and

(b) Preference share capital.

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.

8. SHARES AT THE DISPOSAL OF THE DIRECTORS

Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 53 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Board of Directors think fit. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

9. CONSIDERATION FOR ALLOTMENT

The Board of Directors may issue and allot shares of the Company as payment in full or in part, 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 the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares.However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.

10. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARE CERTIFICATE

Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(b) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(c) cancel shares which at the date of such General Meeting 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;

(d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and

(e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

11. FURTHER ISSUE OF SHARES

(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:

(A)

(i) To the persons who at the date of the offer are of the Equity 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 conditions mentioned in (ii) to (iv) below;

(ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed under applicable Indian law and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

(iii) 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 infavour of any other person and the notice referred to in sub-clause(ii) shall contain a statement of this right;

(iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

(B) to employees under any 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 applicable law; or

(C) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) 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 compliance with the applicable conditions of Chapter III of the Act and any other conditions as may be prescribed under the Act and the rules made thereunder;

(2) Nothing in sub-clause(iii)ofClause (1)(A)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 compromised in the renunciation.

(3) 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 loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company:

Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of such loans by a Special Resolution passed by the Company in a General Meeting.

(4) Notwithstanding anything contained in Article 11(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

Where the Government has, by an order made under Article 12 (4), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under Article 12 (4) or where such appeal has been dismissed, the memorandum of the Company shall, where such order has the effect of increasing the authorised share capital of the Company, stand altered and the authorised share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

(5) In determining the terms and conditions of conversion under Article 12 (4), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.

(6) Where the Government has, by an order made under Article 12 (4), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under Article 12 (4) or where such appeal has been dismissed, the memorandum of the Company shall, where such order has the effect of increasing the authorised share capital of the Company, stand altered and the authorised share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

12. ALLOTMENT ON APPLICATION TO BE ACCEPTANCE OF SHARES

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members, shall, for the purpose of these Articles, be a Member.

13. RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT

The Board shall observe the restrictions as regards allotment of shares to the public contained in the Act, and as regards return on allotments, the Directors shall comply with applicable provisions of the Act.

14. MONEY DUE ON SHARES TO BE A DEBT TO THE COMPANY

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

15. INSTALLMENTS ON SHARES

If, by the conditions of allotment of any shares, whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

16. MEMBERS OR HEIRS TO PAY UNPAID AMOUNTS

Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with these Articles require or fix for the payment thereof.

17. VARIATION OF SHAREHOLDERS' RIGHTS

(a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, as prescribed by the Act.

(b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these Articles relating to meeting shall *mutatis mutandis* apply.

18. PREFERENCE SHARES

(a) **Redeemable Preference Shares**
The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act, and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) **Convertible Redeemable Preference Shares**
The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such securities on such terms as they may deem fit.

19. PAYMENTS OF INTEREST OUT OF CAPITAL

The Company shall have the power to pay interest out of its capital on so much of the shares which have been issued for the purpose of raising money to defray the expenses of the construction of any work or building for the Company in accordance with the Act.

20. AMALGAMATION

Subject to provisions of these Articles, the Company may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate subject to the provisions of the Act.

SHARE CERTIFICATES

21. ISSUE OF CERTIFICATE

Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying ₹20 (Indian Rupees Twenty)) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates, unless prohibited by any provision of law or any order of court, tribunal or other authority having jurisdiction, within two (2) months from the date of allotment, or within one (1) month of the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its shares as the case maybe or within a period of six (6) months from the date of allotment in the case of any allotment of debenture. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such joint holders.

Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary and the common seal it shall be affixed in the presence of the persons required to sign the certificate.

22. RULES TO ISSUE SHARE CERTIFICATES

The Act shall be complied with in respect of the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the Act.

23. ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued upon payment of such fees for each certificate as may be specified by the Board (which fees shall not exceed the maximum amount permitted under the applicable law). Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf. The provision of this Article shall *mutatis mutandis* apply to debentures of the Company.

UNDERWRITING & BROKERAGE

24. COMMISSION FOR PLACING SHARES, DEBENTURES, ETC.

(a) Subject to the provisions of the Act and other applicable laws, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of the Act shall apply.

(b) The Company may also, in any issue, pay such brokerage as may be lawful.

(c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

LIEN

25. COMPANY'S LIEN ON SHARES / DEBENTURES

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture. Unless otherwise agreed, the registration of transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

The fully paid up shares shall be free from all lien on any account whatsoever and in the case of partly paid up shares, if any, the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

26. LIEN TO EXTEND TO DIVIDENDS, ETC.

The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares / debentures.

27. ENFORCING LIEN BY SALE

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—
(a) unless a sum in respect of which the lien exists is presently payable; or
(b) until the expiration of fourteen (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 to the person entitled thereto by reason of his death or insolvency or otherwise.

No Member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

28. VALIDITY OF SALE

To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. 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 with reference to the sale.

29. VALIDITY OF COMPANY'S RECEIPT

The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case maybe) constitute a good title to the share and the purchaser shall be registered as the holder of the share.

30. APPLICATION OF SALE PROCEEDS

The 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 and 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.

31. OUTSIDER'S LIEN NOT TO AFFECT COMPANY'S LIEN

In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by law) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

32. PROVISIONS AS TO LIEN TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

CALLS ON SHARES

33. BOARD TO HAVE RIGHT TO MAKE CALLS ON SHARES

The Board may subject to the provisions of the Act and any other applicable law, from time to time, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders' in a General Meeting.

34. NOTICE FOR CALL

Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more Members as the Board may deem appropriate in any circumstances.

35. CALL WHEN MADE

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board and may be required to be paid in instalments.

36. LIABILITY OF JOINT HOLDERS FOR A CALL

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

37. CALLS TO CARRY INTEREST

If a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at the rate of ten percent or such other lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part.

38. DUES DEEMED TO BE CALLS

Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

39. EFFECT OF NON-PAYMENT OF SUMS

In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

40. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

The Board –

(a) may, subject to provisions of the Act, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as as may be agreed upon between the Board and the Member paying the sum in advance. Nothing contained in this Article shall confer on the Member (i) any right to participate in profits or dividends; or (ii) any voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable by him. The Directors may at any times repay the amount so advanced.

41. PROVISIONS AS TO CALLS TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

FORFEITURE OF SHARES

42. BOARD TO HAVE A RIGHT TO FORFEIT SHARES

If a Member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

43. NOTICE FOR FORFEITURE OF SHARES

The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of services of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

44. RECEIPT OF PART AMOUNT OR GRANT OF INDULGENCE NOT TO AFFECT FORFEITURE

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by applicable law.

45. FORFEITED SHARE TO BE THE PROPERTY OF THE COMPANY

Any share forfeited in accordance with these Articles, shall be deemed to be the property of the Company and may be sold, re-allocated 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 thinks fit.

46. ENTRY OF FORFEITURE IN REGISTER OF MEMBERS

When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

47. MEMBER TO BE LIABLE EVEN AFTER FORFEITURE

A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

48. EFFECT OF FORFEITURE

The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

49. CERTIFICATE OF FORFEITURE

A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited 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 share.

50. TITLE OF PURCHASER AND TRANSFEREE OF FORFEITED SHARES

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. The transferee shall thereupon be registered as the holder of the share and the transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

51. VALIDITY OF SALES

Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for 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 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.

52. CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

53. BOARD ENTITLED TO CANCEL FORFEITURE

The Board may at any time before any share so forfeited shall have them sold, reallotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

54. SURRENDER OF SHARE CERTIFICATES

The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering them on such terms as they think fit.

55. SUMS DEEMED TO BE CALLS

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

56. PROVISIONS AS TO FORFEITURE OF SHARES TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

TRANSFER AND TRANSMISSION OF SHARES

57. REGISTER OF TRANSFERS

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall also use a common form of transfer.

58. ENDORSEMENT OF TRANSFER

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

59. INSTRUMENT OF TRANSFER

(a) The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. 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, 1996 shall apply.

(b) The Board may decline to recognize any instrument of transfer unless-
   - (i) the instrument of transfer is in the form prescribed under the Act;
   - (ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
   - (iii) the instrument of transfer is in respect of only one class of shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

60. EXECUTION OF TRANSFER INSTRUMENT

Every such instrument of transfer shall be executed, both by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof.

61. CLOSING REGISTER OF TRANSFERS AND OF MEMBERS

Subject to compliance with the Act and other applicable law, the Board shall be empowered, on giving not less than seven (7) days' notice or such period as may be prescribed, to close the transfer books, Register of Members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty (30) days at a time and not exceeding an aggregate forty five (45) days in each year as it may seem expedient.

62. DIRECTORS MAY REFUSE TO REGISTER TRANSFER

Subject to the provisions of these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may (at its own absolute and uncontrolled discretion) decline or refuse by giving reasons, whether in pursuance of any power of the Company under these Articles or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company, after providing sufficient cause, within a period of 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. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.

63. TRANSFER OF PARTLY PAID SHARES

Where in the case of partly paid shares, an application for registration is made by the transferor alone, the transfer shall not be registered, unless the Company gives the notice of the application to the transferee in accordance with the provisions of the Act and the transferee gives no objection to the transfer within the time period prescribed under the Act.

64. TITLE TO SHARES OF DECEASED MEMBERS

The executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased Member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such Members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein 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. Provided nevertheless that in case the Directors, in their absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of a probate or letters of administration or a succession certificate or such other legal representation upon such terms (if any) (as to indemnify or otherwise) as the Directors may consider necessary or desirable.

65. TRANSFERS NOT PERMITTED

No share shall in any circumstances be transferred to any infant, insolvent or a person of unsound mind, except fully paid shares through a legal guardian.

66. TRANSMISSION OF SHARES

Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, 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 as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

67. RIGHTS ON TRANSMISSION

A person becoming entitled to a share by reason of the death or insolvency of the holder shall, subject to the Directors' right to retain such dividends or money, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give a notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with.

68. SHARE CERTIFICATES TO BE SURRENDERED

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 (save as provided in the Act) properly stamped and executed instrument of transfer.

69. COMPANY NOT LIABLE TO NOTICE OF EQUITABLE RIGHTS

The Company shall incur no liability or responsibility whatever 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) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, 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.

70. TRANSFER AND TRANSMISSION OF DEBENTURES

The provisions of these Articles, shall, *mutatis mutandis*, apply to the transfer of or the transmission by law of the right to any securities including, debentures of the Company.

ALTERATION OF CAPITAL

71. RIGHTS TO ISSUE SHARE WARRANTS

The Company may issue share warrants subject to, and in accordance with provisions of the Act. The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

72. BOARD TO MAKE RULES

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

73. SHARES MAY BE CONVERTED INTO STOCK

Where shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

(c) such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"Member" shall include "stock" and "stock-holder" respectively.

74. REDUCTION OF CAPITAL

The Company may, by a Special Resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act—

(a) its share capital; and/or

(b) any capital redemption reserve account; and/or

(c) any share premium account

and in particular without prejudice to the generality of the foregoing power may be: (i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up; (ii) either with or without extinguishing or reducing liability on any of its shares, (a) cancel paid up share capital which is lost or is unrepresented by available assets; or (b) pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

75. DEMATERIALISATION OF SECURITIES

(a) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996.
Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, 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 thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable law.

(b) <u>Dematerialisation/Re-materialisation of securities</u>
Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re materialise its securities held in Depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

(c) <u>Option to receive security certificate or hold securities with the Depository</u>

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

(d) Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

(e) Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security 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 securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security 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 security in the joint names of any two or more persons or the survivor or survivors of them.

(f) Register and index of beneficial owners

The Company shall cause to be kept a register and index of members with details of securities held in materialised and dematerialised 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, 1996 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 of Members, resident in that state or country.

76. BUY BACK OF SHARES

Notwithstanding anything contained in these Articles, but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

77. ANNUAL GENERAL MEETINGS

(a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year.

(b) An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act.

78. EXTRAORDINARY GENERAL MEETINGS

All General Meetings other than the Annual General Meeting shall be called "Extraordinary General Meeting". Provided that, the Board may, whenever it thinks fit, call an Extraordinary General Meeting.

79. EXTRAORDINARY MEETINGS ON REQUISITION

The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.

80. NOTICE FOR GENERAL MEETINGS

All General Meetings shall be convened by giving not less than clear twenty one (21) days' notice, in such manner as is prescribed under the Act, specifying the place, date and hour of the meeting and a statement of the business proposed to be transacted at such a meeting, in the manner mentioned in the

Act. Notice shall be given to all the Members and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings.

The Members may participate in General Meetings through such modes as permitted by applicable laws.

81. SHORTER NOTICE ADMISSIBLE

Upon compliance with the relevant provisions of the Act, an Annual General Meeting or any General Meeting may be convened by giving a shorter notice than twenty one (21) days.

82. CIRCULATION OF MEMBERS' RESOLUTION

The Company shall comply with provisions of Section 111 of the Act, as to giving notice of resolutions and circulating statements on the requisition of Members.

83. SPECIAL AND ORDINARY BUSINESS

(a) Subject to the provisions of the Act, all business shall be deemed special that is transacted at the Annual General Meeting with the exception of declaration of any dividend, the consideration of financial statements and reports of the Directors and auditors, the appointment of Directors in place of those retiring and the appointment of and fixing of the remuneration of the auditors. In case of any other meeting, all business shall be deemed to be special.

(b) In case of special business as aforesaid, an explanatory statement as required under the applicable provisions of the Act shall be annexed to the notice of the meeting.

84. QUORUM FOR GENERAL MEETING

Five (5) Members or such other number of Members as required under the Act or the applicable law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

85. TIME FOR QUORUM AND ADJOURNMENT

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting, a quorum is not present, the meeting, if called upon the requisition of Members, shall be cancelled and in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine. If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be quorum and may transact the business for which the meeting was called.

86. CHAIRMAN OF GENERAL MEETING

The chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company.

87. ELECTION OF CHAIRMAN

Subject to the provisions of the Act, if there is no such chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall elect another Director as chairman and if no Director be present or if all the Directors decline to take the chair, then the Members present shall choose a Member to be the chairman.

88. ADJOURNMENT OF MEETING

Subject to the provisions of the Act, the chairman of a General Meeting may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as nearly to the original meeting, as may be possible. Save as aforesaid and as provided in Section 103 of the Act, it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

89. VOTING AT MEETING

At any General Meeting, a demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Further, no objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision shall be final and conclusive.

90. DECISION BY POLL

If a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

91. CASTING VOTE OF CHAIRMAN

In case of equal votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member.

92. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Act, to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under the Act.

(c) If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

VOTE OF MEMBERS

93. VOTING RIGHTS OF MEMBERS

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) On a show of hands every Member holding Equity Shares and present in person shall have one vote.

(b) On a poll, every Member holding Equity Shares therein shall have voting rights in proportion to his share in the paid up equity share capital.

(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

94. VOTING BY JOINT-HOLDERS

In case of joint holders the vote of first named of such joint holders in the Register of Members who tender a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders.

95. VOTING BY MEMBER OF UNSOUND MIND

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy.

96. NO RIGHT TO VOTE UNLESS CALLS ARE PAID

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

97. PROXY

Any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

98. INSTRUMENT OF PROXY

An instrument appointing a proxy shall be in the form as prescribed under the Act for this purpose. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a body corporate either under its common seal or under the hand of its officer or attorney duly authorized in writing by it. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the Office of the Company not less than forty eight (48) hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

99. VALIDITY OF PROXY

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

100. CORPORATE MEMBERS

Any corporation which is a Member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Member of the Company (including the right to vote by proxy).

DIRECTOR

101. NUMBER OF DIRECTORS

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution.

The following shall be the first Directors of the Company:

1) Mr. T P Imbichammad
2) Mr. M. Kunhamed Bicha
3) Mr. Bhasker Srinivasan

4) Mrs. Mariyam Bicha

102. SHARE QUALIFICATION NOT NECESSARY

Any person whether a Member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

103. ADDITIONAL DIRECTORS

Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

104. ALTERNATE DIRECTORS

(a) The Board may, subject to provisions of the Act, appoint a person, not being a person holding any alternate directorship for any other director in the Company or holding directorship in the Company, to act as an alternate director for a director during his absence for a period of not less than 3 (three) months from India (hereinafter in this Article called the "**Original Director**").

(b) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

105. APPOINTMENT OF DIRECTOR TO FILL A CASUAL VACANCY

If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting. The director so appointed shall hold office only up to the date which the director in whose place he is appointed would have held office if it had not been vacated.

106. REMUNERATION OF DIRECTORS

(a) A Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act.

(b) The Board of Directors may allow and pay or reimburse any Director who is not a bona fide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

(c) The managing Directors/ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

107. REMUNERATION FOR EXTRA SERVICES

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act, the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

108. CONTINUING DIRECTOR MAY ACT

The continuing Directors may act notwithstanding any vacancy in the Board, but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company, but for no other purpose.

109. VACATION OF OFFICE OF DIRECTOR

The office of a Director shall be deemed to have been vacated under the circumstances enumerated under Act.

ROTATION AND RETIREMENT OF DIRECTOR

110. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held every year, one-third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing director appointed or the Directors appointed as a debenture director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

111. RETIRING DIRECTORS ELIGIBLE FOR RE-ELECTION

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

112. WHICH DIRECTOR TO RETIRE

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

113. POWER TO REMOVE DIRECTOR BY ORDINARY RESOLUTION

Subject to the provisions of the Act, the Company may by an Ordinary Resolution in General Meeting, remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead.

Provided that an independent director re-appointed for second term under the provisions of the Act shall be removed by the company only by passing a Special Resolution and after giving him a reasonable opportunity of being heard.

114. DIRECTORS NOT LIABLE FOR RETIREMENT

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

115. DIRECTOR FOR COMPANIES PROMOTED BY THE COMPANY

Directors of the Company may be or become a director of any company promoted by the Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company subject to compliance with applicable provisions of the Act.

PROCEEDINGS OF BOARD OF DIRECTORS

116. MEETINGS OF THE BOARD

(a) The Board of Directors shall meet at least once in every three (3) months with a maximum gap of four (4) months between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the Board shall be at a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board.

(b) The chairman may, at any time, and the secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least seven (7) days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

(c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting.

(d) To the extent permissible by applicable law, the Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, that is, by way of video conferencing i.e., audio visual electronic communication facility. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing. Any Director participating in a meeting through the use of video conferencing shall be counted for the purpose of quorum.

117. QUESTIONS AT BOARD MEETING HOW DECIDED

Questions arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

118. QUORUM

Subject to the provisions of the Act and other applicable law, the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

At any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The term ‘interested director’ means any Director whose presence cannot, by reason of applicable provisions of the Act be counted for the purpose of forming a quorum at meeting of the Board, at the time of the discussion or vote on the concerned matter or resolution.

119. ADJOURNED MEETING

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.

120. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

121. POWERS OF DIRECTORS

(a) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other applicable law, or by the Memorandum or by the Articles required to be exercised by the Company in a General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other applicable law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in a General Meeting; but no regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(b) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case maybe, by such person and in such manner as the Board shall from time to time by resolution determine.

122. DELEGATION OF POWERS

(a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

(b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

123. ELECTION OF CHAIRMAN OF COMMITTEE

(a) A committee may elect a chairman of its meeting. If no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be the chairman of the committee meeting.

(b) The quorum of a committee may be fixed by the Board of Directors.

124. QUESTIONS HOW DETERMINED

(a) A committee may meet and adjourn as it thinks proper.

(b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present as the case may be and in case of equality of vote, the chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

125. VALIDITY OF ACTS DONE BY BOARD OR A COMMITTEE

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

126. RESOLUTION BY CIRCULATION

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the committee, as the case may be and to all other Directors or Members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

127. MAINTENANCE OF FOREIGN REGISTER

The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit respecting the keeping of any register.

128. BORROWING POWERS

(a) Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this Company or any other company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans (as defined under Section 180(1) of the Act) obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid up capital of the Company, its free reserves and securities premium. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

(d) Any bonds, debentures, debenture-stock or other securities may if permissible under applicable 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 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, allotment of shares, attending (but not voting) in 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.

129. NOMINEE DIRECTORS

(a) Subject to the provisions of the Act, so long as any moneys remain owing by the Company to Financial Institutions regulated by the Reserve Bank of India, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non-Banking Financial Company regulated by the Reserve Bank of India or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ company (hereinafter referred to as the "**Corporation**") so provides, the Corporation may, in pursuance of the provisions of any law for the time being in force or of any agreement, have a right to appoint from time to time any person or persons as a Director or Directors whole-time or non whole-time (which Director or Director/s is/are hereinafter referred to as "**Nominee Directors/s**") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

(b) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(c) The Company may pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s may accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

(d) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

130. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

131. MANAGING DIRECTOR(S) AND/OR WHOLE TIME DIRECTORS

(a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the managing director and/ or whole time directors for such term and subject to such remuneration, terms and conditions as they may think fit.

(b) The Directors may from time to time resolve that there shall be either one or more managing directors and/ or whole-time directors.

(c) In the event of any vacancy arising in the office of a managing director and/or whole time director, the vacancy shall be filled by the Board of Directors subject to the approval of the Members.

(d) If a managing director and/or whole time director ceases to hold office as Director, he shall ipso facto and immediately cease to be managing director/whole time director.

(e) The managing director and/or whole time director shall not be liable to retirement by rotation as long as he holds office as managing director or whole-time director.

132. POWERS AND DUTIES OF MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR

The managing director/whole time director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these Articles by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The managing

Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

133. REIMBURSEMENT OF EXPENSES

The managing Directors/whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

134. CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Subject to the provisions of the Act —

(a) A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board.

(b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer. Further, an individual may be appointed or reappointed as the chairperson of the Company as well as the managing Director or chief executive officer of the Company at the same time.

(c) A provision of the Act or the Articles requiring or authorising a thing to be done by or to a Director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

COMMON SEAL

135. CUSTODY OF COMMON SEAL

The Board shall provide for the safe custody of the common seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

136. SEAL HOW AFFIXED

The Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the seal for the time being and the seal shall never be used except by or under the authority of the Directors or a committee of the Directors previously given, and in the presence of at least one Director and of the company secretary or such other person duly authorised by the Directors or a committee of the Directors, who shall sign every instrument to which the seal is so affixed in his presence. The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad and such powers shall accordingly be vested in the Directors or any other person duly authorized for the purpose.

DIVIDEND

137. COMPANY IN GENERAL MEETING MAY DECLARE DIVIDENDS

The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

138. INTERIM DIVIDENDS

Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit and as appear to it to be justified by the profits of the company.

139. RIGHT TO DIVIDEND AND UNPAID OR UNCLAIMED DIVIDEND

(a) Where capital is paid in advance of calls, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.

(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account".

(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Act and the Company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said fund and that authority shall issue a receipt to the Company as evidence of such transfer.

(d) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law no unpaid dividend shall bear interest as against the Company.

(e) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

140. DIVISION OF PROFITS

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

141. DIVIDENDS TO BE APPORTIONED

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

142. RESERVE FUNDS

(a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.

(b) The Board may also carry forward any profits when it may consider necessary not to divide, without setting them aside as a reserve.

143. DEDUCTION OF ARREARS

Subject to the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares of or otherwise howsoever whether alone or jointly with any other person or persons and the Board may deduct from any dividend payable to any Members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

144. RETENTION OF DIVIDENDS

The Board may retain dividends payable upon shares in respect of which any person is, under Articles 57 to 70 hereinbefore contained, entitled to become a Member, until such person shall become a Member in respect of such shares.

145. RECEIPT OF JOINT HOLDER

Any one of two or more joint holders of a share may give effective receipt for any dividends, bonuses or other moneys payable in respect of such shares.

146. DIVIDEND HOW REMITTED

Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

147. DIVIDENDS NOT TO BEAR INTEREST

No dividends shall bear interest against the Company.

148. TRANSFER OF SHARES AND DIVIDENDS

Subject to the provisions of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

CAPITALISATION OF PROFITS

149. CAPITALISATION OF PROFITS

(a) The Company in General Meeting, may, on recommendation of the Board resolve:
   (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company’s reserve accounts or securities premium account or to the credit of the profit and loss account or otherwise available for distribution; and
   (ii) that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:
   (i) paying up any amounts for the time being unpaid on shares held by such Members respectively;
   (ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or
   (iii) partly in the way specified in sub-clause (i) and partly that specified in sub -clause (ii).
   (iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
   (v) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles.

150. POWER OF DIRECTORS FOR DECLARATION OF BONUS ISSUE

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
   (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and
   (ii) generally do all acts and things required to give effect thereto.

(b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fractions; and

(ii) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or other securities to which they may be entitled upon such capitalization or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amount or any parts of the amounts remaining unpaid on their existing shares.

(c) Any agreement made under such authority shall be effective and binding on such Members.

ACCOUNTS

151. WHERE BOOKS OF ACCOUNTS TO BE KEPT

The Books of Account shall be kept at the Office or at such other place in India as the Directors think fit in accordance with the applicable provisions of the Act.

152. INSPECTION BY DIRECTORS

The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act.

153. INSPECTION BY MEMBERS

No Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

SERVICE OF DOCUMENTS AND NOTICE

154. MEMBERS TO NOTIFY ADDRESS IN INDIA

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

155. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Member has no registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

156. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF MEMBERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

157. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(a) To the Members of the Company as provided by these Articles.

(b) To the persons entitled to a share in consequence of the death or insolvency of a Member.
(c) To the Directors of the Company.
(d) To the auditors for the time being of the Company; in the manner authorized by as in the case of any Member or Members of the Company.

158. NOTICE BY ADVERTISEMENT

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the Members, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district in which the Office is situated.

159. MEMBERS BOUND BY DOCUMENT GIVEN TO PREVIOUS HOLDERS

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares, shall be bound by every document in respect of such share which, previously to his name and address being entered in the Register of Members, shall have been duly served on or sent to the person from whom he derived his title to such share.

Any notice to be given by the Company shall be signed by the managing Director or by such Director or Secretary (if any) or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

160. Subject to the applicable provisions of the Act–
(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

161. APPLICATION OF ASSETS

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the Members according to their rights and interests in the Company.

INDEMNITY

162. DIRECTOR'S AND OTHERS' RIGHT TO INDEMNITY

Subject to the provisions of the Act, every Director and Officer of the Company shall be indemnified by the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, willful misconduct or bad faith acts or omissions of such Director.

163. INSURANCE

The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

SECRECY CLAUSE

164. SECRECY

No Member shall be entitled to inspect the Company's works without the permission of the managing director/Directors or to require discovery of any information respectively and detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the managing director/Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

GENERAL POWER

165. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

166. At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**Listing Regulations**"), the provisions of the Listing Regulations shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the Listing Regulations, from time to time

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which have been entered into 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 delivered to the Registrar of Companies for registration. Copies of the aforementioned contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office, between 10.00 am and 5.00 pm on all Working Days and will also be available at the website of our Company, from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such agreements executed after 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, 2013 and other applicable law.

Material Contracts to the Offer

1. Offer Agreement dated August 9, 2022 entered into among our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated August 2, 2022 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer Bank(s), the Refund Bank(s) and Sponsor Bank.

4. Share Escrow Agreement dated [●] entered into among the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered into among the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer.

6. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

7. Underwriting Agreement dated [●] entered into among our Company, the Registrar to the Offer, the Selling Shareholders and the BRLMs.

Material Documents in relation to the Offer

(1) Certified copies of updated Memorandum of Association and Articles of Association of our Company as amended until date.

(2) Certificate of incorporation dated November 3, 1999.

(3) Fresh certificate of incorporation dated July 29, 2022 consequent upon change of name of our Company pursuant to its conversion to a public company.

(4) Resolution passed by our Board in relation to the Offer and other related matters dated August 2, 2022.

(5) Resolution passed by our Shareholders in relation to the Fresh Issue and other related matters dated August 2, 2022.

(6) Consent letters from the Selling Shareholders in relation to the Offer for Sale of its Offered Shares authorizing the Offer for Sale.

(7) Share purchase agreement dated September 25, 2019 executed amongst T P Imbichammad, Mariyam Bicha, Kunhamed Bicha, Bhaskar Srinivasan and Anand Kumar, Avalon Technologies and Services Private Limited and our Company.

(8) Stock purchase agreement dated October 21, 2020 between our Company and Anand Kumar;

(9) Agreement dated December 16, 2020 executed between our Company and Sienna;

(10) Stock purchase agreement dated December 10, 2020 between our Company and Bhaskar Srinivasan;

(11) Stock purchase agreement dated December 10, 2020 between our Company and Kunhamed Bicha;

(12) Share purchase agreement dated May 27, 2021 by and amongst our Company, V.S. Chandrashekhar and Sienna ECAD Technologies Private Limited;

(13) Share purchase agreement dated May 27, 2021 by and amongst our Company, Sureshbabu R. Chandra and Sienna ECAD Technologies Private Limited;

(14) Share subscription agreement dated March 1, 2018, entered into between M A Murugappan Holdings Private Limited and our Company, as amended through the Waiver Cum Amendment Agreement dated July 22, 2022.

(15) Share subscription agreement dated March 1, 2018, entered into between M A M Arunachalam and our Company as amended through the Waiver Cum Amendment Agreement dated July 22, 2022.

(16) Managing director appointment agreement dated July 12, 2022 entered into between our Company and Kunhamed Bicha.

(17) Resolution passed by our Board and Shareholders in relation to the appointment of Kunhamed Bicha, our Chairman and Managing Director, each dated July 12, 2022.

(18) Copies of annual reports of our Company for the last three Fiscals, *i.e.*, Fiscals 2022, 2021 and 2020.

(19) Consent letter from our Statutory Auditors dated August 9, 2022 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 August 2, 2022 on our Restated Consolidated Financial Information; and (ii) their report dated August 9, 2022 on the statement of possible special tax benefits available to the Company and its shareholders and its Material Subsidiaries in this Draft Red Herring Prospectus.

(20) Consent dated August 9, 2022 from Mohan & Venkataraman, Chartered Accountants, to include their name under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company.

(21) Consent dated August 9, 2022 from Protech Consultants, to include their name under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of their certificate dated August 9, 2022 on our Company's and our Subsidiaries' manufacturing capacity and its utilization at certain manufacturing facilities.

(22) The examination report of our Statutory Auditors dated August 2, 2022 on our Restated Consolidated Financial Information.

(23) Industry report titled "*Market Assessment for India EMS Industry*" dated August 4, 2022, prepared by F&S and consent letter dated August 4, 2022 from F&S.

(24) Engagement letter dated March 25, 2022 between our Company and F&S for appointment of F&S for commissioning of the F&S Report.

(25) Statement of Possible Special Tax Benefits August 9, 2022.

(26) Consents of the BRLMs, the Syndicate Members, Registrar to the Offer, Bankers to the Offer, Escrow Banks, Refund Banks, Sponsor Bank, Monitoring Agency, legal advisors, our Directors, Company Secretary, Compliance Officer and Legal Head, as referred to act, in their respective capacities.

(27) In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.

(28) Tripartite Agreement dated April 5, 2022 among our Company, NSDL and the Registrar to the Offer.

(29) Tripartite Agreement dated April 7, 2022 among our Company, CDSL and the Registrar to the Offer.

(30) Due diligence certificate dated August 9, 2022 to SEBI from the BRLMs.

(31) SEBI observation letter dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

Kunhamed Bicha
(Chairman and Managing Director)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR or rules made or guidelines or regulations issued thereunder, 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

____

Bhaskar Srinivasan
(Non-executive Director)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

____
Luquman Veedu Ediyanam
(Non-executive Director)

Date: August 9, 2022

Place: Abu Dhabi, UAE

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

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Sareday Seshu Kumar
(Non-executive Director)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

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Venkataramani Ananthramakrishnan
(Independent Director)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

Chandar Pattabhiram
(Independent Director)

Date: August 9, 2022

Place: Saratoga, USA

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

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Byas Unnikrishnan Nambisan
(Independent Director)

Date: August 9, 2022

Place: Bangalore, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

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Sabhita Rao
(Independent Director)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the guidelines and regulations issued by 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 SEBI Act, the SCRA, the SCRR, or rules made or guidelines or regulations issued thereunder, 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

R M Subramanian
(Chief Financial Officer)

Date: August 9, 2022

Place: Chennai, India

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Kunhamed Bicha

Date: August 9, 2022

Place: Chennai, India

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Bhaskar Srinivasan

Date: August 9, 2022

Place: Chennai, India

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Luquman Veedu Ediyanam

Date: August 9, 2022

Place: Abu Dhabi, UAE

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Anand Kumar

Date: August 9, 2022

Place: Singapore

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Sareday Seshu Kumar

Date: August 9, 2022

Place: Chennai, India

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself and the Equity Shares being sold by him pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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T P Imbichammad

Date: August 9, 2022

Place: Chennai, India

DECLARATION

The undersigned Selling Shareholder, hereby confirms, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by her in this Draft Red Herring Prospectus in relation to herself and the Equity Shares being sold by her pursuant to the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statement, and undertakings, including statements made by, or relating to, the Company, or any other Selling Shareholders, or any expert, or any other person(s) in this Draft Red Herring Prospectus.

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Mariyam Bicha

Date: August 9, 2022

Place: Chennai, India