DRAFT RED HERRING PROSPECTUS
Dated June 16, 2018
Please read Section 32 of the Companies Act, 2013
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Built Offer

VECTUS INDUSTRIES LIMITED

Our Company was incorporated as "Vectus Industries Limited" at Gwalior, pursuant to a certificate of incorporation dated August 30, 2007 issued by the RoC, upon the conversion of "M/s. Vector Polymers", a partnership firm, into a public limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Our Company received a certificate of commencement of business on July 14, 2008 from the RoC. For further details of change in the name and Registered Office of our Company, see "*History and Certain Corporate Matters*" on page 140.

Registered Office: 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh; **Tel**: +91 751 243 2428; **Fax**: +91 751 223 2402
Corporate Office: A-36, Sector 83, Noida 201 305, Uttar Pradesh; **Tel**: +91 120 475 3200; **Fax**: +91 120 475 3285
Contact Person: Mahipal Singh, Company Secretary and Compliance Officer; **Tel**: +91 120 475 3205; **Fax**: +91 120 475 3285; **E-mail:** investor.relations@vectus.in; **Website**: www.vectus.in
Corporate Identity Number: U25202MP2007PLC019781

OUR PROMOTERS: ASHISH BAHETI AND ATUL LADHA

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF VECTUS INDUSTRIES LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION, COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 850.00 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 3,898,575 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, COMPRISING UP TO 657,341 EQUITY SHARES BY ASHISH BAHETI AND UP TO 394,405 EQUITY SHARES BY ATUL LADHA (TOGETHER, THE "PROMOTER SELLING SHAREHOLDERS") AND UP TO 2,846,829 EQUITY SHARES BY LATINIA LIMITED (THE "INVESTOR SELLING SHAREHOLDER") (THE INVESTOR SELLING SHAREHOLDER AND THE PROMOTER SELLING SHAREHOLDERS ARE COLLECTIVELY, THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

THE FACE VALUE OF EACH EQUITY SHARE IS ₹10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMs AND WILL BE ADVERTISED IN [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, HINDI ALSO BEING THE REGIONAL LANGUAGE OF MADHYA PRADESH WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the total 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 press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

This Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"). This Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% 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 Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 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. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All 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 bank accounts which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, see "*Offer Procedure*" on page 373.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company and Selling Shareholders in consultation with the BRLMs as stated in "*Basis for Offer Price*" on page 82) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 16.

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, the Selling Shareholders severally and not jointly accept responsibility that this Draft Red Herring Prospectus contains all information about them as Selling Shareholders in the context of the Offer for Sale and further severally assume responsibility for statements in relation to them included in this Draft Red Herring Prospectus and the Equity Shares offered by them in the Offer and that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the 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 until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 435.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 E-mail: vil.ipo@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Shubham Mehta / Ashish Gupta SEBI Registration No.: INM0000010650	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: vectus.ipo@icicisecurities.com Investor grievance E-mail:customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Suyash Jain SEBI Registration No.: INM000011179	**IDFC Bank Limited** Naman Chambers, C – 32, G Block Bandra Kurla Complex Bandra (E), Mumbai 400 051 Maharashtra Tel: +91 22 7132 5500 Fax: +91 22 4222 2088 E-mail: vectus.ipo@idfcbank.com Investor Grievance E-mail: mb.ig@idfcbank.com Website: www.idfcbank.com Contact Person: Akshay Bhandari SEBI Registration No.:MB/INM000012250	**Karvy Computershare Private Limited** Karvy Selenium, Tower B Plot Nos. 31 - 32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Telangana Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: vectus.ipo@karvy.com Investor grievance e-mail: einward.rti@karvy.com Website: www.karisma.karvy.com Contact Person: Muralikrishna M SEBI Registration No.: INR000000221

BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●]*
BID/OFFER CLOSES ON	[●]**

* *Our Company and the Selling Shareholders may, in consultation with the BRLMs, 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 Selling Shareholders may, in consultation with the BRLMs, 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, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended 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 meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in "Statement of Tax Benefits", "Financial Statements", "Main Provisions of Articles of Association", "Outstanding Litigation and Material Developments", "Regulations and Policies" and "Offer Procedure – Part B" on pages 85, 174, 415, 347, 137 and 382, respectively, shall have the meaning ascribed to such terms in these respective sections.

General Terms

Term	Description
"our Company", "the Company" or "the Issuer"	Vectus Industries Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh
"we", "us", or "our"	Unless the context otherwise indicates or implies, our Company together with its Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of Association of our Company, as amended
Audit Committee	The audit committee of the board of directors, as described in "*Our Management*" on page 147
"Auditors" or "Statutory Auditors"	Statutory auditors of our Company, namely, Walker Chandiok & Co LLP, Chartered Accountants
"Board" or "Board of Directors"	Board of directors of our Company or a duly constituted committee thereof
CCDs	Compulsorily convertible debentures of our Company, with a face value of ₹ 1,000 each and bearing zero coupon rate
Chief Financial Officer	Chief financial officer of our Company
Corporate Office	A-36, Sector 83, Noida 201 305, Uttar Pradesh
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in "*Our Management*" on page 147
Director(s)	Director(s) on the Board
Equity Shares	Equity shares of our Company of face value of ₹10 each
ESOP 2018	Vectus Industries Limited Employee Stock Option Plan 2018
Executive Directors	Executive Directors of our Company
Group Companies	Companies which are covered under the applicable accounting standards and other companies as considered material by our Board. For details, see "*Our Group Companies*" on page 167
IPO Committee	The IPO Committee of our Board, constituted to facilitate the process of the Offer, as described in "*Our Management*" on page 147
Independent Directors	Independent directors on our Board, and eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management"* on page 147

Term	Description
Investment Agreement	Investment Agreement dated June 12, 2014, as amended on June 18, 2015 and May 30, 2018, amongst the Company, Promoters, Sarika Baheti, Ashish Baheti (HUF), Pure Ganga Water Systems Private Limited, Misha Baheti, Divian Baheti, Sunita Ladha, Shanti Devi Ladha, Atul Ladha and Sons (HUF), Shivangi Polymers Private Limited, G.D. Ladha, Manorama Ladha and Latinia Limited. For details, see "*History and Certain Corporate Matters*" on page 140
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations, the Companies Act, 2013 and as disclosed in "*Our Management*" on page 147
"Memorandum of Association" or "MoA"	Memorandum of Association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in "*Our Management*" on page 147
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations. For details see "*Our Promoter and Promoter Group*" on page 163
Promoters	The promoters of our Company namely, Ashish Baheti and Atul Ladha. For details, see "*Our Promoter and Promoter Group*" on page 163
Registered Office	Registered office of our Company located at 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh
"Registrar of Companies" or "RoC"	Registrar of Companies, Madhya Pradesh at Gwalior
Restated Consolidated Financial Information	The restated consolidated financial information of our Company, which comprises the restated consolidated statement of assets and liabilities, 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 flow as at and for the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, together with the annexures and notes thereto (presented in accordance with Ind AS), prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended read with the SEBI ICDR Regulations as amended from time to time in pursuance of provisions of SEBI Act, 1992. The restated consolidated financial information as at and for each of the years ended March 31, 2016, March 31, 2015 and March 31, 2014 are referred to as "the Proforma Ind AS Restated Consolidated Financial Information" as per the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India
Restated Financial Statements	Collectively, the Restated Consolidated Financial Information and the Restated Standalone Financial Information
Restated Standalone Financial Information	The restated standalone financial information of our Company, which comprises the restated standalone statement of assets and liabilities, the restated standalone statement of profit and loss (including other comprehensive income), the restated standalone statement of changes in equity and the restated standalone statement of cash flow as at and for the financial years ended March 31, 2018, March 31, 2017, March 31 2016, March 31, 2015 and March 31, 2014, together with the annexures and notes thereto (presented in accordance with Ind AS) prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended read with the SEBI ICDR Regulations as amended from time to time in pursuance of provisions of SEBI Act, 1992. The restated standalone financial information as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 are referred to as "the Proforma Ind AS Restated Standalone Financial Information" as per the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India

Term	Description
Scheme I	Scheme of amalgamation between Sintir Plast Containers Private Limited and our Company approved by the High Court of Madhya Pradesh *vide* its order dated November 1, 2013
Scheme II	Scheme of amalgamation between Baheti Rotoplast Private Limited and our Company approved by the High Court of Delhi and the High Court of Madhya Pradesh *vide* their respective orders dated January 28, 2014 and March 11, 2014
Scheme III	Scheme of amalgamation between Waterwell Containers Private Limited and our Company approved by the National Company Law Tribunal, Ahmedabad Bench, *vide* its order dated December 15, 2017
Shareholders	Equity shareholders of our Company, from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "*Our Management*" on page 147
Subsidiaries	Subsidiaries of our Company, namely, Gangotri Polymers Private Limited, Sunrise Tanks Private Limited and Vectus Containers Private Limited. For details, see "*History and Certain Corporate Matters*" on page 140

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" or "Allotted"	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the 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
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any bids from Anchor investors, and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be issued and 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 Selling Shareholders, in consultation with the BRLMs

Term	Description
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, 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
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders 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, the Escrow Collection Bank(s), Refund Bank(s) and Public Offer Account Bank(s)
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 373
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares
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, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Madhya Pradesh, where our Registered Office is located). In case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the websites and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations. Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with 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, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Madhya Pradesh, where our Registered Office is located)
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

Term	Description
Bidding Centers	Centers at which at the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, Edelweiss Financial Services Limited, ICICI Securities Limited and IDFC Bank Limited
Broker Centres	Broker 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 Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
“CAN” or “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	The 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 Agreement	Agreement dated [•] entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Bankers to the Offer for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholders, in consultation with the BRLMs Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details
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 websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after filing of the Prospectus with the RoC
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
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)

Term	Description
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated June 16, 2018 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
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Accounts will be opened, in this case being [●]
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of up to [●] Equity Shares aggregating up to ₹ 850.00 million by our Company
"General Information Document" or "GID"	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, suitably modified and and updated pursuant to, *inter alia*, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in "*Offer Procedure*" on page 373
ICICI Securities	ICICI Securities Limited
IDFC	IDFC Bank Limited
Investor Selling Shareholder	Latinia Limited
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
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further information about use of the Offer Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 76
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
"Non-Institutional Bidder" or "NIBs"	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)

Term	Description
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Offer	The public issue of up to [●] Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] each, aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated June 16, 2018 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 3,898,575 Equity Shares by Selling Shareholders at the Offer Price aggregating up to ₹ [●] million in terms of the Red Herring Prospectus
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of 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 the section titled "*Objects of the Offer*" on page 76
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. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, in [●] editions of the [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Madhya Pradesh where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price
Promoter Selling Shareholders	Ashish Baheti and Atul Ladha
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened 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	The bank with which the Public Offer Account is opened for collection of Bid Amounts from Escrow Account and ASBA Account on the Designated Date, in this case being [●]
"QIB Category" or "QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investors)
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations

Term	Description
"Red Herring Prospectus" or "RHP"	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Registered Brokers	Stock brokers registered 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	The agreement dated June 13, 2018 among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
"Registrar of Companies" or "RoC"	Registrar of Companies, Madhya Pradesh at Gwalior
"Registrar to the Offer" or "Registrar"	Karvy Computershare Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders) in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
"Self Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Selling Shareholders	The Promoter Selling Shareholders and the Investor Selling Shareholder
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement dated [●] amongst the Selling Shareholders, our Company, the BRLMs and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by such 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
Syndicate Agreement	Agreement to be entered into among our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate

Term	Description
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Syndicate	The BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date
Working Day	All days, other than second and fourth Saturday of a month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) 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 Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Technical / Industry Related Terms / Conventional and General Terms / Abbreviations

Term	Description
"₹", "Rs.", "Rupees" or "INR"	Indian Rupees
Adjusted Revenue	Sale of our products before discounts, rebates and various promotional schemes, net of excise duty. For details see *"Management's Discussion and Analysis Of Financial Condition and Results Of Operations – Details of Adjusted Revenue"* on page 339
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AMRUT	Atal Mission for Rejuvenation and Urban Transformation.
"AS" or "Accounting Standards"	Accounting Standards issued by the Institute of Chartered Accountants of India
"Bn" or "bn"	Billion
BSE	BSE Limited
CAGR	Compound Annual Growth Rate, which is computed by dividing the value of an investment at the year-end by its value at the beginning of that period, raise the result to the power of one divided by the period length, and subtract one from the subsequent result : ((End Value/Start Value)^(1/Periods) -1
Category I FPI(s)	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPI(s)	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III FPI(s)	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder

Term	Description
CPVC	Chlorinated poly vinyl chloride
creditor days	Creditor days is computed by dividing the amount of Trade payables as at the year-end divided by total value of adjusted revenue : (Trade payables/Adjusted revenue) X 365
"CRISIL" or "CRISIL Research"	CRISIL Limited
CY	Calendar Year
debtors days	Debtors days is computed by dividing the amount of Trade receivables as at the year-end divided by total value of adjusted revenue : (Trade receivables/Adjusted revenue) X 365
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
Dealers and distributors	Active dealers and distributors with whom we conducted business in the relevant fiscal year
DP ID	Depository Participant's Identification
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization, which is calculated by adding finance cost and depreciation and amortization expense to Profit before exceptional items less other income
EGM	Extraordinary General Meeting
Environment Protection Act	The Environment Protection Act, 1986
EPS	Earnings per Share
Factories Act	Factories Act, 1948
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
"Financial Year", "Fiscal", "fiscal", "Fiscal Year" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross domestic product
"GoI" or "Government"	Government of India
Gross Margin on Adjusted Revenue	Adjusted revenue less Cost of material consumed less Purchase of traded goods less changes in inventory of finished goods, work in progress, traded goods and stores and spares.
GST	Goods and services tax
Hazardous Waste Rules	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
ICAI	The Institute of Chartered Accountants of India
IMF	International Monetary Fund
"Income Tax Act" or "IT Act"	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
India	Republic of India

Term	Description
Indian GAAP	Generally Accepted Accounting Principles in India
inventory days	Inventory days is computed by dividing the amount of closing Inventory by total value of adjusted revenue : Inventories/Adjusted Revenue X 365
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
MCLR	Marginal cost of funds based lending rate
MCA	Ministry of Corporate Affairs, Government of India
"Mn" or "mn"	Million
MT	Metric Tonne
"N.A." or "NA"	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
No.	Number
Notified Sections	The sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs, Government of India
NR	Non-resident
NRE Account	Non Resident External Account
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PVC	Poly vinyl chloride
PE	Polyethylene
PPR	Polypropylene Random Copolymer
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957

Term	Description
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
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, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
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
semi-urban and rural	Cities/towns having a population of less than 1 million (as per census 2011 data).
SKU	Stock keeping unit. The term 'SKU' if relating to (i) water tanks is categorised on the basis of manufacturing process, type of product, brand, capacity, number of layers, colour and variant; (ii) pipes and fittings is categorised on the basis of product type, product segment, size, colour, brand, variant; and (iii) household plastics and others is categorised on the basis of product type and details, capacity/size, brand and variant.
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Systemically Important Non-Banking Financial Companies	A non-banking financial company registered with the Reserve Bank of India and having a net worth of more than ₹ 5,000 million as per its last audited financial statements
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trade Marks Act, 1999
"U.S." or "USA" or "United States"	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
"USD" or "US$"	United States Dollars
U.S. Securities Act	U.S. Securities Act of 1933
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(zn) of SEBI ICDR Regulations

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India.

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 stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements. Certain additional financial information pertaining to our Group Companies is derived from their respective financial statements. The Restated Financial Statements included in this Draft Red Herring Prospectus are as at and for the Fiscals ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and have been prepared in accordance with the Companies Act, Ind AS and have been restated in accordance with the SEBI ICDR Regulations and the guidance notes issued by ICAI. For further information, see "*Financial Information*" on page 174.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Our Company's financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Draft Red Herring Prospectus are to a calendar year.

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, the 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.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 16, 121 and 325, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements.

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

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

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

(Amount in ₹, unless otherwise specified)

Currency	As on March 31, 2018*	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014**
1 US$	64.45	64.84	66.33	62.59	60.09

Source: RBI Reference Rate

* *Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.*

** *Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.*

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 "*Assessment of the plastic tanks, plastic pipes and household & other plastic products industries"* dated June 13, 2018 prepared by CRISIL Research ("**CRISIL Report**"). The CRISIL Report has been prepared at the request of our Company. In relation to the CRISIL Report, please see below the disclaimer specified in their consent letter dated June 13, 2018 issued to our Company:

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

All financial information in relation to the Company specified in the CRISIL Report, relates to the financial information of the Company prepared in accordance with Indian GAAP for the relevant period specified therein, and may not be comparable to our Restated Financial Statements contained in this Draft Red Herring Prospectus.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the Report, see "*Risk Factors"*on page 16.

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

In accordance with the SEBI ICDR Regulations, see "*Basis for Offer Price*" on page 82 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

FORWARD-LOOKING STATEMENTS

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

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate 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 its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Failure to successfully procure raw materials in a timely manner, at competitive rates, or at all, or to identify new raw material suppliers;
- Our dependence on key suppliers of raw materials and the loss of, or a significant reduction in supply by, such suppliers;
- Any disruptions in transportation systems, including those arising from our reliance on third parties for our transportation needs;
- Our inability to expand or effectively manage our distribution network;
- Our inability to successfully expand our product portfolio and compete in the market for new products we seek to offer;
- Our inability to expand into new geographic markets;
- Our inability to estimate demand and consequently maintain an optimal level of inventory; and
- Credit and non-payment risks of our dealers and distributors.

For further discussion on factors that could cause actual results to differ from expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 16, 121 and 325, 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 gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, 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 the SEBI ICDR Regulations, our Company and the BRLMs will ensure that the investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall, severally and not jointly, ensure that investors are informed of material developments in relation to statements and undertakings specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus until the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate in or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. For a more detailed understanding of our business and operations, prospective investors should read this section in conjunction with "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 121 and 325, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in the Offer.

Prospective investors should pay particular attention to the fact that we were incorporated under the laws of India and are subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 15.

Our financial information for Fiscals 2018, 2017, 2016, 2015 and 2014 included in this Draft Red Herring Prospectus, are prepared under Ind AS. References to "Restated Consolidated Financial Information" are to our restated, consolidated financial information for Fiscals 2018, 2017, 2016, 2015 and 2014. Unless stated or the context requires otherwise, the financial information used in this section is derived from the Restated Consolidated Financial Information on page 252. For a discussion of our results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 325.

Risks Related to Our Business and Industry

1. ***Failure to successfully procure raw materials in a timely manner, at competitive rates, or at all, or to identify new raw material suppliers could adversely affect our business, financial condition and results of operations.***

Our business depends on our ability to attract and retain quality focused and cost efficient suppliers of raw material. Cost of raw materials consumed represented 62.41%, 61.96% and 62.73% of our Adjusted Revenue for Fiscal 2016, Fiscal 2017 and Fiscal 2018, respectively. In the event we are unable to continue to procure raw materials in a timely manner, at competitive prices, on terms acceptable to us or at all, our business will be adversely affected. We typically enter into yearly MoUs with our key raw material suppliers, and do not have any long term contracts for purchase of primary raw materials, including poly vinyl chloride ("**PVC**"), chlorinated poly vinyl chloride ("**CPVC**"), polyethylene, and polypropylene. Under the terms of these MoUs, while the contracted quantities of raw materials to be purchased from each key raw material supplier are fixed, the cost of procurement is determined by the prevailing market price at the time of placement of each purchase order, quantity and availability of raw material, which makes us vulnerable to price fluctuation risks. If we are unable to offset increases in the cost of raw materials through increases in the prices for our products, we may experience lower margins and reduced profitability, which would have a material adverse effect on our financial condition, cash flows and results of operations.

There can be no assurance that raw materials will be available in the future, in a timely manner, at competitive rates or at all. Any shortage in the production and supply of PVC, CPVC, polyethylene and polypropylene would materially affect our production process. Raw material supply and pricing can be volatile due to a number of factors beyond our control, including the ability of suppliers to manufacture such raw materials, global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates. Further, any significant increase in raw material costs could also result in an increase in our total expenses, which we may not be able to pass on to our customers, which, in turn, may adversely impact our financial condition and results of operations.

Our primary raw materials are derived from crude oil and petroleum products. Prices of crude oil and petroleum are volatile and depend on global demand-supply dynamics, as well as domestic output and import volumes. Any increase in their prices would lead to increases in the price of the raw materials required to manufacture our products. Further, some of the raw materials we use for our products are generated synthetically, and may be banned for use in the future, due to perceived potential environmental risks and adverse effects on human health. Any raw materials, which may be banned in the future, for environment, health, safety or public law and policy concerns, would require us to invest significant time and resources to redesign some or a significant number of our products and seek suitable alternative raw materials, which we may not be able to procure at competitive rates or at all.

2. ***We are dependent on certain key suppliers of raw materials and the loss of, or a significant reduction in supply by, such suppliers could adversely affect our business, financial condition and results of operations. Further, we are also exposed to contractual risks under the purchase orders we place with our suppliers, and any failure by our suppliers to deliver raw materials in a timely manner, or at all, may adversely affect us.***

We procure our primary raw materials, PVC, CPVC, polyethylene ("**PE**") and polypropylene random copolymer ("**PPR**"), from certain key suppliers of raw materials. Our primary raw materials are manufactured by certain established players in India. Due to limited number of suppliers, in case of any shortage in the availability of raw materials in the domestic market, we may not be able to approach suitable alternative suppliers in India. Since we are largely dependent on such key suppliers for a significant portion of raw material procurement, we are subject to several risks, including increases in cost of the raw materials we procure and reduced control over delivery schedules. We also face the risk that one or more of our existing suppliers may discontinue their supplies to us. The loss of any one of our key suppliers or a significant reduction in supply from such suppliers could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Additionally, the success of our supplier relationships depends significantly on satisfactory performance by our suppliers and fulfilment of their obligations. As our primary raw materials are produced in certain specific technical specifications and grades, we may face difficulty in finding alternative sources for such raw materials. There can be no assurance that there will not be a significant disruption in the supply of raw materials currently sourced by us or, in the event of a disruption, that we would be able to locate alternative suppliers of materials or third party manufacturers of comparable quality at an acceptable price, or at all, and whether such suppliers, if identified, would be able to make supplies of raw materials to us in a timely manner, or at all. Any inability on our part to procure raw materials from alternate suppliers in a timely manner, or on terms acceptable to us, would have an impact on our production line and may adversely affect our operations.

We use purchase orders to place orders with our suppliers. While we enter into yearly MoUs with some of our suppliers, most of these MoUs do not contain detailed terms and conditions. These MoUs and purchase orders may have commercial implications on our Company in case of a dispute with our suppliers. In the absence of a contractual basis for liability, we may have to approach the courts within relevant jurisdictions for enforcing our rights against our suppliers, which may lead to delays in supply, strained relationship with our suppliers, protracted litigation and delays in our supply obligations to our customers resulting in an adverse effect on our business, financial condition and results of operations.

From time to time, we also procure certain raw materials from international sources on need basis, considering pricing benefits. The cost of these raw materials is affected by fluctuations in market prices and import duties. There can be no assurance that we will be able to find suitable domestic suppliers to replace such international suppliers in the event of any import embargo or delay or default by international suppliers, or if the import of raw materials ceases to be commercially viable.

3. ***Any disruptions in transportation systems, including those arising from our reliance on third parties for our transportation needs, may adversely affect our business, financial condition and results of operations.***

We rely on third party transportation service providers at every stage of our business activity, including for procurement of raw materials from our suppliers and for transportation of our finished products from our manufacturing facilities to our depots, and to our dealers and distributors. Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a timely and cost efficient manner. While we engage and hire transportation service providers through the process of electronic bidding on our Ariba (SAP) platform, we have not entered into any long term contracts with such transportation service providers, and accordingly our transportation costs may vary and are based on rates that are offered to us from time to time. We also face transportation risks due to any loss or pilferage, which we may not be able to fully recover from our transportation service providers or from our insurance coverage. While we adjust freight costs in the cost of products sold to our dealers and distributors, we bear transportation risk for the duration of transit. Further, the cost of our goods carried by such third party transporters is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to fully recover compensation for damaged, delayed or lost goods, because of various factors such as the inability of a transportation services provider to pay.

Our business is also vulnerable to increased transportation costs due to various factors, including increase in fuel costs, increase in road and toll taxes, transportation strikes, delays, damage or losses of goods in transit, disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other similar events. Any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or inability to supply our products to our dealers and distributors, or may require us to look for alternative means of transportation which may not be cost efficient, thereby adversely affecting our operations, profitability, reputation and market position. While we maintain marine insurance to cover transportation related risks, there can be no assurance that our insurance cover would be adequate.

Additionally, some of our products, especially water tanks, are bulky in nature, and therefore have high associated transportation costs, due to which they can only be transported in small numbers over short distances, to maintain profitable operations. Our continuing ability in the future to manage costs associated with transportation of such bulky products would determine our ability to maintain profitable operations and competitive margins in the future.

4. ***We sell our products through a pan-India network of dealers and distributors. Our distribution network is vital to our business and if we are unable to expand or effectively manage our distribution network, it could have an adverse effect on our business, financial condition and results of operations.***

We have a pan-India distribution network that consisted of over 4,300 dealers and distributors as at March 31, 2018. Our dealers and distributors sell our products to wholesalers, retailers, sub-dealers and end-users, including plumbers. For further details, see "*Our Business*" on page 121. Our business is dependent on our ability to attract and retain third-party dealers and distributors and such parties' ability to promote, sell and market our products effectively. Our inability to maintain a stable distribution network and to attract new dealers and distributors to our distribution network in the future could adversely affect our business, financial condition and results of operations.

Further, while we continuously seek to increase the penetration of our products by appointing new dealers and distributors targeted at different markets and geographies, we cannot assure you that we will be able to successfully identify or appoint new dealers and distributors, or effectively manage our existing distribution network. If our competitors offer more favourable terms to our dealers and distributors than those offered by us, such dealers and distributors may decline to distribute our products and terminate their arrangements with us or they may focus on selling our competitors' products. In addition, our competitors may also have exclusive arrangements with other dealers and distributors which may restrict us from selling our products through them, thereby limiting our ability to expand our network. If we are unable to expand or effectively manage our distribution network, it could have an adverse effect on our business, financial condition and results of operations.

We do not have long-term agreements with our dealers and distributors and rely on purchase orders to govern the price and other terms of sale of our products. Purchase orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules and inventories. Further, due to the lack of long term agreements, and in the absence of any exclusivity arrangements with us, our dealers and distributors are not contractually bound to provide us a specific volume of business and can terminate our relationship with or without cause, with little or no advance notice and without compensation. Consequently, there is no commitment on the part of dealers and distributors to continue to place new orders with us and our sales may fluctuate from period to period as a result of changes in our distributors' preferences, and we may be unable to procure repeat orders. For the aforesaid reasons, we also lack control over any sub-dealers, and in certain cases, over the retailers of our products.

Cancellation by dealers and distributors, reduction in their orders or instances where anticipated orders fail to materialize can result in mismatches between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to inventory maintenance and reduction of our margins, which may adversely affect our profitability and liquidity.

5. ***We plan on expanding our product portfolio, inter alia, by entering the DWC pipes, foam core underground drainage system, silent piping system and higher diameter HDPE pipes segments. If we are unable to successfully launch and compete in the market for new products we seek to offer, it could have a material adverse effect on our growth prospects, financial condition and results of operations.***

We plan on entering various new product segments, including DWC Pipes, foam core underground drainage system, silent piping systems and higher diameter HDPE pipes. We have acquired land for a new manufacturing facility that we propose to set up at Tumkur, where we intend to introduce certain new products, in addition to manufacturing our existing products. We also intend to add capacity at some of our existing plants to introduce certain of the new products we seek to offer. For further details, see "*Our Business – Our Strategies – Expansion of our manufacturing capabilities and enhance capacity utilization*" on page 129. Expansion of our product portfolio would subject us to various challenges, including those in relation to identifying the target geographical market, target demographic, procurement of raw material, and engagement of service providers for logistics, transportation and distribution services. We are also subject to the risks generally associated with new product introductions, including lack of market acceptance, delays in product development and failure of products to operate properly. We cannot assure you that we shall be able to meet each of these challenges successfully, and any failure to do so may impact our ability to compete effectively in the markets for such products. If we are unable to successfully compete in the markets for new products we seek to offer, or implement our expansion successfully, it could have a material adverse effect on our growth prospects, financial condition and results of operations and we may not be able to recover our investments.

6. ***We are subject to risks associated with expansion into new geographic markets. Any inability to expand into new geographic markets or penetrate existing markets may adversely affect our growth and future prospects.***

Any geographic expansion subjects us to various challenges, including those relating to our lack of familiarity with the culture, consumer preferences, regulations and economic conditions of new regions. Language barriers, difficulties in staffing and managing such operations, coupled with our lack of brand recognition and reputation in such regions may also affect our ability to expand into newer geographic regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.

By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of local and municipal laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- uncertainties in relation to new local business partners, including dealers and distributors, logistics and transportation partners;
- inability to understand consumer preferences and local trends in such new regions; and
- political, economic and social instability

Further, depending on the product vertical we market in such new territories, we may also face significant competition from other players who may already be established in such markets and may have a significant market share, or from a well-established unorganized player. We may not be able to compete effectively with such players if we are unable to offer competitive products at better price points which appeal to consumers in such markets. Some of our competitors in such geographies may also have certain competitive advantages, including access to local knowledge and resources, which may impact our ability to increase our market share in such regions. By expanding into new geographical regions, we may be exposed to significant liability, including due to increased compliance costs on account of local laws and regulations, and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected. For instance, we terminated our joint venture agreement for Vectus Kenya Limited in 2016, due to lack of demand and inadequate local expertise.

Further, we may not be able to enter into distribution arrangements in new geographic regions due to existing relationships of our competitors with distributors in such areas, including any exclusive arrangements that may be in place. Additionally, we may not be able to continue to penetrate existing markets due to any of the reasons specified above. Any inability to enter into new geographic markets or penetrate existing markets could adversely affect our growth, future prospects, financial condition and results of operation.

7. ***Our inability to estimate demand and consequently maintain an optimal level of inventory in our depots and manufacturing facilities may impact our operations adversely.***

The success of our business depends to a large extent on our ability to estimate the demand for our products so as to effectively manage our inventory. An optimal level of inventory is important to our business as it allows us to respond to demand effectively and to maintain a full range of products for supply to our dealers and distributors. Ensuring availability of our products requires prompt turnaround time and a high level of coordination across all functions, including raw material procurement, manufacturing and warehousing.

We have implemented a demand planning and inventory management system, including inventory tracking and replenishment at our depots and plants. We aim to maintain an optimal level of inventory of raw materials, work in progress and finished goods. We plan our production volumes based on past trends of demand for our products. As of March 31, 2018, our total inventory amounted to ₹ 945.32 million. While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. As our dealers and distributors are not obliged to purchase our products or provide us with binding forecasts, there can be no assurance that demand will match our production levels. Any error in forecasting could result in shortages or surplus stock which could lead to loss of business or have an adverse impact on our profitability. If we over-stock inventory, our capital requirements may increase due to increased costs of inventory maintenance and we may incur additional financing costs. If we under-stock inventory, our ability to meet demand and our operating results may be adversely affected. Additionally, if our production is not in sync with market demand, it could result in inventory pile up and lower off-take. Further, we may be required to offer discounts to clear unsold inventory, which may adversely impact our margins. There can be no assurance that we will not face inventory mismatch in the future. Our inability to accurately plan production of our products and manage our inventory may have an adverse effect on our business, financial condition and results of operations.

8. ***Credit and non-payment risks of our dealers and distributors could have a material adverse effect on our business, financial condition and results of operations.***

The majority of our sales to dealers and distributors typically carry standard payment terms of between 21 - 60 days, with credit periods linked to past performance of such dealers and distributors. While we generally monitor their ability to pay their credit obligations and limit the credit we extend to what we believe is reasonable based on an evaluation of each distributor or dealer's financial condition and payment history, we may still experience losses because of the inability of a distributor or dealer to pay. Revenue from our largest dealer and distributor constituted 2.59% of our Adjusted Revenue in Fiscal 2018. If there is any deterioration in any distributor's or dealer's financial condition, including insufficient liquidity, they may be unable to clear accounts receivables on time or at all. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate. As at March 31, 2018, our total trade receivables amounted to ₹ 897.82 million, out of which ₹ 30.40 million was outstanding for a period exceeding six months. If we are unable to collect receivables from distributor /dealers or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, financial condition and results of operations.

9. ***Our business is working capital intensive. We may not be able to obtain sufficient working capital on terms favourable to us, or at all, which may hamper our growth.***

Our business is working capital intensive. We generally purchase our raw materials from domestic suppliers on credit terms of 2 - 90 days and we purchase imported raw materials on credit terms of 0 - 60 days. The majority of our sales to dealers and distributors have standard payment terms of generally between 21 - 60 days, with credit periods linked to past performance of such dealers and distributors. Therefore, we use working capital facilities to fund the timing difference between the payment for our raw materials and the receipt of payment for our manufactured products. Our continued growth and expansion may result in an increase in our working capital requirements, which could make us vulnerable to high working capital risks. Additionally, to account for business exigencies, we need to maintain minimal levels of inventory at all of our 13 manufacturing facilities and eight depots, which also contributes to higher working capital requirements due to high inventory managements costs.

We meet our requirement for working capital through banking facilities and internal accruals. As of May 31, 2018, we had total outstanding working capital loans of ₹ 494.15 million. Our ability to finance our working capital requirements is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws, terms of our financial and other arrangements, our own profitability and liquidity and general economic and market conditions. We cannot assure you that such funding will be obtained in a timely manner, on satisfactory terms, or at all. Moreover, if we raise additional debt, our interest expense will increase and the financial covenants under our existing loans may be impacted. If we raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted. If we are unable to obtain funds to meet our working capital requirements, on favourable terms, in a timely manner, or at all, it could have a material adverse effect on our business, financial condition and results of operations.

10. ***We engage in a highly competitive business and if we fail to compete effectively, it would have a material adverse effect on our business, financial condition and results of operations.***

The water storage and piping solutions market in India is characterised by intense competition, introduction of innovative products, technological advancements, and price fluctuations. We face significant competition from manufacturers of water tanks, pipes and fittings and household plastics in both the organized and unorganized sectors. Competition among manufacturers in our markets is based on many factors.

The market landscape for water tanks and pipes and fittings in India includes several players competing within the organised sector, some of which may enjoy regional leadership as well. (Source: *CRISIL Report*) While we are one of the top two players in terms of revenue, with a pan-India presence in the water tanks market in India, (*Source: CRISIL Report*) and are also a key player in the pipes and fittings space, our continued growth would be determined by our ability to compete effectively in a largely fragmented market, including regional players. Some of our competitors in the pipes and fittings markets may have access to greater financial or other resources than we do, which may afford them greater purchasing power, greater production efficiency, increased financial flexibility or more capital resources for expansion and improvement.

Manufacturers of water tanks and household plastics in India operate in a highly fragmented space, with a large number of regional players in the unorganised sector competing with a few organised players. Considering their smaller scale of operations, lesser investment in technology, products being manufactured using reprocessed material, lesser incidence of compliance with tax laws, all of which may result in lower costs of operations, access to localized knowledge and better relationships with purchasers and distributors, most of our competitors in the water tanks and household plastics market, are able to compete with us aggressively on pricing, as well as on localized sourcing and marketing.

Additionally, our industry is characterised by low entry barriers, which contribute to higher incidence of competition. Our competitors' actions, including expanding manufacturing capacity, expansion of their operations to newer geographies or product segments in which we compete, or the entry of new competitors into one or more of our markets could cause us to lower prices in an effort to maintain our sales volume. Furthermore, any increase in consumers' preferences for substitutes of our products, could also lead to a reduction in the demand for our products. If we fail to compete effectively, it would have a material adverse effect on our business, financial condition and results of operations. For details of our competitors, see "*Our Business – Competition*" on page 135.

11. ***Our inability to manage our growth or to successfully implement our growth strategy could materially and adversely affect our business, financial condition, results of operations and prospects.***

Our Adjusted Revenue increased at a CAGR of 12.60% from ₹ 3,954.25 million in Fiscal 2014 to ₹ 6,357.20 million in Fiscal 2018. Our principal growth strategy is continuous expansion of our business by increasing our manufacturing capabilities through greenfield and brownfield expansion, increasing our geographic footprint, expansion of our product portfolio and increased focus on brand building. We cannot assure you that we will be able to sustain the past growth in our revenue or implement our growth strategy successfully, or that we will be able to expand further or diversify our operations effectively.

In order to grow our business, we will be required to continuously evolve and improve our operational, administrative, financial and internal controls across our organisation. The management of our business verticals, training of our workforce and continued development of financial and management controls for our expanded operations could place a strain on our management resources or require significant additional expenditure. As we scale-up and diversify our operations, we may additionally not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. Further, if we fail to make a proper assessment of the operational risks, credit risks and execution risks associated with these businesses, our business, financial condition and results of operations may be materially and adversely affected.

12. ***Demand for our water storage and piping solutions products is linked to the levels of residential construction activity, building of related infrastructure and government policies in India. Any reduction in home construction activity in India could have a material adverse effect on our business, financial condition and results of operations.***

Sales of water tanks represented 42.66%, 40.60% and 39.89% of our Adjusted Revenue for Fiscal 2016, Fiscal 2017, and Fiscal 2018, respectively. Sales of pipes and fittings represented 48.78%, 51.93% and 52.00% of our Adjusted Revenue for Fiscal 2016, Fiscal 2017, and Fiscal 2018, respectively. Demand for our water storage and piping solutions products is closely tied to the levels of residential construction activity in India. Any reduction or slow-down in residential construction in India could have a material adverse effect on our business, financial condition and results of operations.

CRISIL Research expects the domestic market size for water tanks to increase from ₹ 45 billion in Fiscal 2017 to ₹ 87 billion in Fiscal 2022. Demand for plastic pipes is expected to increase from ₹ 250 billion in Fiscal 2017 to ₹ 460 billion in Fiscal 2022. (*Source: CRISIL Report*) According to CRISIL Research, the key growth drivers are, *inter alia*, rise in affordable housing construction, growing necessity of water storage owing to irregularity in supply, implementation of GST to aid organised players, and increased spending by state governments and municipal corporations to improve accessibility of water for an ever increasing population. For details, see "*Industry Overview*" on page 90. Recently, the central government has introduced various schemes to aid urban infrastructure, water supply and sanitation such as JNNURM, AMRUT, Swachh Bharat Mission, and Smart Cities Mission, and to boost real estate, such as Housing for All by 2022. Any discontinuance of or reduced focus on such schemes by the government could have a material adverse effect on the demand for our products. On the other hand, if water supply and infrastructure is regulated and managed better in the future, we may be faced with reduced demand for water tanks. We are also subject to any negative impact due to regulatory or government actions in these sectors. If there is any reduction in residential construction activity in India or if the Government ceases to encourage building of new houses and related infrastructure, it could have a material adverse effect on our business, financial condition and results of operations.

13. ***We have entered into a license and technical assistance agreement with Floteks in relation to certain technical know-how used in manufacturing PE manholes. Any failure to continue our tie-up with Floteks on similar terms or at all, may have an adverse effect on our business, financial condition and results of operation.***

We have entered into an arrangement for license and technical assistance with Floteks Plastik Sanayi Ve Ticaret Anonim Sirketi in relation to sharing of certain technical know-how for manufacture of PE manholes in accordance with EN 13598 standards. Our current arrangement with Floteks shall be valid until March 31, 2019, unless renewed or terminated earlier on account of breach of certain conditions therein. Any failure to continue this relationship on similar terms or at all could have a material adverse effect on our business, financial condition and results of operations. Further we may not succeed in forging relationships for technical know-how with other parties, or at all.

14. ***The use of our brands "Vectus", "Ganga", "Waterwell" and our other trademarks by any third parties may lead customers to confuse them with our Company, thereby diluting our brand, which could lead to loss of business to such competitors and could adversely affect our goodwill. In addition, if they experience any negative publicity, it could have an adverse effect on our reputation. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.***

We have obtained registrations for our trademark "*Ganga*" in class 11 and for "*Vectus*" and "*Waterwell*" in various classes, and our applications for registration in other classes are pending. The reputation of our brands may be affected by factors outside our control. The use of the words or logos "*Vectus*", "*Ganga*" and "*Waterwell*" in the logos or corporate, trading or brand names by third parties engaged in similar businesses, may lead customers to confuse them with our Company, which might lead to our Company losing business to such competitors and might adversely affect our goodwill. We have faced minor instances of counterfeiting and passing off in the past. For instance, our Company has instituted passing off and infringement proceedings for the protection of its trademarks "*Ganga*" and "*Ganga Gold*", against a deceptively similar trademark "*Ganga Sagar*". By an order dated January 7, 2017 passed by Additional District Judge, Patiala House Court, the defendant company in such proceedings has been restrained from using the trademark "*Ganga Sagar*". There is no assurance that we will not face such instances of counterfeiting or passing off in the future or would be able to institute proceedings to adequately protect our interests and successfully defend our claim in such cases, in a timely manner or at all.

We rely on trademarks to protect our rights to our brands and products. For details, see "*Our Business – Intellectual Property*" on page 135. We cannot guarantee the continued protection of what we consider to be the intellectual property underlying our products and business, or that any of our registered or unregistered intellectual property rights or know-how, or claims thereto, will not be successfully opposed or otherwise challenged. We also cannot guarantee that each application filed with respect to our brand names or any new technology will be approved. To the extent that our brands, know-how and products are not protected by trademarks or other intellectual property rights, third parties, including competitors, may be able to commercialize our brands or products or use our know-how.

Additionally, we also enter into licensing arrangements for the technology underlying some of our products. While we take steps to ensure that we do not infringe the valid IPRs of others, we cannot always determine with certainty whether such infringement occurs. We may also be susceptible to claims from third parties asserting infringement and other related claims. If any of our products are found to infringe the trademarks or other intellectual property rights of others, our manufacture and sale of such products could be significantly restricted or prohibited and we may be required to pay substantial damages or licensing fees. These claims, even those without merit, could result in costly litigation, divert management's attention and resources, subject us to significant liabilities, require us to enter into potentially expensive royalty or licensing agreements or withdraw certain products. Although intellectual property disputes are often settled through licensing or similar arrangements, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could have an adverse effect on our business, financial condition and results of operations.

15. ***Failure to maintain and enhance our brand recognition could have an adverse effect on our business, results of operations and financial condition.***

Our customers may not perceive our products to be of high quality or of competitive prices and our brand image may be harmed, thereby decreasing the attractiveness of our products. We may be required to devote significant resources to brand promotion efforts in the future, in addition to our on-going marketing efforts to further promote our brand, attracting or retaining consumers. The brand names under which we operate could be damaged by negative publicity on various media platforms or by claims or perceptions about the quality of the goods sold by us, regardless of whether such claims or perceptions are true. If our brands experience any negative publicity, whether isolated or recurring and whether originating from us or otherwise, it could have an adverse effect on our reputation, all of which could have a material adverse effect on our business, financial condition and results of operations.

Further, a boycott or other campaign criticizing us, through social media or otherwise, could negatively impact product sales. If we are unable to maintain and further enhance our brand recognition and increase market awareness of our Company and products, our ability to attract and retain customers may be impeded and our business prospects may be materially and adversely affected. Any negative publicity or customer disputes and complaints regarding the brands, may harm the value of our brands, as well as the business, revenue and growth prospects of our Company.

16. ***Our inability to identify and understand evolving industry trends, technological advancements, consumer preferences and to develop new products to meet our customers' demands may adversely affect our business.***

Changes in consumer preferences, industry requirements or in competitive technologies may render certain of our products less attractive or obsolete. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products to create new or address yet unidentified needs among our current and potential customers in a timely manner, is a significant factor in our ability to remain competitive. However, there can be no assurance that we will be able to secure the necessary knowledge, through our own research and development or through technical assistance agreements, that will allow us to continue to develop our product portfolio or that we will be able to respond to industry trends by developing and offering cost effective products. We may also be required to make investments in research and development, which may strain our resources and may not provide results that can be monetized. If we are unable to obtain such knowledge 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.

To compete successfully, we may need to increase the diversity and sophistication of our product portfolio, which may require substantial capital expenditure. In developing such products, we may need to make significant investments in our manufacturing facilities and/or otherwise in order to support these goods. If we exceed our budgeted capital expenditure and cannot meet the additional capital requirements through operating cash flows and planned financing, we may have to delay our projects which could make us less competitive and lead to customer loss.

Further, we cannot assure you that certain of our products will not become obsolete. If we do not continue to distinguish our products through distinctive features and design, and to continue to build and strengthen our brand recognition, we could lose market share and our revenues and earnings could decline.

17. ***We may be subject to financial and reputational risks due to product quality and liability claims and legal proceedings if the quality of our products does not meet our customers' expectations.***

Our products may contain quality issues or undetected errors or defects, especially when first introduced, resulting from the design or manufacture of the product or raw materials used in the product. While we test for quality on a sample basis at our in-house quality labs at each manufacturing facility, we cannot assure you that all products would meet our quality standards. Such quality issues can expose us to product liability claims or require us to replace such products, in the event that our products fail to meet the required quality standards, or are alleged to cause harm to customers. Further, if any of the products sold by us fail to comply with our quality standards, it may result in customer dissatisfaction, which may have an adverse effect on our business, sales and results of operations.

Further, we also provide warranty for five years primarily for manufacturing defects on water tanks, in accordance with industry standards. To the extent that products shipped by us 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, effecting a recall of all products which might contain a similar defect, as well as for consequential damages. We have, from time to time, when faced with warranty claims, replaced or repaired such products. However, we face the risk of legal proceedings and product liability claims being brought against us by various entities including consumers, dealers and distributors for various reasons including for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims, regardless of whether we are responsible for any alleged defects. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in excess of our available insurance coverage, which may adversely affect our reputation, business and financial condition.

18. ***We plan to use a portion of the Net Proceeds towards purchase of equipment for our manufacturing facilities, with an estimated total cost ₹ 310.70 million and such object has not been appraised by any bank or financial institution. Further, the deployment of the Net Proceeds shall not be subject to monitoring by any independent agency.***

We plan to use ₹ 310.70 million of the Net Proceeds towards purchase of equipment for our manufacturing facilities. The estimated total cost of such equipment is ₹ 310.70 million. The fund requirement mentioned as part of the Objects of the Offer is based on quotations received from vendors and has not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial condition or business strategies. Subject to applicable laws, we may have to revise our funding requirements on account of various factors. Further, the deployment of the Net Proceeds shall be at the discretion of the Company and not be subject to monitoring by any independent agency. For further details, see "*Objects of the Offer*" on page 76.

There could be delays in implementation of our objects on various grounds, including unforeseen events, delay on account of vendors or force majeure events, decline in consumer preference for the products that we intend to manufacture using such equipment or other business related considerations, any of which could give rise to time and cost overruns and delay our implementation schedule. Any time and/or cost overruns in this regard could have an adverse effect on our growth prospects, business, results of operations and financial condition. Further, as a consequence of any increased costs or delays in implementation, the actual costs to purchase such equipment may be higher than our management's estimates, as a result of which, our financial condition, results of operations and cash flows could be materially and adversely impacted.

19. ***We are vulnerable to failures of our information technology systems, which could adversely affect our business.***

Our information technology systems are critical to our business. Our information technology systems provide us tools for the management for planning of materials, sales, production, quality, finance and human capital, and grant us several functionalities in raw material procurement, including the identification of raw material suppliers and processing supplier information, compliance and verification of terms and conditions in order processes and contract management. Such systems enable us to manage key areas of our operations, including accounting and financial reporting, financial records, payrolls, asset modules, sales and services activities, customer relationship management, logistics and management of inventory. Our dependence upon automated IT systems, such as SAP HANA, C4C (an online CRM solution by SAP) and the Ariba platform to record and process transactions may further the risk of technical flaws in systems resulting in losses which are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate thereby causing delays in detection or errors in information.

Our IT systems may be subject to technical failures, disruptions, failures or infiltrations that are wholly or partially beyond our control, including those caused by human error, natural disasters, electrical or telecommunication outages, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet service providers, may impair our ability to keep our operations running efficiently, particularly in the region or functional area in which the malfunction occurs. While we have a disaster recovery plan in place, any failure of the centralized systems could materially and adversely affect the operation of all of our manufacturing facilities. We may also be subject to liability as a result of any theft, loss, unauthorized disclosure or misuse of confidential or sensitive information stored on our IT systems, or our mobile application for customer engagement. Certain elements of our IT operations are generally outsourced to third party vendors and we have limited control over such vendors. Accordingly, any failure by such third party vendors to adequately secure or manage our information and systems may adversely affect our operations. We are also exposed to the risks that external vendors or service providers may be unable to fulfil their contractual obligations to us, may be subject to operational errors by their employees or may lack business continuity and/or adequate data security systems. Further, any discontinuation of existing products and services by these vendors, which we rely on, could adversely affect our business and operations. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT systems may lead to inefficiency or disruption of such systems, thereby adversely affecting our ability to operate efficiently.

Additionally, unauthorized infiltration of our IT systems may compromise information stored on our systems, resulting in significant data losses or theft of proprietary business or personal information, which could result in other negative consequences, including legal liabilities, remediation costs, disruption of internal operations, increased cybersecurity protection costs, damage to our reputation and loss of customer confidence, all of which could materially and adversely affect our business, financial condition and results of operations.

20. ***We have significant power, LPG, water and other fuel requirements and any disruption to power, LPG or fuel sources, or other utilities, could increase our production costs and adversely affect our results of operations.***

We require substantial power, water and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. If energy costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could be affected.

We source most of our electricity requirements for our manufacturing facilities from state electricity boards and to a much lesser extent, third-party suppliers. If supply is not available for any reason, we will need to rely on captive generators, which may not be able to consistently meet our requirements. Further, if for any reason such electricity is not available, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. Additionally, we source LPG, a major component of fuel requirements used in manufacture of rotational moulded tanks, from private players, and have not entered into long term contracts for its supply for some of our manufacturing facilities. Accordingly, we may face price fluctuations and interruptions in the supply of LPG, which may result in disruption in production or increases in production costs, which may have an adverse impact on our profitability.

In addition, we source most of our water requirements from private parties, but there is no assurance that we will be able to obtain a sufficient supply of water from sources in these areas, some of which are prone to drought. Therefore, we are subject to price fluctuation risk and if supply or access is not available for any reason, our production may be disrupted and profitability could be adversely affected.

21. ***Activities involving our manufacturing process can be dangerous and can cause injury to people or destruction/damage of property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs and sales.***

Our business involves manufacturing processes that can be dangerous to our employees. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, accidents may occur in our facilities. An accident may result in casualty, injury, destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities and/or criminal proceedings and investigation. The outcome of such proceedings would be difficult to assess or quantify, and the costs to defend such proceedings may be significant. In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, due to equipment failure, obsolescent machinery, or otherwise, our financial performance may be adversely affected. Unsafe work sites have the potential to increase employee turnover, raise our operating costs and adversely impact our reputation.

While we have obtained accident insurance for all of our employees, there can be no assurances that claims thereunder would be successful, or that we would be able to recover any losses and we may have to bear costs of compensation in such cases. For instance, in 2016, an electrician succumbed to head injuries after falling off a platform at our manufacturing facility in Sikandarabad. Our Company entered into a settlement deed with the kin of the deceased and had to bear compensation and settlement costs, not all of which were recovered through group accident insurance. We may also face claims and litigation filed on behalf of persons alleging injury as a result of exposure to occupational hazards at our facilities. As a result, the costs of defence, potential liability resulting from any such accident or arising out of any related litigation, and any negative publicity associated therewith, may have a negative effect on our business, reputation, financial condition and results of operations.

Additionally, as plastics are highly flammable in nature, we are prone to risks due to fires and consequent industrial accidents in case of any mishandling or inability to contain such incidents upon their occurrence, at the outset. For instance, in the past, we have experienced an instance of disruptions at our manufacturing facilities in Sikandarabad on account of a fire associated with the water tanks manufacturing process, and the damages caused in the incident were recovered from fire insurance. We cannot assure you that there will not be any such disruptions in our operations in the future or that if such disruptions occur, we would be able to fully recover costs associated with such incidents from insurance claims. If such an incident occurs, we may also lose all or a portion of our inventory stored at such facility. Further, such incidents may result in the loss or shutting down of our facilities, which could disrupt our business operations and adversely affect our results of operations, financial condition and reputation.

22. ***We depend on the continuing operation of our manufacturing facilities, any disruption of which could have a material adverse effect on our business, financial condition and results of operations.***

We currently own and operate 13 manufacturing facilities in several States across India. Our manufacturing facilities are subject to the normal risks of industrial production, including equipment breakdowns, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour stoppages, fires, natural disasters, directives from government agencies and power interruptions, utility and transportation infrastructure disruptions, shortages of raw materials, and acts of war or terrorism. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace such malfunctioning machinery. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down our facilities for capacity expansion and equipment upgrades. Any interruption in production at any of our facilities could significantly reduce our production volumes and consequently our revenue from operations. 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. As we do not carry business interruption insurance, any material disruption at one or more of our manufacturing facilities will adversely affect our business, financial condition and results of operations.

For example, on June 15, 2018, we experienced a fire at our manufacturing facility in Jammu which has resulted in partial damage to some of our machinery, inventory and buildings at this facility, as a result of which there may be an interruption in our normal production at this facility. While we maintain the necessary fire insurance in relation to this facility, there can be no assurance that the insurance policies obtained by us for such an event will be sufficient to cover the losses incurred, or that any claims will be resolved in a timely manner or at all.

Our facilities and equipment would be difficult and costly to replace on a timely basis. Moreover, catastrophic events could also destroy any inventory located at our facilities. If there are prolonged disruptions or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or use different facilities to continue our operations in a timely and cost-effective manner or at all. Such disruptions may result in delays in shipments of raw materials from our suppliers and delivery of products to dealers and distributors. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We maintain insurance for property damages, fire damages and burglary. For more details on our insurance policies, see "*Our Business – Insurance*" on page 135. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. If we were held liable for uninsured losses or amounts or claims for insured losses exceeding the limits of our insurance coverage, our business, results of operations and financial condition may be materially and adversely affected.

23. ***We have been able to claim a deduction under Section 80-IC of the Income Tax Act with respect to our manufacturing facilities in Haridwar and Kashipur, which benefits will cease to be available to us after Fiscal 2019. In addition, we avail certain tax benefits in relation to payment of GST for our manufacturing facilities at Haridwar, Kashipur and Jammu.***

Pursuant to Section 80-IC of the Income Tax Act, we have claimed a deduction of 100% of the profits derived from our manufacturing facilities at Haridwar and Kashipur for the five years commencing from Fiscal 2010 up to Fiscal 2014 and thereafter we have claimed a deduction of 30% of the profits of these undertakings, which we were entitled to claim for each year for a subsequent period of five assessment years, starting from Fiscal 2015. We will no longer benefit from this deduction after Fiscal 2019. In addition, we were entitled to claim certain benefits under the excise regime, which we can now claim as a GST refund, for our manufacturing facilities at Haridwar (from March 30, 2010 to March 29, 2020) and Kashipur (from December 3, 2009 to December 3, 2019) and Jammu (from July 17, 2014 to July 16, 2024). The loss of such tax benefits could result in a loss of competitive cost advantage over products produced at these manufacturing facilities. For details, see "*Statement of Tax Benefits*" on page 85.

24. ***If we do not comply with restrictive covenants and conditions under our borrowing arrangements it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided and trigger cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our credit ratings, financial condition, results of operations and cash flows.***

As at May 31, 2018, we had ₹ 515.05 million of total outstanding borrowings. Our debt facilities contain a number of significant restrictions and covenants that generally restrict our business and limit our ability to, among other things:

- alteration of our capital structure in any manner;
- issuance of further securities whether on a preferential basis or in any other manner;
- undertaking any scheme of expansion, modernisation, diversification, renovation or acquiring any fixed asset;
- making any drastic change in the management setup or permitting any transfer of controlling interest;
- changing the remuneration payable to directors/partners in the form of sitting fees or otherwise;
- paying commission to our Promoters, Directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any liability in connection with any financial obligation obtained by our Company;
- changing the accounting methods or policies followed by our Company;
- alteration of the constitutional documents of our Company;
- entering into any management contract or similar arrangement whereby the business or operations of our Company are managed by any other person;
- changing any terms with the private equity investor including exit leading to a change in the management control, dilution in customer's net worth etc.;
- any withdrawal of the capital invested in the business by the proprietor/partners/directors of our Company during the currency of the loan facility; and
- entering into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.

See *"Financial Indebtedness"* on page 322 for additional information regarding the covenants and other terms of our debt facilities. These and other similar provisions in these and other documents could have adverse consequences on our business because they limit our ability to take these actions even if we believe that a specific transaction would contribute to our future growth or improve our operating results. For instance, these restrictions could limit our flexibility in planning for or reacting to changes in our business and our industry, thereby inhibiting our ability to react to markets and potentially making us more vulnerable to downturns. These restrictions could also require that, based on our level of indebtedness, a significant portion of our cash flow from operations be used to make interest payments, thereby reducing the cash flow available for working capital, to fund capital expenditures or other corporate purposes and to generally grow our business. Furthermore, these restrictions could prevent us from pursuing a strategic transaction that we believe is in the best interests of our Company.

Our ability to comply with these provisions may be affected by events beyond our control. A failure to observe the covenants under our financing arrangements or to obtain necessary consents or serve the required notices of intimation may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit ratings, financial condition, results of operations and cash flows.

25. ***Any increase in interest rates or downward revision of our credit ratings, could have an adverse effect on our results of operations.***

As at May 31, 2018, a majority of our outstanding indebtedness was subject to floating rates of interest. Our credit ratings are IND A/Stable for fund based working capital and IND A1 for non-fund based working capital. Any downward revision of our credit ratings could result in an increase in the interest rates we pay on any new borrowings and could decrease our ability to borrow as much money as we require to finance our business, which could have a material adverse effect on our business, financial condition and results of operations. Any increase in interest rates would increase the interest costs of such loans and would adversely affect our results of operations. In addition, if interest rates increase, our interest payments will increase and our ability to obtain additional debt and non-fund based facilities could be adversely affected with a concurrent adverse effect on our business, financial condition and results of operations.

26. ***We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.***

We have in the course of our business entered into, and may continue to enter into, several transactions with our related parties. For details, see "*Related Party Transactions*" on page 173. We cannot assure you that we will receive similar terms in our related party transactions in the future. 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 achieved more favourable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results, including because of potential conflicts of interest or otherwise.

27. ***Our performance depends to a large extent on the efforts and abilities of our Key Management Personnel. The loss of or our inability to attract or retain such persons could have a material adverse effect on our business, financial condition and results of operations.***

Our experienced Promoters and senior management have significantly contributed to the growth of our business, and our performance depends to a large extent on the efforts and abilities of our Key Management Personnel. Both of our Managing Directors have been employed with our Company since our incorporation. For details in relation to the experience of our Key Management Personnel, see "*Our Management*" on page 147. Our future success will to a large extent depend on our ability to train, motivate and retain our Key Management Personnel. While we maintain key man insurance for Ashish Baheti and Atul Ladha, the loss of or diminution in the services of one or more of our Key Management Personnel could have a material adverse effect on our business, financial condition and results of operations.

28. ***We are highly dependent on our skilled employees, particularly sales team, corporate management professionals, skilled labour and technical personnel. The loss of or our inability to attract or retain such persons could have a material adverse effect on our business, financial condition and results of operations.***

Our success depends in part on our ability to retain and attract skilled employees, particularly salesmen, corporate management professionals, skilled labour, and technical personnel with the required level of experience and expertise. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. Our experienced sales and distribution team has also developed a number of meaningful relationships with dealers and distributors that may be difficult to replace. Competition for qualified technical personnel and operators as well as sales personnel with established customer relationships is intense, both in respect of retention of our existing employees and for recruitment of suitable employees in the future.

Further, for every new product vertical we venture into, we may require suitably skilled personnel, who may not easily be available in the market. Any failure to retain and attract additional skilled technical or sales personnel could have a material adverse effect on our business, financial condition and results of operations.

29. ***Our Promoters, Atul Ladha and Ashish Baheti, have given personal guarantees in relation to certain debt facilities obtained by our Company. In the event our Company defaults on any of these debt obligations, the personal guarantees may be invoked by the lenders, thereby adversely affecting our Promoters' ability to manage the affairs of our Company, which in turn could adversely affect our business, financial condition and results of operations.***

Our Promoters, Atul Ladha and Ashish Baheti, have given personal guarantees, for a sanctioned amount of ₹ 582.30 million as at May 31, 2018, in relation to certain debt facilities obtained by our Company and our Subsidiaries. In the event of default on the debt obligations, the guarantees may be invoked by our lenders thereby adversely affecting our Promoters' ability to manage the affairs of our Company or our Subsidiaries, which in turn could adversely affect our business, financial condition and results of operations. Further, in the event that any of these guarantees are revoked by our Promoters, our lenders may require alternate guarantees, repayment of outstanding amounts under the aforesaid facilities, or may terminate such loan facilities. We may not be able to procure other guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition and cash flows. For further details in relation to the personal guarantees provided by our Promoter Selling Shareholders, see "*History and Certain Corporate Matters – Guarantees*" on page 146.

30. ***We are subject to environmental, health and safety laws and regulations and any failure to comply with any current or future laws or regulations could have a material adverse effect on our business, financial condition and results of operations.***

Manufacturing sites by nature may be hazardous. Our sites often put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles, chemical and manufacturing processes, heavy products and items and highly regulated materials. As a result, we are subject to a variety of health and safety laws and regulations dealing with occupational health and safety. These regulations may require us to make changes to our existing operations to limit any adverse impact or potential adverse impact on the health and safety of our workforce, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or other penalties. While we ensure we implement effective work procedures throughout our organization and take other steps to ensure the health and safety of our work force, there can be no assurance these measures will be successful in preventing injuries or violations of health and safety laws and regulations. Any failure to maintain safe work sites or violations of applicable law could expose us to significant financial losses and reputational harm, as well as civil and criminal liabilities, any of which could have a material adverse effect on our business, financial condition and results of operations. For details on the regulations and policies applicable to us, see "*Regulations and Policies*" on page 137.

The Government of India may implement measures towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be in full compliance with these regulatory requirements, at all times. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditure to comply with regulatory requirements may vary substantially from the scenario. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial expenditure to comply with such new regulations. Our costs of complying with environmental, health and safety laws and any liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

31. ***We are required to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business, and if we fail to do so, in a timely manner or at all, we may be unable to fully or partially operate our business and our results of operations may be adversely affected.***

We require number of approvals, licenses, registrations and permissions for operating our current and future businesses, for some of which we may have either made or are in the process of making an application or renewal for obtaining necessary approvals. For instance, our manufacturing facilities are required to obtain several approvals and licenses, with respect to operation and maintenance of such facilities, including but not limited to, factories license, contract labour registrations and consents to operate from the relevant pollution control board.

In addition, we may need to apply for additional approvals including the renewal of approvals which may expire from time to time, in the ordinary course of business. For details of such approvals, including the approvals and registrations that we have applied for or pending renewal or not applied for see "G*overnment and Other Approvals*" on page 350. There can be no assurance that the relevant authorities will issue these approvals or licenses, or renewals thereof in a timely manner, or at all. In the event that we fail to obtain any such approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure and adhere to periodic reporting or testing and other compliances. We cannot assure you that the approvals, licenses, registrations or permits issued to us may 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 comply with existing regulations, or any change in existing regulations and compliance requirements, could subject us to penal actions including termination of our business and monetary fines and/or increase our compliance costs and in turn, adversely affect our business or results of operations.

32. ***Our Company, our Promoters, some of our Directors and some of our Subsidiaries are involved in certain legal proceedings. Any adverse outcome in any of these proceedings may adversely affect our profitability, reputation, business, financial condition and results of operations.***

There are outstanding legal proceedings involving our Company, our Promoters, some of our Directors and some of our Subsidiaries, that are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts and tribunals. There can be no assurance that these matters will be settled in favour of our Company, our Promoters, our Directors and Subsidiaries or that no further liability will arise out of these claims. Such litigation also diverts the management's time and attention and consumes financial resources.

For details of the outstanding litigation proceeding including (i) criminal proceedings; (ii) material civil proceedings based on the Materiality Policy for disclosure of civil proceedings; (iii) actions taken by statutory or regulatory authorities; and (iv) claims related to direct and indirect taxes, see "*Outstanding Litigation and Material Developments*" on page 347. A summary of outstanding litigation proceedings involving our Company, our Promoters, some of our Directors and some of our Subsidiaries as on the date of this Draft Red Herring Prospectus is provided below:

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Actions taken by statutory or regulatory authorities	3	Not ascertainable
Direct and indirect taxes	16	16.16
Total	**19**	**16.16**
Cases by our Company		
Criminal proceedings	25	5.39
Cases against our Promoters		
Actions taken by statutory or regulatory authorities	2	Not ascertainable
Cases against our Subsidiaries		
Direct and indirect taxes	1	0.39
Total	**1**	**0.39**
Cases by our Subsidiaries		
Criminal proceedings	4	0.49
Total	**4**	**0.49**
Cases against our Directors		
Actions taken by statutory or regulatory authorities	2	Not ascertainable

* *To the extent quantifiable*

Additionally, while we have obtained an undertaking from a supplier in relation to a tax proceeding we are involved in on account of miscalculation of excise payable by such supplier, that such supplier would bear any demand or liability arising out of the matter, there can be no assurance that such supplier would discharge his obligations. An adverse outcome in the aforesaid proceedings or any legal proceedings in the future, could have an adverse effect on our business, prospects, financial condition and results of operations. Further, any adverse outcome in these proceedings may affect our reputation and standing and may negatively affect future business.

33. ***Strikes and other industrial actions could disrupt our operations and adversely affect our business, financial condition and results of operations.***

As of March 31, 2018, we had 1,176 full-time employees and 1,080 personnel on a contractual basis at our manufacturing facilities, working at our plants, offices and warehouses. Although we have not experienced any labour disruptions in the past and do not have any unionized employees, there can be no assurance that our employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits, divert the management's attention or otherwise have an adverse effect on our business, financial condition and results of operations. Further, if our employees unionize, it may become difficult for us to maintain flexible labour policies in addition to ensuring smooth functioning of our business. From time to time, we also enter into contracts with independent contractors to complete specific assignments and these contractors are required to provide the workers necessary to complete such assignments. We do not have direct control over the quality of services provided by such third parties. Contractors hired by us may be unable to provide the requisite manpower on a timely basis or at all or may be subjected to disputes with their personnel, which, in turn, may affect production at our plants and timely delivery of our products.

Additionally, although we do not engage these workers directly, it is possible that we may be held responsible for wage payments to workers engaged by contractors should the contractors default on wage payments under Indian law. Any requirement to fund such payments may adversely affect our business, prospects, financial condition and results of operations. While the Contract Labour (Regulation and Abolition) Act, 1970 does not require us to retain contract labourers as our employees, the Indian courts on a case by case basis have directed employers in the past to absorb contract labourers as employees. Any such order from a court or any other regulatory authority may adversely affect our business, prospects, financial condition and results of operations.

34. ***We may, from time to time, look for opportunities to enter strategic alliances, acquire businesses or enter into joint venture arrangements. Any failure to manage the integration of the businesses or facilities post such acquisition or joint venture may cause our profitability to suffer.***

We may, from time to time, look for opportunities to acquire businesses or enter into strategic partnerships or alliances. We may pursue acquisitions, mergers, joint ventures, investments and expansions to enhance our operations and technological capabilities. However, we may not be able to accurately identify suitable acquisition targets or investment opportunities or forge alliances with appropriate companies in line with our growth strategy on commercially reasonable terms. Further, there can be no assurance that we will be able to raise sufficient funds to finance such growth strategies. Further expansion and acquisitions may require us to incur or assume new debt, expose us to future funding obligations or integration risks and we cannot assure you that such expansion or acquisitions will contribute to our profitability.

There can be no assurance that the integration of such strategic investments, joint ventures and alliances, acquisitions and mergers, whether already existing, or which we may enter in the future, will be successful or that the expected strategic benefits of any such action will be realised. Such acquisitions may not contribute to our profitability, and we may be required to incur or assume debt or additional expenses beyond our forecasts, or assume contingent liabilities, as part of any acquisition. The acquisitions may give rise to unforeseen contingent risks relating to these businesses that may only become apparent after the merger or the acquisition is finalised. We may also face difficulty in assimilating and retaining the personnel, operations and assets of any company we may acquire. There is no assurance that our products manufactured through technical collaborations and alliances will generate the expected levels of interest amongst our customers or that our new ventures will generate return on investment at expected levels or at all. Any inability on the part of our joint venture partner may also lead to a failure of such an arrangement, which may adversely affect our business.

35. ***If we were to incur an uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.***

We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. For details on our insurance policies, see "*Our Business-Insurance*" on page 135. We are not insured against business interruption, consequential damages, environmental damages, terrorist acts and war-related events. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in future. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. Moreover, there is no assurance that any insurance claim we raise shall be honoured fully, in part or on time. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.

36. ***Some of our Group Companies had incurred losses in the preceding three Fiscals.***

Some of our Group Companies had incurred losses in the preceding three Fiscals as set forth in the table below. For details, see "*Our Group Companies - Loss making Group Companies*" on page 170. There can be no assurance that our Group Companies will not incur losses or have negative net worth in the future.

Name of the company	Profit/(loss)(1) for Fiscal (amount in ₹ million unless stated otherwise)		
	2017	2016	2015
Ladha Real Estate Private Limited	(0.01)	(0.02)	(0.11)
Pure Ganga Water System Private Limited	(0.10)	(0.01)	0.05

(1) The financial information of our group companies has been prepared in accordance with Indian GAAP.

37. *Our Company has availed of unsecured loans, which may be recalled by lenders at any time.*

Our Company has availed some unsecured loans, which may be recalled at any time at the option of the lender. If such unsecured loans are recalled, our financial condition may be adversely affected, and we may need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As of May 31, 2018, the total outstanding amount of unsecured loans availed by our Company was ₹ 192.97 million. For details of our unsecured loans, see "*Financial Indebtedness*" on page 322.

38. *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.*

The following table reflects our contingent liabilities which have not been provided for in our Restated Consolidated Financial Information, as of March 31, 2018:

Particulars	As of March 31, 2018 (in ₹ million)
Claims against the group not acknowledge as debts	
• Demands raised by the Sale-Tax authorities against which appeals have been filed	5.77
• Demand raised by excise department under CENVAT Credit Rules,2004	0.43
• Demands raised by Service-tax authorities against which appeals have been filed	5.02
Contingent liabilities, not acknowledged as debt, include:	
• Bonus as per the Payment of Bonus (Amendment) Act, 2015 for the year ended 31 March 2015	3.74
Total	**14.96**

If any of the above contingent liabilities materialise, we may have to fulfil our payment obligations, which could have an adverse effect on our results of operations, cash flows and financial condition. For further details, see "*Financial Statements*" on page 174.

39. *We have had negative cash flows from investing and financing activities in the past. Any negative cash flow in the future may adversely affect our cash flow requirements.*

The following table sets forth our negative cash flow on a consolidated basis for the periods indicated:

(In ₹ million)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash (used in) investing activities	(275.95)	(354.87)	(640.76)	(334.05)	(212.68)
Net cash (used in) financing activities	23.04	(144.42)	107.78	556.22	(223.83)

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 174 and 325, respectively. Such negative cash flows led to a net decrease in cash and cash equivalents for respective years. Any negative cash flow in the future could adversely affect our operations and financial conditions and the trading price of our Equity Shares. There can be no assurance that our net cash flows will be positive in the future.

40. *Our Statutory Auditors have made certain adjustments in relation to a qualification in our Audit Report in Fiscal 2014 and included certain emphasis of matters, in our Restated Financial Statements.*

Our Company has made certain adjustments in the Restated Financial Statements in relation to the method of recording employee benefit payment until Fiscal 2014, in relation to a qualification in our Audit Report for Fiscal 2014. Further, there have also been observations issued in the audit reports in the past five years under the Companies Auditor₹s Report Order, which include among others title deeds for certain immovable properties (which were transferred to our Company due to certain amalgamations) not being in the name of our Company. Our Statutory Auditors have included matters of emphasis in the Restated Consolidated Financial Information in relation to voluntary adoption of Ind AS and temporary diminution of value of investments in and recoverability of loan from an associate company, for Fiscal 2018 and Fiscal 2015, respectively. For details, see "*Financial Statements*" on page 174.

There can be no assurance that matters of emphasis, qualification or reservations, adverse remarks or comments will not form part of financial statements of our Company for the future fiscal periods.

41. ***Depreciation of the Indian Rupee and exchange rate fluctuations in currencies in which we do business may materially and adversely impact our business, financial condition and results of operations.***

We import some of our raw material, components and equipment utilized in our manufacturing facilities. In Fiscal 2018, we imported ₹ 240.30 million equivalent of raw materials, representing 6.03% of our cost of materials consumed. While our principal revenues are in Indian Rupees, since the cost of the imported raw material and plant and machinery is denominated in foreign currency, primarily in USD, any depreciation in the Indian Rupee *vis-a-vis* these foreign currencies would result in an increase in the price of imported goods, and thereby adversely affect our financial condition and results of operations.

Our reporting currency in our financial information is the Indian Rupee and our results of operations and financial condition are subject to translational foreign exchange risk as costs denominated in currencies other than our reporting currency are translated back into Indian Rupee. We have not entered into any formal arrangements to hedge against foreign currency fluctuations and therefore are exposed to exchange rate fluctuations with respect to our foreign currency trade payables for imports of raw materials and components, which are primarily denominated in USD. As a result, changes in exchange rates may affect our business, financial condition and results of operations.

Our exposure to risks associated with foreign currencies could increase in the future and we may be unable to successfully hedge our exposure to currency fluctuations. We may also be unsuccessful in implementing pricing or other actions in an effort to mitigate the impact of currency fluctuations, which could have a material adverse effect on our business, financial condition and results of operations.

42. ***Our Promoters have interests in us in addition to their remuneration and reimbursement of expenses.***

Our Promoters are interested in us to the extent of their shareholdings in our Company as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. See "*Capital Structure*" on page 65 for further details. For details on the interests of our Promoters, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management – Interest of Directors*" on page 150 and "*Our Promoters and Promoter Group – Interests of Promoters*" on page 163.

43. ***The land and premises for certain of our offices, warehouses and manufacturing facilities are held by us on lease, leave and license or tenancy agreements which subject us to certain risks.***

Certain of our offices, warehouses and manufacturing facilities are on premises that have been leased by us from third parties and certain of our Promoters through lease agreements or leave and license agreements. For further details, see "*Our Business – Our Manufacturing Facilities*" and "*Our Business – Property*" on pages 133 and 135, respectively. Upon expiration of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed.

Further, our lease agreements may be terminated for various reasons, including those beyond our control. If we, our current or future landlords terminate our lease agreements, we may have to relocate to alternative premises or shut down our operations at such site. Once we obtain a lease for a particular property, we incur significant expenses to install necessary fittings, lighting, security systems, etc. Accordingly, relocation of any part of our operations may cause disruptions to our business and may require significant expenditure. We cannot assure you that in such a case, we will be able to find suitable premises on commercially viable terms, in a timely manner, or at all, and we may have to pay higher rent or incur additional expenses. Occurrence of any of these factors may materially and adversely affect our business, financial condition and results of operations.

The lease deeds that we have entered into for some of our manufacturing facilities and offices require us to obtain the consent of the respective lessors for, *inter alia*, changes in our capital structure, memorandum and articles of association, shareholding and management. For instance, we have applied for consents from U.P. State Industrial Development Corporation Limited ("**UPSIDC**") for our manufacturing facility at Sikandarabad and New Okhla Industrial Development Authority for our marketing office at Noida. By a letter dated June 12, 2018, the UPSIDC has communicated that the Promoters and certain members of our Promoter Group are required to maintain shareholding of 51% in our Company and any change in shareholding would have to be intimated to the UPSIDC. We cannot assure you that the lease deeds we enter into in the future shall not contain such onerous conditions.

44. ***We may be exposed to risks arising from the uncertainty of title of the land where our manufacturing facilities are situated.***

In India, property records do not provide a guarantee of title to land. We may not be able to assess or identify all risks and liabilities associated with the private land where some of our manufacturing facilities are located, such as faulty title or irregularities in title, including due to non-execution or non-registration or inadequate stamping of conveyance deeds and other acquisition documents, unregistered encumbrances, adverse possession rights, discrepancies between the area mentioned in the revenue records, the area mentioned in the title deeds and/or the actual physical area of some of our properties; or other defects. As a result, potential disputes or claims over title to land on which our current manufacturing facilities or manufacturing facilities we plan to develop are situated may arise. Any defects in or irregularities of title may result in the loss of development or operating rights over the respective land. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of. If either we or the owner of the land where our manufacturing facilities or offices are located are unable to resolve such disputes, we may lose our ability to operate on such disputed land, which could adversely affect our business, financial condition, results of operations and prospects.

Further, some of our lease deeds for our properties may not be registered and some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. In the event that these existing leases are terminated or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected.

45. ***In the past, our Company has been in non-compliance with respect to filings required to be made with the RoC and while we have applied to the Central Government for condonation of delay for a form which was not filed, and have attempted to re-file certain forms, we cannot assure you that any penalty imposed on us in relation to this matter will be reasonable and that any such event will not have an adverse effect on our business and operations.***

In the past, our Company had not made a filing with the RoC as required under the Companies Act. Additionally, certain filings made by our Company in the past have not been made in manner required under the Companies Act.

The non-filing of a form by our Company as required under the Companies Act pertains to special resolution for a preferential allotment. Further, certain forms filed by our Company in the past were not made in the manner required under the Companies Act which related to explanatory statements pertaining to certain preferential allotments not being compliant with the Unlisted Public Companies (Preferential Allotment) Rules, 2003, and the Companies (Share Capital and Debenture) Rules, 2014.

Our Company has filed Form CG-1 with the Ministry of Corporate Affairs for condonation of delay for the Form 23 not filed for a preferential allotment dated March 24, 2012, which has been approved by the Ministry of Corporate Affairs. Further, we have filed the order for condonation of delay in Form INC-28 with the RoC which will be followed by filing of Form MGT-14 for this preferential allotment. For further details, see "*Outstanding Litigation and Material Developments*" on page 347. Further, in relation to the forms not filed in the manner required under the Companies Act, we have filed a letter with the RoC seeking guidance in relation to the same. We cannot assure you that we will be in a position to re-file the rectified forms at all or any time in the future. Further, our Company and every officer of our Company who was in default in this regard may also be subject to punishment as prescribed under the Companies Act.

46. ***This Draft Red Herring Prospectus contains information from the CRISIL Report, which we have commissioned.***

This Draft Red Herring Prospectus includes information from the CRISIL Report prepared by CRISIL Research. We commissioned this report for the purpose of confirming our understanding of the water tanks, pipes, fittings and household plastics and other industry in connection with the Offer. Neither we, nor the Selling Shareholders, nor the BRLMs, nor any of the respective directors, promoters or affiliates, nor any other person connected with the Offer have verified the information in the CRISIL Report. CRISIL Research has advised that, while it has taken due care and caution in preparing its report based on public information and industry and statistical data information obtained from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of such information and is not liable for any loss or damage suffered because of reliance on the information contained in the report. The CRISIL Report highlights certain industry and market data relating to us and our competitors. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Such data is also subject to many assumptions. Further, such assumptions may change based on various factors. There can be no assurance that CRISIL Research's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Prospective investors are advised not to rely unduly on the CRISIL Report when making their investment decisions. For further details, see "*Industry Overview*" and "*Presentation of Financial, Industry and Market Data*" on pages 90 and 13, respectively.

47. ***The proceeds from the Offer for Sale will be paid to the Selling Shareholders, which include our Promoters.***

This Offer is being undertaken as a Fresh Issue of Equity Shares as well as an Offer for Sale of Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders, namely, Ashish Baheti, Atul Ladha and Latinia Limited, and our Company will not receive any proceeds from the Offer for Sale. For further details, see "*The Offer*", "*Capital Structure*" and "*Objects of the Offer*" on pages 55, 65 and 76, respectively.

48. ***If we are subject to any frauds, theft, employee negligence or embezzlement by our employees, contractors and customers, it could adversely affect our reputation, financial condition and results of operations.***

Our operations may be subject to incidents of theft, prior to or during stocking. We may also encounter some inventory loss on account of employee/contractor/vendor fraud, theft, or embezzlement, especially in relation to certain brass components used in our manufacturing facilities. Although, we have set up various security measures, including CCTV at most of our our manufacturing facilities, deployment of security guards and operational processes, such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, financial condition and results of operations.

49. ***Conflicts of interest may arise out of common business objects shared by our Company and certain of our Group Companies which may affect our business, financial condition and results of operations.***

The main objects clause of the constitutional documents of certain of our Group Companies namely, Shivangi Polymers Private Limited and Pure Ganga Water Systems Private Limited permits them to undertake business which is similar to our business. We cannot assure you that our Promoters will not favour the interests of such companies over our interest or that, in the absence of non-compete arrangements with such entities, we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

Risks Related to Operations in India

50. ***Political instability or changes in the economic policies by the central government or the state governments in the places in which we operate could affect our financial results and prospects.***

The central and state governments of India have traditionally exercised and continue to exercise significant influence over many aspects of the Indian economy. Our manufacturing facilities are also affected by regulations and conditions in the various states in India where they are located. Our business, and the market price and liquidity of the Equity Shares, may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. Since 1991, the central government has been pursuing policies of economic liberalization and financial sector reforms. The central government has announced its intention to continue India's economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will continue in the future.

Any political instability in India, 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. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

51. ***Terrorist attacks and other acts of violence or war involving India and other countries could significantly harm our operations directly, or may adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.***

Terrorist attacks and other acts of violence or war involving India or other neighbouring countries may significantly harm the Indian markets and the worldwide financial markets. South Asia has experienced instances of civil unrest and hostilities among neighbouring countries from time to time. There have also been incidents in and near India such as terrorist attacks in Mumbai, Delhi and on the Indian Parliament, troop mobilizations along the India and Pakistan border and an aggravated geopolitical situation in the region. The occurrence of any of these events may disrupt communications and travel and result in a loss of business confidence, which could potentially have an adverse impact on the economies of India and other countries and generally cause significant harm to our business, results of operations, cash flows and financial condition. In addition, any deterioration in international relations may result in investor concern regarding regional stability, which could decrease the price of our Equity Shares.

If India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations. Our insurance policies for a certain part of our business do not cover terrorist attacks or business interruptions from terrorist attacks or for other reasons.

52. ***Significant differences could exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which may affect investors' assessments of our financial condition.***

The Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS. The impact of the application of Indian GAAP, U.S. GAAP or IFRS on such financial information included in this Draft Red Herring Prospectus has not been quantified and the Restated Financial Statements have been prepared without reconciliation to any other body of accounting principles. Each of Indian GAAP, U.S. GAAP and IFRS differs in significant respects from Ind AS. Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is dependent on the reader's level of familiarity with the relevant accounting practices. Any reliance by persons not familiar with such accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

53. ***Any downgrading of India's debt rating by an international rating agency could have an adverse effect on our business.***

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures or other purposes and the trading price of the Equity Shares.

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

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. Any slowdown in the growth of the Indian economy or the residential construction sector or any future volatility in global commodity prices could adversely affect our business, financial condition and results of operations.

India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe, China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our business, financial condition and results of operations and the price of the Equity Shares.

55. ***The Indian economy has had sustained periods of high inflation, which may adversely affect our business, financial condition and results of operations.***

We may experience inflation driven increases in certain costs, such as salaries, travel costs and related allowances, which are typically linked to general price levels. However, we may not be able to increase prices of our products to preserve operating margins. Accordingly, high rates of inflation in India could increase our costs and decrease operating margins, which could have an adverse effect on our business, financial condition and results of operation.

56. ***Economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, 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.

57. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect our financial condition.***

A decline in India's foreign exchange reserves could affect the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect our future financial condition. On the other hand, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our business, financial condition and results of operations and the price of the Equity Shares.

58. ***Any increase of costs as a result of the GoI's implementation of GST may adversely affect our business, financial condition and results of operations.***

GST has been implemented in India on July 1, 2017. The implementation of GST has led to increase in administrative compliance cost. Given GST is a new legislation, there may be certain impact on us under GST which may not be correctly estimated. The implementation of this new structure may be affected by any disagreement between certain state governments, which could create uncertainty. We may also incur increased costs and other burdens relating to compliance with the new requirements under the GST regime, which may also require significant management time and other resources, and any failure to comply may adversely affect our business. Further, any future increases or amendments to the GST may affect our overall tax efficiency and we may be liable to pay additional taxes.

Although GST may have positive effects on our business, for instance, boosting the governmental initiative of "Make in India" to improve the competitiveness of Indian domestic manufacturers, there can be no assurance that its impact on industry can be offset completely.

Risks Related to the Equity Shares

59. ***The trading volume and market price of the Equity Shares may fluctuate post listing.***

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;
- changes in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, 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 volumes; 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.

60. ***Any future issuance of equity or equity-linked securities by us or sales of a large number of our Equity Shares by our Promoters or significant shareholders may dilute the positions of investors in our Equity Shares or adversely affect the market price of our Equity Shares.***

We may choose to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of equity or equity-linked securities by us may dilute the positions of investors in our Equity Shares and could adversely affect the market price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also adversely affect the trading price of the Equity Shares. Although our Promoters will be subject to a lock-in after the Offer, sales of a large number of our Equity Shares by our Promoters or significant shareholders after the expiry of the lock-in periods could result in a decrease of the trading price of our Equity Shares. For further details on the lock-in of our Equity Shares, see "*Capital Structure*" on page 65.

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

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book building process 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.

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Issue could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

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

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Bill, 2018, proposes to tax such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

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

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of Equity Shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all.

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

Our ability to pay dividends in the future will depend on a number of factors, including, *inter alia*, our earnings, financial condition, cash flow, working capital requirements, capital expenditure, applicable legal restrictions and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and operations and therefore, we may choose not to declare dividends on the Equity Shares.We cannot assure you that we will be able to pay dividends in the future. See "*Dividend Policy*" on page 172.

Prominent Notes:

- Our Company has not changed its name in the last three years.

- Our net worth during fiscal 2018 was ₹ 2,903.95 million as per our Restated Consolidated Financial Information, and ₹ 2,772.99 million as per our Restated Standalone Financial Information. For details, see "*Financial Statements"* on page 174.

- Initial public offering of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million. The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 850.00 million and an Offer for Sale of up to 3,898,575 Equity Shares aggregating to ₹ [●] million by the Selling Shareholders. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

- Our net asset value per Equity Share as at March 31, 2018 was ₹ 220.89 as per our Restated Consolidated Financial Information and ₹ 210.92 as per our Restated Standalone Financial Information.

- The average cost of acquisition of Equity Shares by Ashish Baheti is ₹ 12.58 per Equity Share and Atul Ladha is ₹ 10.29 per Equity Share.

- Except as disclosed in "*Our Group Companies*", "*Financial Statements - Notes to Restated Consolidated Financial Information - Annexure VI*" and *Financial Statements - Notes to Restated Standalone Financial Information - Annexure VI*" on pages 167, 268 and 190, respectively, none of our Group Companies have business interests or other interests in our Company.

- For details of related party transactions entered into by our Company with our Subsidiaries, our Group Companies, and other related parties during the last fiscal, the nature of transactions and the cumulative value of transactions, see "*Financial Statements*" on page 174.

- There have been no financing arrangements whereby our Promoters, Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the filing of this Draft Red Herring Prospectus.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Offer. For further information regarding grievances in relation to the Offer, see "*General Information*" on page 57.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*Unless specified otherwise, the information in this section has been obtained or derived from the report titled "Assessment of the plastic tanks, plastic pipes and household & other plastic products industries" dated June 13, 2018 prepared by CRISIL Research ("**CRISIL Report**"). All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be accurate and reliable. None of the Company, the Selling Shareholders, the BRLMs or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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 should not place undue reliance on or base their investment decision on this information.*

Investors should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, see "Risk Factors"on page [●].

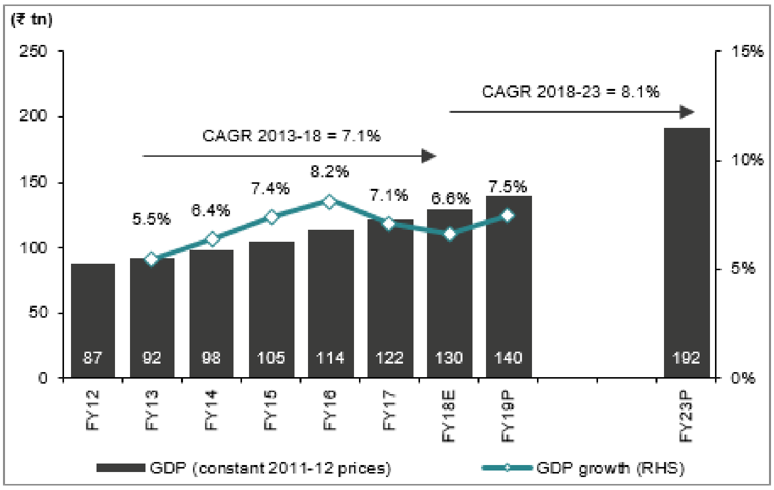
Overview of the macroeconomic scenario of India

Review and outlook of GDP growth in India

GDP to grow at a fast pace over the next five years

An economy is powered by the twin engines of consumption and investment. In recent years, India's growth has been firing on the consumption cylinder; investment, in contrast, has been muted. Gross domestic product (GDP) at constant FY12 prices expanded at 7.1% compound annual growth rate (CAGR) between FY13-18. It grew at a slower pace between FY12-FY14 because of sluggish income growth, persistently rising inflation and high interest rates. Industrial output, too, weakened. Post FY14, growth recovered following improvement in industrial activity, lower crude oil prices and supportive policies. However, it was clipped in FY17 owing to demonetisation, dwindling private investment and slowing global growth.

Real GDP growth in India (new GDP series)



Note: P-Projected

Source: CSO (Central Statistical Organisation), CRISIL Research, IMF

The Goods and Services Tax (GST) rolled out in early FY18 left its imprint on GDP growth figures, especially in the first half. CRISIL Research expects real GDP growth to rebound to 7.5% in FY19 from 6.6%* in FY18 as the transitory disruption from GST implementation wanes and a low base provides fillip. Growth will continue to be consumption-driven, with interest rates expected to remain soft, inflation under control and implementation of the Seventh Pay Commission hikes at the state level. Investments, largely in infrastructure, should start lending growth a helping hand, too, with support from public spending (with a rural focus) in infrastructure, especially roads.

On the external front, too, synchronised global recovery is expected to gather pace, which should help Indian exports that were impacted, to some extent, by GST-related glitches. However, geopolitical risks and uncertainties surrounding the pace of normalisation of the monetary policy in advanced nations are expected to limit the contribution of exports to domestic economic growth.

**As per CSO*

In the medium term, CRISIL Research expects the pace of economic growth to pick up, as structural reforms such as GST and the Bankruptcy Code, aimed at de-clogging the economy and raising the trend rate of growth, begin to take effect. Assuming that monetary and fiscal policies remain prudent, these reforms will lead to efficiency gains and improve the prospects for sustainable high growth in the future. The improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class and business-friendly government reforms will drive growth in the long term. As per the International Monetary Fund (IMF), the Indian economy is projected to log 8.1% CAGR over FY18-23. India's growth will be higher than many emerging as well as developed economies such as Brazil, Russia, and China.

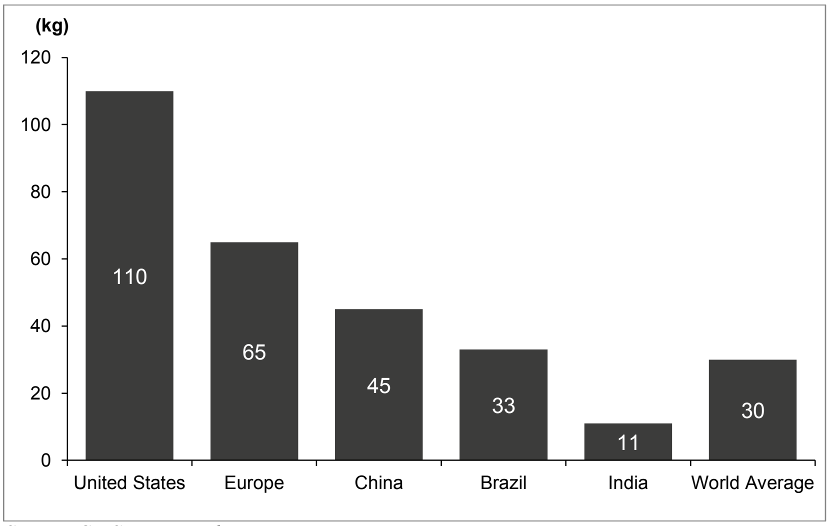
Budget 2018-19 focused on reviving rural demand

Given its ambitious target of doubling farmers' income by 2022, the government increased its budgetary allocation for agriculture and allied activities from the revised estimate of ₹566 billion in FY18 to ₹638 billion in FY19. The increased allocation of 12.8% on-year in FY19 is similar to the increase in FY18. The government also announced measures such as assured minimum support price (MSP), export liberalisation of agri products to revive farm realisations and increased expenditure on rural infrastructure to improve rural incomes. Construction is a very labour-intensive activity and, more importantly, it can absorb low skilled workers – a key characteristic of rural India. Focus on rural housing and roads is expected to help build assets, create jobs and consequently improve income, thereby having a cascading impact on demand for consumer products.

<u>Low per capita plastic consumption</u>

India has very low per capita plastic consumption of ~11 kg compared with the global average of 30 kg. Traditional materials dominate the application areas of plastic. However, over FY 15-17, comparatively lower crude oil prices along with superior properties of plastic led to increase in its usage in India. While crude oil prices have retracted to an extent over the past year, still it is expected that per capita consumption to slowly inch up towards the global average. Over FY17-22, CRISIL Research expects demand for polymers to increase at a healthy 9-10% CAGR.

India's per capita plastic consumption versus other countries



Source: CRISIL Research

<u>Impact of GST</u>

CRISIL Research expects GST – which resulted in an emphasis on value addition, amalgamation of a large number of central and state taxes into a single tax, and the set-off allowance of prior-stage taxes – to mitigate the ill effects of cascading taxes. It is expected that this will allow the free flow of tax credit in intra and inter-state transactions, leading to a more efficient and leaner tax structure.

CRISIL expects the reform to improve tax efficiency on account of three major changes over the existing system:

- The limitation of Central Value Added Tax (CENVAT), pre GST, lay in non-inclusion of several central taxes such as additional customs duty and surcharges. At the state level, there were several taxes, such as luxury tax and entertainment tax, which were not subsumed in the Value Added Tax (VAT). Pre GST, state VAT was also applied on the value of goods including CENVAT, leading to a cascading effect on the CENVAT load.

- Pre GST, service tax was not allowed for set-off against VAT.
- Pre GST, CST was levied on inter-state transfer of goods but did not carry any set-off relief.

Manufacturing companies to benefit: While the new regime will have a structural impact on the supply chain of goods and services, in the medium term (2017-18 to 2019-20), the extent of efficiency is estimated to be higher in the supply chain of goods. Seamless transport of goods is also estimated to benefit companies/ industries which have a pan-India logistic network, wherein supply clusters are concentrated around specific geographies and demand regions are spread across different states.

Structural changes in supply chains: Many companies are expected to migrate from the current strategy of 'multiple warehousing' to the hub and spoke model as tax treatment across India will be the same. From now on, most business decisions will be focused on supply chain efficiency and not on state-wise tax arbitrage. This, in turn, will bring down the overall warehousing and logistics cost owing to rationalisation of warehouses.

Introduction to water tanks

Water storage has become an essential domestic, industrial and commercial utility. With increasing scarcity of freshwater resources in growing population centers, concerns over water conservation and storage are on the rise. Households and industries along with municipalities today are required to make arrangements for storing water for daily use. Increasing urbanisation and real estate investments have increased the withdrawal and consumption of water which, in turn, has created substantial need for durable and economical water storage methods.

A water tank is a medium for storage of water for various purposes such as drinking, irrigation, agriculture, and fire suppression. Conventionally, concrete and steel tanks were popular for storage of water preceded by wooden / earthen pots. However, plastic water storage tanks have emerged as the most effective alternative for water storage over the past ~30 years.

Plastic water storage tanks

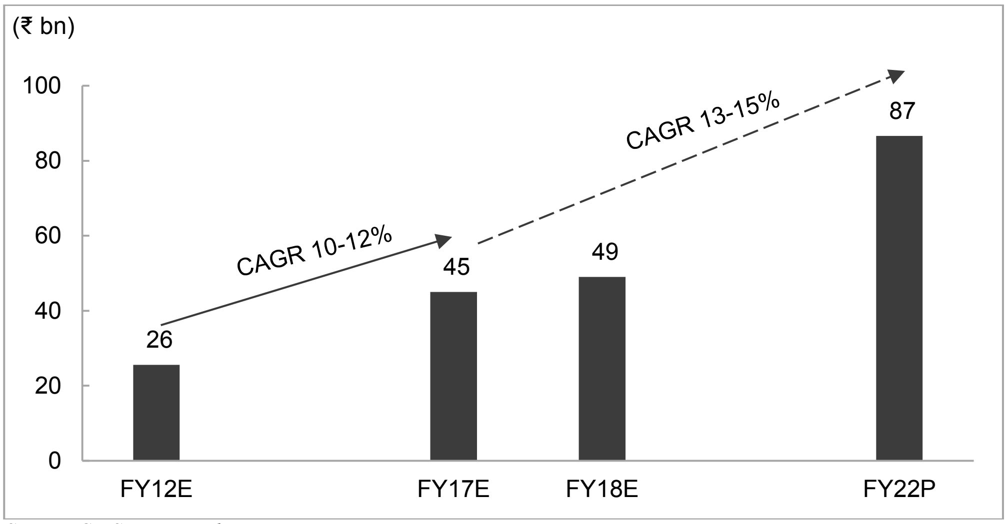
Of all the conventional materials, i.e. steel and concrete, plastic has evolved as the best one to store water for daily use. Plastic water tanks are economical and made of highly durable plastics which occupy less storage space and are lighter in weight as compared with steel and concrete tanks, which are also costlier. Also, concrete tanks cannot be transported and need to be constructed at the location, which is very time consuming. Plastic water storage tanks are rust-proof compared with steel tanks and less prone to leakage compared with concrete tanks. Also, these tanks maintain water quality and are maintenance-free. These tanks are generally made of linear low-density polyethylene (LLDPE) or high density polyethylene (HDPE). The fine polymer granules of these materials are heated along with desired colour pigments and moulded into the desired shape using various manufacturing techniques. Polymers used for manufacturing plastic water tanks are essentially inert to water. Therefore, plastic tanks can also be used for agriculture and irrigation, fire suppression reserves in buildings, food processing in industries, and as waste water containers.

Plastic water storage tank industry

Review and outlook of the industry

Real estate investments, rising urbanisation, increasing fresh water withdrawal, and consumption for various domestic and industrial applications have created substantial demand for economical water storage methods, which is expected to drive demand for plastic water storage tanks. As water is stored in overhead or elevated tanks, durability is the key attribute which a consumer requires in plastic water tanks. As per CRISIL Research, the domestic plastic water tank industry grew at a five-year CAGR of 10-12% to ~₹45 billion in FY17 from ~₹26 billion in FY12. This was in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. Also, owing to supply-side issues post GST implementation, growth in the plastic water tank market is estimated to have moderated to 8-10% to reach ₹49 billion in FY18. Unorganised players dominate the industry with 70% market share as of FY17.

Plastic water tank industry to log 13-15% CAGR in next five years



Source: CRISIL Research
Note: E: Estimated, P: Projected

Over the next five years, CRISIL research expects the plastic water tank industry to continue to grow at a healthy pace of 13-15% CAGR from FY17-22 owing to increasing demand propelled by increase in the pace of real estate construction activity and growing necessity of water storage owing to irregularity in supply. Momentum in the construction of affordable housing has picked up. Over FY17-22, roto moulded tanks are expected to witness 10-12% CAGR, while blow moulded tanks are expected to post 18-20% CAGR owing to their superior value proposition compared with the former as well as higher demand for smaller (up to 2,000 litre) tanks. Demand for steel and concrete tanks is expected to decrease owing to shifting focus towards light weight and durable plastic water tanks.

Overview of the Indian plastic pipes industry

Being a cost-effective way to transport water, pipes form an integral part of infrastructure to transport, distribute and dispose this life sustaining resource. Pipes are used for a variety of end applications such as irrigation, household plumbing, sewerage and industrial applications. In the past, metal pipes - especially galvanised iron (GI) pipes - were used for most purposes. However, with increase in availability of raw materials, superior properties and low costs compared with GI, plastic pipes have emerged as the material of choice for these applications. CRISIL Research estimates the overall sales of plastic pipe industry at ₹250 billion as of 2016-17.

Plastic pipes are made of different types of polymers. The four key types are unplasticised polyvinyl chloride (UPVC), which represents 75% of industry demand, chlorinated polyvinyl chloride (CPVC) – 12%, HDPE – 8%, and polypropylene (PPR) – 5%. Composite pipes, which have a mix of metal and plastic layers, are also used for similar applications.

Domestic demand - review and outlook

The Indian plastic pipes and fittings industry, estimated at around ₹250 billion in value terms as of FY17, reported a healthy 10-12% CAGR between FY12-17. This is in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. Growth was driven by rising demand from the construction and irrigation sectors. Within the construction space, the triggers were substitution of metal pipes with polymer pipes, increasing investments in real estate, water supply and sanitation (WSS) projects, and replacement demand. However, with disruption caused by GST implementation, the industry is estimated to have grown at a moderate pace of ~8% during 2017-18 to ₹270 billion.

Initiatives such as Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Accelerated Irrigation Benefits Programme (AIBP), and Command Area Development and Water Management Programme supported the irrigation sector's growth.

Another booster was the government's Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, which is aimed at providing basic services, such as WSS, and ensuring that every household has access to a tap with assured water supply and a sewerage connection. As a result, demand for soil, waste and rain, and drainage pipes was robust.

Household and other plastic products

The household and other plastic products segment includes buckets, tubs, mugs, bottle, dustbin, furniture, milk cans, soap cases, etc. As of FY17, the per capita consumption of plastic in India was around 11 kg, of which the household plastic products segment accounted for ~10%, i.e. 1.1 kg per capita.

For our analysis, we have considered three product categories - plastic bucket and related products, plastic dustbins, and plastic milk cans.

Review and current industry size – (plastic bucket & related products + dustbins + milk cans)

The total market size of plastic bucket and related products, dustbins and milk cans is estimated at ₹43 billion as of FY17. Among these categories, bucket and related products account for 80%, followed by dustbins (14%).

Long-term demand outlook

Over FY17-22, CRISIL Research expects that the bucket and related products segment to log a CAGR of 8-9% and the plastic dustbin segment 10-11%. Similarly, the plastic milk cans segment is expected to post a CAGR of 10-11% over the same period owing to light weight and durable plastic milk cans replacing steel/aluminium milk cans.

SUMMARY OF OUR BUSINESS

Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, see, "Risk Factors" on page 16. Our Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared under Ind AS, in accordance with the requirements of the Companies Act, and restated in accordance with the SEBI ICDR Regulations. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year.

In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Vectus Industries Limited and its subsidiaries on a consolidated basis, and any reference to the "Company" refers to Vectus Industries Limited.

All references to (i) North India, (ii) South India, (iii) East India, (iv) West India, and (v) Central India refer to, together, the States and Union Territories of, (i) Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh; (ii) Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu and Telangana,; (iii) Assam, Bihar, Jharkhand, Orissa and West Bengal; (iv) Goa, Gujarat and Maharashtra; and (v) Chhattisgarh and Madhya Pradesh, respectively.

The term 'SKU' if relating to, (i) water tanks is categorised on the basis of manufacturing process, type of product, brand, capacity, number of layers, colour and variant; (ii) pipes and fittings is categorised on the basis of product type, product segment, size, colour, brand, variant; and (iii) household plastics and others is categorised on the basis of product type and details, capacity/size, brand and variant.

References to 'dealers and distributors' are to active dealers and distributors with whom we conducted business in the relevant fiscal year. References to 'semi-urban and rural' are to cities/towns having a population of less than 1 million (as per Census 2011 data).

The term 'Adjusted Revenue' refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty.

Overview

Our Company is a B2C focussed water storage and piping solutions provider in India, catering to residential, commercial, industrial, infrastructure and agricultural sectors. We operate across three distinct product verticals namely: (i) water tanks, (ii) pipes and fittings, and (iii) household plastics and others. We are among the top two players in the plastic water tanks vertical in terms of revenue with a pan-India presence and strong brand recall (*Source: CRISIL Report*). We have one of the most diversified product portfolios in the pipes segment (*Source: CRISIL Report*). We are also considered a quality focused and value for money brand in the water tanks and pipes and fittings segment (*Source: CRISIL Report*). We manufacture a diverse range of products using a variety of polymers, including linear low density polyethylene ("**LLDPE**"), high density polyethylene ("**HDPE**"), chlorinated polyvinyl chloride ("**CPVC**"), polypropylene random copolymer ("**PPR**") and polyvinyl chloride ("**PVC**"). We were also the first to introduce blow moulded tanks in India and are currently the largest manufacturer of blow-moulded tanks in India (*Source: CRISIL Report*).

Our Promoters, Ashish Baheti and Atul Ladha have significant experience in the water storage and piping solutions industry and had set up their own separate water tank businesses in 1990 and 1993, respectively. Our Promoters formed a partnership firm which was converted into our Company in August 2007 subsequent to which their separate businesses were consolidated under our Company. In June 2014, Latinia Limited invested ₹ 1,000 million in our Company, which further augmented our capital and growth.

Presently, our Company operates through three primary product verticals, primarily under our flagship brand '*Vectus*'. Our Company also manufactures water tanks under our legacy brand names '*Waterwell*' and '*Ganga*', which were transferred to us pursuant to amalgamations with Sintir Plast Containers Private Limited and Baheti Rotoplast Private Limited.

Water tanks

We are one of the fastest growing water tanks player in the industry (*Source: CRISIL Report*). Our water tanks segment has outpaced industry growth over the past five years (*Source: CRISIL Report*). Our water tanks product vertical comprised over 1,000 SKUs as at March 31, 2018 and our product range includes overhead (including loft tanks) and underground tanks (including septic tanks), in a variety of colours and layers with varied capacities ranging from 60 litres to 2,000 litres for blow moulded tanks and from 100 litres to 10,000 litres for rotational moulded tanks. We manufacture water tanks using LLDPE and HDPE through the rotational moulding and blow moulding process, respectively.

The key differences between the rotational moulding and blow moulding process are set forth below.

Rotational moulding process	Blow moulding process
Traditional technology	Relatively new technology
3-stage process	1-stage process
Requires LLDPE as raw material	Requires HDPE as raw material
Can produce up to 50,000 litre tanks	Suitable for smaller tanks (up to 2,000 litre)
Complex designs can be manufactured	Comparatively simple design can be manufactured
Used for overhead as well as underground tanks	Largely used for overhead tanks
Consumes more raw material per litre of tank and thus, relatively heavier tank for a given size	Consumes less raw material per litre of tank and, thus, relatively lighter tank for a given size
Slower production rate	Faster production rate
Relatively costlier tanks owing to higher raw material consumption	Relatively cheaper tanks owing to lesser raw material consumption

(*Source: CRISIL Report*)

Through our water tanks vertical, we cater to residential, commercial, industrial, infrastructure and agricultural sectors. In fiscals 2018, 2017, 2016, 2015 and 2014, our water tanks business contributed 39.89%, 40.60%, 42.66%, 42.99% and 44.33% of our Adjusted Revenue, respectively.

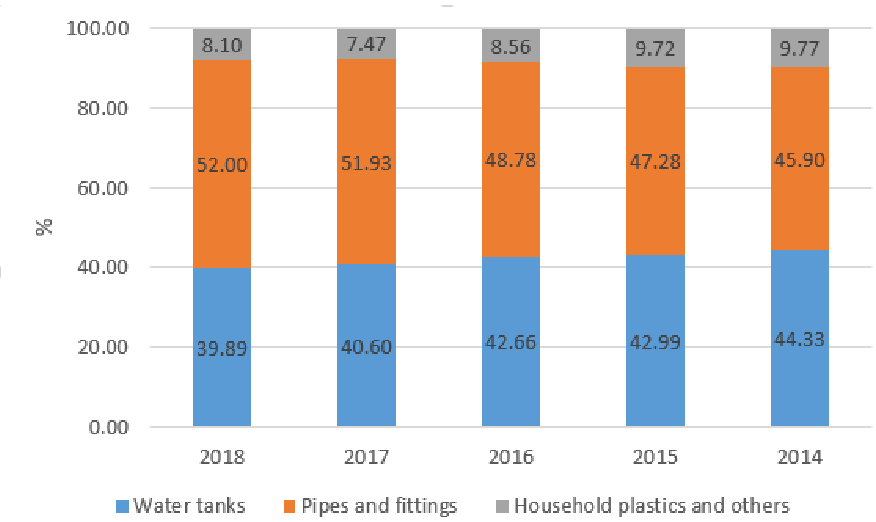
Pipes and fittings

Our pipes and fittings segment grew at one of the fastest pace in the industry (*Source: CRISIL Report*). This segment grew at a CAGR of 23.4% from FY 2012-17 compared to industry CAGR of 10-12% (*Source: CRISIL Report*). Our pipes and fittings vertical comprises over 2,500 SKUs as at March 31, 2018 and includes CPVC pipes and fittings, PVC (ASTM, SWR and Agri-drainage, Column and casing) pipes, composite pipes and fittings (PE-Aluminium-PE), PPR pipes and fittings, HDPE pipes and PE manholes. We have entered into an exclusive arrangement for license and technical assistance with Floteks Plastik Sanayi Ve Ticaret Anonim Sirketi ("**Floteks**"), a Turkish entity, with respect to technical know-how for manufacture and sale of PE manholes in India, in accordance with EN 13598 standards. In fiscals 2018, 2017, 2016, 2015 and 2014, our pipes and fittings contributed 52.00%, 51.93%, 48.78%, 47.28% and 45.90% of our Adjusted Revenue, respectively.

Household plastics and others

We also manufacture household plastics and other products, which comprised over 300 SKUs as at March 31, 2018 and includes buckets, dustbins, stools, planters, tubs, mugs and milk cans, using injection moulding and blow moulded technology. In fiscals 2018, 2017, 2016, 2015 and 2014, our household plastics and others contributed 8.10%, 7.47%, 8.56%, 9.72% and 9.77% of our Adjusted Revenue, respectively.

Revenue Mix



We are also a digitally driven company and were the first company to introduce SAP S/4 HANA 1511 Digital Core Enterprise Management Solution ("**SAP HANA**") in the plastic industry in India, which has enabled us to have a digital platform to support our business functions. We have received the SAP HANA Innovation Award for securing 2nd place in the social hero category by SAP in 2017. We have also launched a mobile application on the Android platform to provide information about our entire product range to plumbers, dealers and distributors and end-users and to also provide a medium of communication with regard to dealer queries and complaints.

Our products from all three product verticals are distributed through dealers and distributors, who resell our products to sub-dealers, retailers, contractors and end-users. As at March 31, 2018, we had a network of over 4,300 dealers and distributors across 24 States/Union Territories across India, of which 84.40% were from semi-urban and rural areas and contributed to 73.84% of our Adjusted Revenue in Fiscal 2018. We distribute our products through all our manufacturing facilities and our eight depots.

We manufacture our products at 13 strategically located manufacturing facilities in the States of Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh. The total installed capacity for our products in fiscal 2018, is set forth below.

Name of the product(s)	Installed capacity in Fiscal 2018
Water tanks (‘000 litres)	12,81,567
Pipes and fittings (MT)	39,081
Household plastics (MT)	5,930

Further, certain of our products are certified by the Bureau of Indian Standards and all our manufacturing facilities are ISO 9001:2015 certified. Our Company was recognised as being amongst ‘The World’s Greatest Brands 2015 Asia and GCC’ by URS International (Asia One) in 2015.

Certain of our key financial metrics are set forth below.

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	CAGR
Revenue from operations	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19	11.64%
Adjusted Revenue*	6,357.20	5,815.05	5,539.30	4,780.27	3,954.25	12.60%
Gross Margin** on Adjusted Revenue	2,401.20	2,215.32	2,133.80	1,678.81	1,353.60	15.41%
Gross Margin on Adjusted Revenue %	37.77%	38.10%	38.52%	35.12%	34.23%	
EBIDTA	649.33	573.35	610.77	589.61	467.99	8.53%
EBIDTA Margin on Adjusted Revenue %	10.21%	9.86%	11.03%	12.33%	11.84%	
PAT	355.01	288.73	249.65	143.51	213.90	13.50%
PAT Margin on Adjusted Revenue %	5.58%	4.97%	4.51%	3.00%	5.41%	

** Adjusted Revenue refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty. For details see “Management’s Discussion and Analysis Of Financial Condition and Results Of Operations – Details of Adjusted Revenue” on page 339*

*** Gross Margin on Adjusted Revenue has been defined as Adjusted Revenue minus cost of materials consumed minus purchase of traded goods minus change in inventory of finished goods, work in progress, traded goods and stores and spares*

As at March 31, 2018, our Company did not have any long term debt and our growth has been funded primarily through internal accruals and equity investments made by our Promoters and Latinia Limited. Our Company has also received credit rating of Ind A/Stable from India Ratings.

Key Strengths

We believe the following are our key strengths:

- Comprehensive product portfolio with a focus on customer-centric solutions
- Market leadership and strong brand recall
- Strategically located manufacturing facilities
- Geographically spread distribution network
- Digitally driven business
- Strong track record of robust financial performance
- Strong management team backed by experienced Promoters

Our Strategies

We are committed to continue to increase our market share across our product verticals and to expand our product offerings and geographical footprint, while improving our profitability and return metrics. Towards this objective, our growth and competitive strategies are as follows:

- Expansion of our product portfolio
- Expansion of our geographical footprint
- Increase focus on brand building
- Expansion of our manufacturing capabilities and enhance capacity utilization

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 174 and 325, respectively.

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Vectus Industries Limited

Summary of Restated Standalone Statement of Assets and Liabilities

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	1,595.96	1,437.64	1,203.49	755.52	611.03
Capital work-in-progress	40.65	21.72	2.39	101.13	37.77
Intangible assets	49.91	68.01	10.82	11.69	15.79
Intangible assets under development	-	1.04	46.22	-	-
Financial assets					
Investments	26.71	26.71	26.71	34.86	34.25
Loans	39.87	30.38	24.62	42.05	32.96
Other financial assets	2.04	1.23	1.22	0.89	5.28
Deferred tax assets (net)	33.58	58.48	74.49	74.42	89.63
Income tax assets (net)	1.84	1.98	2.63	1.49	-
Other non-current assets	21.84	30.63	33.52	58.14	78.01
Total non-current assets	**1,812.40**	**1,677.82**	**1,426.11**	**1,080.19**	**904.72**
Current assets					
Inventories	893.73	837.44	877.35	671.92	529.83
Financial assets					
Investments	-	17.37	6.46	-	-
Trade receivables	813.01	633.10	557.14	502.03	330.11
Cash and cash equivalents	128.84	68.60	19.12	128.75	10.00
Other bank balances	6.41	5.44	89.87	6.61	14.47
Loans	6.36	10.05	7.52	11.70	8.86
Other financial assets	49.79	35.07	51.77	54.05	20.17
Other current assets	109.52	89.56	140.42	39.94	30.08
Total current assets	**2,007.66**	**1,696.63**	**1,749.65**	**1,415.00**	**943.52**
TOTAL ASSETS	**3,820.06**	**3,374.45**	**3,175.76**	**2,495.19**	**1,848.24**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	131.47	131.47	103.01	103.01	102.50
Instrument entirely in the nature of equity	-	-	1,111.61	1,111.61	-
Other equity	2,641.52	2,330.20	992.00	790.28	655.90
Total equity	**2,772.99**	**2,461.67**	**2,206.62**	**2,004.90**	**758.40**
Liabilities					
Non-current liabilities					
Financial liabilities					
Non-current borrowings	0.41	0.42	0.43	0.47	119.45
Non-current Provision	15.46	15.94	18.08	17.60	14.97
Total non-current liabilities	**15.87**	**16.36**	**18.51**	**18.07**	**134.42**
Current liabilities					
Financial liabilities					
Current borrowings	428.90	357.29	416.00	250.51	414.39
Trade payables	304.65	219.38	300.31	83.40	327.48
Other financial liabilities	232.28	208.26	151.16	80.28	143.91
Other current liabilities	60.77	100.50	81.59	53.40	48.40
Current Provision	4.53	3.56	0.67	0.63	0.48
Current tax liabilities (net)	0.07	7.43	0.90	4.00	20.76
Total current liabilities	**1,031.20**	**896.42**	**950.63**	**472.22**	**955.42**
TOTAL EQUITY AND LIABILITIES	**3,820.06**	**3,374.45**	**3,175.76**	**2,495.19**	**1,848.24**

Vectus Industries Limited

Summary of Restated Standalone Statement of Profit and Loss

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Revenue					
Revenue from operations	5,788.97	5,648.14	5,148.45	4,393.20	3,569.18
Other income	20.39	12.43	11.14	12.74	39.33
	5,809.36	**5,660.57**	**5,159.59**	**4,405.94**	**3,608.51**
Expenses					
Cost of materials consumed	3,692.95	3,305.30	3,151.23	2,783.10	2,270.19
Purchase of traded goods	83.44	58.27	78.58	72.19	105.94
Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares	(109.09)	(33.48)	(92.53)	(87.04)	(51.11)
Excise duty	122.45	529.75	317.19	247.11	180.16
Employee benefits expense	554.24	487.23	412.75	305.97	209.73
Finance costs	39.51	46.45	37.89	182.95	100.78
Depreciation and amortisation expense	131.99	110.84	204.86	147.26	119.52
Other expenses	864.02	795.89	757.82	545.20	439.44
	5,379.51	**5,300.25**	**4,867.79**	**4,196.74**	**3,374.65**
Profit before tax and exceptional item	**429.85**	**360.32**	**291.80**	**209.20**	**233.86**
Exceptional item	-	15.31	31.66	-	-
Profit before tax	**429.85**	**345.01**	**260.14**	**209.20**	**233.86**
Tax expense					
Current tax	92.76	78.02	62.82	59.68	57.04
Deferred tax (Credit) / Charge	25.20	14.61	(1.57)	15.31	(27.78)
Total tax expense	**117.96**	**92.63**	**61.25**	**74.99**	**29.26**
Profit after tax	**311.89**	**252.38**	**198.89**	**134.21**	**204.60**
Other comprehensive income					
Items that will not be reclassified to restated standalone statement of profit and loss					
Remeasurements of post-employment benefit obligations	(0.87)	4.07	4.32	(0.28)	(2.74)
Income tax relating to items that will not be reclassified to profit or loss	0.30	(1.40)	(1.49)	0.10	0.93
Other comprehensive (expense)/ income, net of tax	**(0.57)**	**2.67**	**2.83**	**(0.18)**	**(1.81)**
Total comprehensive income	**311.32**	**255.05**	**201.72**	**134.03**	**202.79**
Earnings per share (face value of Rs. 10)					
- Basic	23.72	19.20	15.13	13.04	25.85
- Diluted	23.72	19.20	15.13	13.04	25.85

Vectus Industries Limited

Summary of Restated Standalone Statement of Cash Flow

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
A CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	**429.85**	**345.01**	**260.14**	**209.20**	**233.86**
Adjustments for:					
Depreciation and amortisation expense	131.99	110.84	204.86	147.26	119.52
Liabilities written back	(2.38)	(0.73)	(0.96)	(1.64)	-
Interest expense	39.51	46.45	37.89	182.95	100.78
Interest income	(1.35)	(3.58)	(2.04)	(2.81)	(1.55)
Net gain on sale of investments	(0.09)	-	-	3.21	(7.58)
Loss/(Gain) on sale of fixed assets (net)	(1.16)	1.86	-	0.19	(24.54)
Gain on sale of current investments in mutual funds	(3.25)	(0.13)	-	(3.21)	-
Fair value of investments in mutual funds	-	(2.39)	(0.27)	-	-
Provision for warranty and warranty claims	0.74	2.50	-	-	-
Provision for doubtful debts and advances	1.27	1.13	0.72	1.43	9.28
Provision for impairment of investments	-	0.61	-	-	-
Advances written off	2.84	0.45	0.22	1.15	4.17
Payment towards financial guarantee given for associate	-	15.31	-	-	-
Provision for loans/advances given to subsidiary/associate	-	-	22.90	-	-
Provision for impairment of investment in subsidiary and associate	-	-	8.76	-	-
Operating profit before working capital changes	**597.97**	**517.33**	**532.22**	**534.52**	**433.94**
Movement in working capital					
(Increase)/decrease in current and non-current loans	(8.64)	(8.75)	21.39	(13.08)	(14.19)
(Increase)/decrease in inventories	(56.29)	39.91	(205.43)	(142.09)	(116.69)
(Increase)/decrease in other current and non-current financial assets	2.69	16.70	(20.62)	(33.88)	(13.26)
(Increase)/decrease in other current and non-current assets	(20.21)	50.98	(100.22)	(9.69)	4.02
(Increase)/decrease in trade receivables	(181.18)	(77.08)	(55.83)	(173.35)	(9.88)
Increase/(decrease) in other current and non-current financial liabilities	7.67	60.42	48.42	(4.54)	22.01
Increase/(decrease) in current and non-current provisions	(1.12)	2.32	4.84	2.50	3.94
Increase/(decrease) in other current and non-current liabilities	(39.73)	18.91	28.19	5.00	16.59
Increase/(decrease) in trade payables	87.65	(80.93)	216.91	(244.08)	120.62
Cash flow from/(utilised in) operating activities post working capital changes	**388.81**	**539.81**	**469.87**	**(78.69)**	**447.10**
Income tax paid (net)	(99.98)	(70.84)	(67.05)	(77.93)	(59.48)
Net cash flow from/(utilised in) operating activities (A)	**288.83**	**468.97**	**402.82**	**(156.62)**	**387.62**
B CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment (including intangible assets, capital work-in-progress, capital advances, capital creditors and intangible assets under development)	(280.59)	(390.53)	(556.20)	(334.93)	(215.40)
Interest received	1.35	3.58	2.04	2.81	1.55
Payment to bank on behalf of associate	-	(15.75)	-	-	-
Purchase of long-term investments	-	-	-	-	(11.40)
Proceeds from sale of long-term investments	-	-	-	-	14.58
Purchase of investments in mutual funds	(23.45)	(11.13)	(6.19)	(250.00)	-
Proceeds from sale of mutual funds	26.75	2.13	-	253.21	-
Sale of property, plant and equipment	17.04	12.99	4.22	1.34	47.96
Movement in other bank balances (net)	(1.78)	84.42	(83.59)	12.25	(15.59)
Net cash used in investing activities (B)	**(260.68)**	**(314.29)**	**(639.72)**	**(315.32)**	**(178.30)**
C CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital (including securities premium)	-	-	-	0.86	4.40
Proceeds from compulsorily convertible debenture received	-	-	-	999.65	-
Proceeds / (Repayment) of long term borrowings	(0.01)	(0.04)	(0.33)	(172.26)	(96.01)
Proceeds / (Repayment) of short term borrowings	71.61	(58.71)	165.49	(163.88)	(18.72)
Interest paid	(39.51)	(46.45)	(37.89)	(73.68)	(98.09)
Net cash flow from/(utilised in) financing activities (C)	**32.09**	**(105.20)**	**127.27**	**590.69**	**(208.42)**
Increase/(decrease) in cash and cash equivalents (A+B+C)	60.24	49.48	(109.63)	118.75	0.90
Cash and cash equivalents at the beginning of the year	68.60	19.12	128.75	10.00	9.10
Cash and cash equivalents at the end of the year	**128.84**	**68.60**	**19.12**	**128.75**	**10.00**
Notes to cash flow statement					
1 Components of cash and cash equivalents :					
- Cash in hand	2.31	2.58	2.07	2.22	1.21
- Balances with bank (Current Account)	126.53	66.02	17.05	126.53	8.79
	128.84	**68.60**	**19.12**	**128.75**	**10.00**

2 The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting standard 7 "Statement of Cash Flows".

Vectus Industries Limited

Summary of Restated Consolidated Statement of Assets and Liabilities

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	1,717.66	1,547.80	1,287.16	851.79	717.09
Capital work-in-progress	40.99	38.42	5.07	101.13	39.89
Intangible assets	49.91	68.01	10.82	11.69	16.09
Intangible assets under development	-	1.04	46.22	-	-
Investments accounted for using equity method	-	-	-	-	6.47
Financial assets					
Loans	43.69	34.05	27.93	42.11	35.23
Other financial assets	2.04	1.89	5.37	4.74	8.93
Deferred tax assets (net)	33.61	58.88	78.10	76.75	95.39
Income tax assets (net)	4.80	3.33	2.63	2.08	0.37
Other non-current assets	22.90	33.42	33.67	72.47	89.61
Total non-current assets	**1,915.60**	**1,786.84**	**1,496.97**	**1,162.76**	**1,009.07**
Current assets					
Inventories	945.32	880.89	924.81	720.13	585.88
Financial assets					
Investments	25.83	17.37	6.46	-	-
Trade receivables	897.82	698.83	624.36	566.80	386.91
Cash and cash equivalents	142.45	76.68	44.38	131.77	14.99
Other bank balances	7.26	5.69	90.19	6.61	14.47
Loans	6.50	10.13	7.60	2.15	1.69
Other financial assets	51.33	39.05	57.68	61.25	20.26
Other current assets	111.62	97.61	143.97	41.28	34.98
Total current assets	**2,188.13**	**1,826.25**	**1,899.45**	**1,529.99**	**1,059.18**
TOTAL ASSETS	**4,103.73**	**3,613.09**	**3,396.42**	**2,692.75**	**2,068.25**
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	131.47	131.47	103.01	103.01	102.50
Instrument entirely in the nature of equity	-	-	1,111.61	1,111.61	-
Other equity	2,772.48	2,428.33	1,062.67	819.16	680.57
Equity attributable to owners of the Company	**2,903.95**	**2,559.80**	**2,277.29**	**2,033.78**	**783.07**
Non-controlling interests	47.86	37.46	28.79	19.90	14.68
Total equity	**2,951.81**	**2,597.26**	**2,306.08**	**2,053.68**	**797.75**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Non-current borrowings	1.78	4.76	16.63	30.07	165.35
Non-current provision	18.03	18.13	19.37	18.43	15.71
Deferred tax liabilities	1.85	0.99	-	-	5.24
Other non-current liabilities	2.26	3.15	1.64	1.93	2.22
Total non current liabilities	**23.92**	**27.03**	**37.64**	**50.43**	**188.52**
Current liabilities					
Financial liabilities					
Current borrowings	477.94	404.48	475.49	299.66	469.07
Trade payables	339.59	239.15	309.49	121.53	366.77
Other financial liabilities	242.01	218.71	168.16	103.23	166.88
Other current liabilities	63.55	113.10	87.25	58.00	53.34
Current provisions	4.72	3.71	0.84	0.79	0.62
Current tax liabilities (net)	0.19	9.65	11.47	5.43	25.30
Total current liabilities	**1,128.00**	**988.80**	**1,052.70**	**588.64**	**1,081.98**
TOTAL EQUITY AND LIABILITIES	**4,103.73**	**3,613.09**	**3,396.42**	**2,692.75**	**2,068.25**

Vectus Industries Limited

Summary of Restated Consolidated Statement of Profit and Loss

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Revenue					
Revenue from operations	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19
Other income	26.79	16.05	12.36	18.26	32.53
	6,314.66	**6,172.82**	**5,688.56**	**4,977.55**	**4,079.72**
Expenses					
Cost of materials consumed	3,987.56	3,603.20	3,457.32	3,129.65	2,602.61
Purchase of traded goods	83.44	31.80	35.88	52.53	50.90
Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares	(115.00)	(35.27)	(87.70)	(80.72)	(52.86)
Excise duty	138.39	596.43	385.46	314.23	235.59
Employee benefits expense	591.52	520.32	440.39	330.32	233.81
Finance costs	45.50	55.13	49.98	196.80	113.00
Depreciation and amortization expense	142.01	118.42	224.90	173.44	134.87
Other expenses	952.63	866.94	834.08	623.67	509.15
	5,826.05	**5,756.97**	**5,340.31**	**4,739.92**	**3,827.07**
Profit before exceptional items, share of profit of investments accounted for using equity method and tax	**488.61**	**415.85**	**348.25**	**237.63**	**252.65**
Share of profit/(loss) of investments accounted for using equity method	-	-	-	(10.09)	0.67
Profit before tax and exceptional item	**488.61**	**415.85**	**348.25**	**227.54**	**253.32**
Exceptional item	-	15.31	18.23	-	-
Profit before tax	**488.61**	**400.54**	**330.02**	**227.54**	**253.32**
Tax expense					
Current tax	107.23	92.89	83.17	70.59	66.69
Deferred tax (Credit)/Charge	26.37	18.92	(2.80)	13.44	(27.27)
Total tax expense	**133.60**	**111.81**	**80.37**	**84.03**	**39.42**
Profit for the year	**355.01**	**288.73**	**249.65**	**143.51**	**213.90**
Profit is attributable to:					
Owners of Vectus Industries Limited	344.64	280.01	240.74	138.32	207.36
Non-controlling interest	10.37	8.72	8.91	5.19	6.54
Other comprehensive income					
Items that will not be reclassified to restated consolidated statement of profit and loss					
Remeasurements of post-employment benefit obligations	(0.70)	3.73	4.21	(0.09)	(2.57)
Income-tax relating to items that will not be reclassified to profit or loss	0.24	(1.28)	(1.46)	0.04	0.87
Other comprehensive income	**(0.46)**	**2.45**	**2.75**	**(0.05)**	**(1.70)**
Total comprehensive income	**354.55**	**291.18**	**252.40**	**143.46**	**212.20**
Total comprehensive income is attributable to:					
Owners of Vectus Industries Limited	344.15	282.51	243.51	138.24	205.63
Non-controlling interest	10.40	8.67	8.89	5.22	6.57
	354.55	**291.18**	**252.40**	**143.46**	**212.20**
Earnings per share (face value of INR 10)					
-Basic	26.21	21.30	18.31	13.44	26.20
-Diluted	26.21	21.30	18.31	13.44	26.20

Summary of Restated Consolidated Statement of Cash Flow

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Profit before tax	**488.61**	**400.54**	**330.02**	**227.54**	**253.32**
	Adjustments for:					
	Depreciation and amortisation expense	142.01	118.42	224.90	173.44	134.87
	Amount written back	(2.52)	(0.79)	(1.53)	(1.74)	(0.22)
	Interest expense	45.50	55.13	49.98	196.80	113.00
	Interest income	(3.12)	(3.96)	(2.71)	(3.33)	(3.70)
	Gain on sale of current investments in mutual funds	(3.25)	(0.13)	-	(3.21)	-
	Provision for warranty and warranty claims	0.74	2.50	-	-	-
	Share of profit/loss in investment accounted for using equity method	-	-	-	10.09	(0.67)
	Profit on sale of non-current investment	(0.09)	-	-	-	-
	Income from guarantee given on behalf of associate	-	-	(1.32)	(1.32)	(0.99)
	Amortisation of government grant	(13.01)	(3.89)	(0.29)	(0.29)	(0.19)
	Payment towards financial guarantee given for associate	-	15.31	-	-	-
	Provision for loans/advances given to associate	-	-	18.23	-	-
	Provision for impairment of investments	-	0.61	-	-	-
	(Gain)/ Loss on sale of fixed assets (net)	(1.25)	2.01	-	(5.01)	(24.93)
	Fair value of investments in mutual funds	(0.38)	(2.39)	(0.27)	-	-
	Provision for doubtful debts and advances	1.28	1.15	1.50	2.13	9.31
	Advances written off	3.12	0.54	0.23	1.15	4.58
	Operating profit before working capital changes	**657.64**	**585.05**	**618.74**	**596.25**	**484.38**
	Movement in working capital					
	(Increase)/Decrease in inventories	(64.43)	43.92	(204.68)	(134.25)	(116.34)
	(Increase)/Decrease in other current and non-current financial assets	(0.88)	9.98	(6.09)	(48.43)	(8.87)
	(Increase)/Decrease in other current and non-current assets	(17.34)	45.77	(102.43)	(6.13)	16.52
	(Increase)/Decrease in trade receivables	(200.27)	(75.62)	(58.52)	(181.89)	(32.28)
	Increase/(Decrease) in other current and non-current financial liabilities	11.76	60.13	52.92	(2.12)	23.02
	Increase/(Decrease) in current and non-current provisions	(0.53)	2.86	5.20	2.80	4.39
	Increase/(Decrease) in other current and non-current liabilities	(49.55)	25.24	30.17	5.79	18.12
	Increase/(Decrease) in trade payables	100.44	(70.34)	187.96	(245.24)	126.20
	Cash flow from / (utilised in) operating activities post working capital changes	**436.84**	**626.99**	**523.27**	**(13.22)**	**515.14**
	Income- tax paid	(118.16)	(95.40)	(77.68)	(92.17)	(69.45)
	Net cash flow from / (utilised in) operating activities (A)	**318.68**	**531.59**	**445.59**	**(105.39)**	**445.69**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**					
	Purchase of property, plant and equipment (including intangible assets, capital work-in-progress, capital advances, capital creditors and intangible assets under development)	(289.80)	(441.08)	(557.29)	(361.20)	(279.70)
	Interest received	3.12	3.96	2.71	3.33	3.70
	Proceeds from government grant	12.12	5.40	-	-	1.35
	Purchase of investments in mutual funds	(48.90)	(10.52)	(6.19)	(250.00)	-
	Proceeds from sale of investments in mutual funds	26.75	2.13	-	253.21	-
	Payment to bank on behalf of associate	-	(15.75)	-	-	-
	Loans (given) to associate	-	-	-	(4.19)	(16.20)
	Proceeds from sale of property, plant and equipment	22.48	13.01	4.22	12.75	86.22
	Movement in other bank balances (net)	(1.72)	87.98	(84.21)	12.05	(8.05)
	Net cash used in investing activities (B)	**(275.95)**	**(354.87)**	**(640.76)**	**(334.05)**	**(212.68)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**					
	Proceeds from issue of share capital (including securities premium)	-	-	-	0.86	4.40
	Proceeds/(repayment) from compulsorily convertible debenture received	-	-	-	999.65	-
	Proceeds/(repayment) from long term borrowings	(4.92)	(18.28)	(17.88)	(187.55)	(77.62)
	Proceeds/(repayment) from short term borrowings	73.46	(71.01)	175.83	(169.41)	(20.76)
	Interest paid	(45.50)	(55.13)	(50.17)	(87.33)	(110.15)
	Transactions with non-controlling interests	-	-	-	-	(19.70)
	Net cash flow from / (utilised in) financing activities (C)	**23.04**	**(144.42)**	**107.78**	**556.22**	**(223.83)**
	Increase/(decrease) in cash and cash equivalents (A+B+C)	65.77	32.30	(87.39)	116.78	9.18
	Cash and cash equivalents at the beginning of the year	76.68	44.38	131.77	14.99	5.81
	Cash and cash equivalents at the end of the year	142.45	76.68	44.38	131.77	14.99
	Notes to cash flow statement					
1	Components of cash and cash equivalents :					
	- Cash in hand	2.37	2.64	2.66	2.99	1.40
	- Balances with bank (Current Account)	140.08	74.04	41.72	128.78	13.59
		142.45	76.68	44.38	131.77	14.99

2 The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting standard 7 "Statement of Cash Flows".

THE OFFER

Offer	Up to [●] Equity Shares, aggregating up to ₹[●] million
of which	
Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹ 850.00 million
Offer for Sale(2)	Up to 3,898,575 Equity Shares, aggregating up to ₹ [●] million
The Offer comprises of:	
A) QIB Portion(3)(4)	Not more than [●] Equity Shares
of which:	
(i) Anchor Investor Portion	Not more than [●] Equity Shares
of which:	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
(a) Mutual Fund Portion	[●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion(4)	Not less than [●] Equity Shares
C) Retail Portion(4)	Not less than [●] Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer	13,146,829 Equity Shares
Equity Shares outstanding after the Offer*	[●] Equity Shares
Utilisation of Net Proceeds	See "*Objects of the Offer*" on page 76 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

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

(1) *The Offer has been authorized by a resolution of our Board of Directors dated May 18, 2018 and the Fresh Issue has been authorized by a special resolution of our Shareholders pursuant to their resolution dated June 5, 2018.*

(2) *Ashish Baheti has consented to participate in the Offer for Sale and to offer up to 657,341 Equity Shares in the Offer pursuant to a letter dated June 13, 2018. Atul Ladha has consented to participate in the Offer for Sale and to offer up to 394,405 Equity Shares in the Offer pursuant to a letter dated June 13, 2018. Latinia Limited has consented to participate in the Offer for Sale and to offer up to 2,846,829 Equity Shares in the Offer pursuant to its board resolution dated June 7, 2018 and its consent letter dated June 13, 2018. The Selling Shareholders, severally and not jointly, confirm that the Equity Shares being offered by the Selling Shareholders in the Offer, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI calculated in the manner as set out under Regulation 26(6) of SEBI ICDR Regulations and are eligible for being offered for sale in the Offer in terms of the SEBI ICDR Regulations.*

(3) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 373.*

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, the Selling Shareholders, the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment of the Equity Shares offered by the Investor Selling Shareholder and thereafter Equity Shares offered by the Promoter Selling Shareholders. For further details, see "Offer Structure" on page 371.*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see "*Offer Procedure – Part B – Allotment Procedure and Basis of Allotment*" on page 403.

For details of the terms of the Offer, see "*Terms of the Offer*" on page 367.

GENERAL INFORMATION

Our Company was incorporated as “Vectus Industries Limited”, pursuant to a certificate of incorporation dated August 30, 2007 issued by the RoC, upon the conversion of “M/s. Vector Polymers”, a partnership firm, into a public limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Our Company received a certificate of commencement of business on July 14, 2008 from the RoC. For further details, see “*History and Certain Corporate Matters*” on page 140.

For details of the business of our Company, see “*Our Business*” on page 121.

Registered Office

262, Jiwaji Nagar
Thatipur
Gwalior 474 011
Madhya Pradesh
Tel: +91 751 243 2428
Fax: +91 751 223 2402
Email: info@vectus.in
Website: www.vectus.in
Corporate Identity Number: U25202MP2007PLC019781
Registration Number: 019781

Corporate Office

A-36, Sector 83
Noida 201 305
Uttar Pradesh
Tel: +91 120 475 3200
Fax: +91 120 475 3285

Address of the RoC

Our Company is registered with the RoC situated at:

3rd Floor ‘A’ Block
Sanjay Complex
Jayendra Ganj
Gwalior 474 009
Madhya Pradesh

Board of Directors

The Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Ashish Baheti	Managing Director	01162605	502, Tennessee Tower, The Forest, Sector 92, Noida 201 304, Uttar Pradesh
Atul Ladha	Managing Director	00978072	GF-2, Pearls Gateway Towers, Sector 44, Noida 201 301, Uttar Pradesh
Anand Narayan	Nominee Director	02110727	D-03, Palacio, Old No. 216, New No. 408, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu
Santosh Kumar Maheshwari	Independent Director	01956866	Flat No. K-301, Pearl Gateway Towers, Sector 44, Noida 201 301, Uttar Pradesh
Geeta Dhingra	Independent Director	08141565	104, Pan In Plaza, Shinde ki Chawani Lashkar, Gwalior 474 009, Madhya Pradesh
Kapilesh Manglik	Independent Director	00529564	A-101, Pearls Gateway Towers, Sector 44, Near Amity School, Noida 201 301, Uttar Pradesh

For further details in relation to our Directors, see “*Our Management*” on page 147.

Company Secretary and Compliance Officer

Mahipal Singh is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Mahipal Singh
A-36, Sector 83
Noida 201 305
Uttar Pradesh
Tel: +91 120 475 3205
Fax: +91 120 475 3285
E-mail: investor.relations@vectus.in

Chief Financial Officer

Chandra Shekhar Singh is the Chief Financial Officer of our Company. His contact details are as follows:

Chandra Shekhar Singh
A-36, Sector 83
Noida 201 305
Uttar Pradesh
Tel: +91 120 475 3205
Fax: +91 120 475 3285
E-mail: chandrashekhar.singh@vectus.in

Investor Grievances

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in the event of any pre-Offer or post-Offer related issues, 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.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

Further, the investors shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as

name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the relevant BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

Book Running Lead Managers

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: vil.ipo@edelweissfin.com
Investor grievance e-mail:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Shubham Mehta / Ashish Gupta
SEBI Registration No.: INM0000010650

ICICI Securities Limited
ICICI Center
H.T. Parekh Marg, Churchgate
Mumbai 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail: vectus.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icici securities.com
Website: www.icicisecurities.com
Contact Person: Suyash Jain
SEBI Registration No.: INM000011179

IDFC Bank Limited

Naman Chambers, C – 32, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: +91 22 7132 5500
Fax: +91 22 4222 2088
E-mail: vectus.ipo@idfcbank.com
Investor Grievance E-mail: mb.ig@idfcbank.com
Website: www.idfcbank.com
Contact Person: Akshay Bhandari
SEBI Registration No.: MB/INM000012250

Syndicate Members

[●]

Indian Legal Counsel to our Company and Promoter Selling Shareholders

Cyril Amarchand Mangaldas
4th floor, Prius Platinum
D-3, District Centre
Saket
New Delhi 110 017
Tel: +91 11 6622 9000
Fax: +91 11 6622 9009

Indian Legal Counsel to the Book Running Lead Managers

Khaitan & Co
Ashoka Estate, 12th Floor
24, Barakhamba Road
New Delhi 110 001
Tel: +91 11 4151 5454
Fax: +91 11 4151 5318

Indian Legal Counsel to the Investor Selling Shareholder

Cyril Amarchand Mangaldas
201, Midford House, Midford Garden,
Off M.G. Road,
Bengaluru 560 001
Tel: +91 80 2558 4870
Fax: +91 80 2558 4266

Statutory Auditors to our Company

Walker Chandiok & Co LLP, Chartered Accountants
Plot No.19A
7th Floor, Sector 16A
Noida
Uttar Pradesh 201 301
Tel: +91 120 710 9001
Fax: +91 120 710 9002
E-mail: sumit.mahajan@in.gt.com
Firm Registration No.: 001076N/N500013
Peer Review Number: 009046

Registrar to the Offer

Karvy Computershare Private Limited
Karvy Selenium, Tower - B
Plot Nos. 31 - 32, Gachibowli
Financial District, Nanakramguda

Hyderabad 500 032
Telangana
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: vectus.ipo@karvy.com
Investor Grievance E-mail: einward.rti@karvy.com
Website: www.karisma.karvy.com
Contact Person: Muralikrishna M
SEBI Registration No.: INR000000221

Bankers to the Offer

[●]

Bankers to our Company

The Hongkong and Shanghai Banking Corporation Limited
Plot No.68, Sector 44, Gurgaon, Haryana 122 002
Tel: +91 124 4762 162
Fax: +91 22 4914 6185
E-mail:naveen15.kumar@hsbc.co.in, vineet.gupta@hsbc.co.in, info@hsbc.co.in
Website: www.hsbc.co.in
Contact person: Naveen Kumar / Vineet Gupta

State Bank of India
Relationship Manager (ME) Sales Hub,
Administrative Office, City Centre, Gwalior,
Madhya Pradesh
Tel: +91 11 0751 2447 324
Fax: +91 11 0751 2428 914
E-mail: singh.ashok@sbi.co.in
Website: www.sbi.co.in
Contact person: Ashok Singh

Yes Bank Limited
48, Nyaya Marg, Chanakyapuri,
New Delhi -110 021
Tel: +91 11 6656 9000
Fax: +91 11 4168 0144
E-mail: communications@yesbank.in
Website: www.yesbank.in
Contact person: Anuj Malik

Designated Intermediaries

Self Certified Syndicate Banks

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

Syndicate SCSB Branches

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

Registered Brokers

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

Registrar and Share Transfer Agents

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

Collecting Depository Participants

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

Experts

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

Our Company has received written consent from the Statutory Auditors namely, Walker Chandiok & Co LLP, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, 2013 in relation to the reports, each dated May 30, 2018, on the Restated Consolidated Financial Information and the Restated Standalone Financial Information, respectively, and the statement of tax benefits dated June 15, 2018, included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Our Company has received written consent dated June 7, 2018 from M.K. Jain, Chartered Engineer, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in connection with their certificate dated June 7, 2018 issued in relation to the installed and utilised capacities of our manufacturing facilities, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated June 16, 2018 from Jitendra Chander & Associates, Chartered Accountants, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in connection with their certificate dated June 16, 2018 issued in relation to certain key performance indicators included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Monitoring Agency

Since the proceeds from the Fresh Issue do not exceed ₹ 1,000 million, in terms of Regulation 16 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer.

Appraising Entity

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

Inter-se Allocation of Responsibilities

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

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, and positioning strategy	Edelweiss, ICICI Securities, IDFC	Edelweiss
2.	Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. The BRLMs ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	Edelweiss, ICICI Securities, IDFC	Edelweiss
3.	Drafting and approval of all statutory advertisements	Edelweiss, ICICI Securities, IDFC	Edelweiss

Sr. No	Activity	Responsibility	Co-ordinator
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, media monitoring, etc. & filing of media compliance report	Edelweiss, ICICI Securities, IDFC	ICICI Securities
5.	Appointment of Registrar to the Offer, printers, Anchor escrow banks, Share escrow agent, advertising agency and Monitoring Agency (including coordinating all agreements to be entered with such parties)	Edelweiss, ICICI Securities, IDFC	IDFC
6.	Preparation of road show presentation and FAQs for the road show team	Edelweiss, ICICI Securities, IDFC	Edelweiss
7.	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	Edelweiss, ICICI Securities, IDFC	Edelweiss
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	Edelweiss, ICICI Securities, IDFC	ICICI Securities
9.	Non-institutional marketing of the Offer which will cover, inter alia, formulating marketing strategies for non-institutional Investors	Edelweiss, ICICI Securities, IDFC	IDFC
10.	Conduct retail marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for press and brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	Edelweiss, ICICI Securities, IDFC	Edelweiss
11.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, intimation to stock exchanges for anchor portion and deposit of 1% security deposit	Edelweiss, ICICI Securities, IDFC	IDFC
12.	Managing the book and finalization of pricing in consultation with our Company and the Selling Shareholders	Edelweiss, ICICI Securities, IDFC	Edelweiss
13.	Post-Bidding activities – management of escrow accounts, coordinating underwriting, coordination of non-institutional allocation, finalization of the Basis of Allotment based on technical rejections, listing of instruments, demat credit and refunds/ unblocking of funds announcement of allocation and dispatch of refunds to Bidders, etc, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit	Edelweiss, ICICI Securities, IDFC	ICICI Securities

Credit Rating

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

IPO Grading

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

Trustees

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

Book Building Process

The book building process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Form within the Price Band, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Madhya Pradesh where our Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/ Offer Closing Date.

All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders 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 Bidders 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 Bid/ Offer Period. Allocation to QIBs in the QIB Portion (other than the Anchor Investor Portion) will be on a proportionate basis and allocation to Anchor Investors will be on a discretionary basis. For further details, see "*Terms of the Offer*" and "*Offer Procedure*" on pages 367 and 373, respectively.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

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

For further details on the method and procedure for Bidding, see "*Offer Procedure*" on page 373.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building and Price Discovery Process*" on page 402.

Underwriting Agreement

After the determination of the Offer Price, 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. It is proposed that 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. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

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

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

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in millions)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of the 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 SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement stated above shall not apply to the applications by the ASBA Bidders in the Offer, except for ASBA Bids procured by any member of the Syndicate. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

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

(In ₹ except share data)

		Aggregate value at face value	Aggregate value at Offer Price
A	**AUTHORIZED SHARE CAPITAL[(1)]**		
	15,200,000 Equity Shares of face value of ₹10 each	152,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	13,146,829 Equity Shares of face value ₹ 10 each	131,468,290	-
C	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares[(2)(3)]	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares[(2)]	[●]	[●]
	Offer for Sale of up to 3,898,575 Equity Shares[(3)]	[●]	[●]
D	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		1,093,492,510
	After the Offer		[●]
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares*	[●]	[●]

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

(1) *For details in relation to the changes in the authorized share capital of our Company, see "History and Certain Corporate Matters" on page 140.*

(2) *The Offer has been authorized by a resolution of our Board of Directors dated May 18, 2018 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated June 5, 2018.*

(3) *For details of authorizations received for the Offer for Sale, see "The Offer" on page 55. The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations.*

Notes to the Capital Structure

1. ***Equity Share Capital History of our Company***

The history of the Equity Share capital of our Company is set forth in the table below.

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Cumulative Paid-up Equity Share Capital (in ₹)
August 30, 2007	5,000,000	10	10	Cash	Initial subscription to the MoA[(1)]	5,000,000	50,000,000
March 24, 2012	2,500,000	10	10	Cash	Preferential allotment[(2)]	7,500,000	75,000,000
March 31, 2013	200,000	10	60	Cash	Preferential allotment[(3)]	7,700,000	77,000,000
January 5, 2014	860,000	10	-	Other than cash	Pursuant to Scheme I[(4)]	8,560,000	85,600,000
March 29, 2014	1,250,000	10	-	Other than cash	Pursuant to Scheme II[(5)]	9,810,000	98,100,000
March 31, 2014	440,000	10	10	Cash	Preferential allotment[(6)]	10,250,000	102,500,000
May 31, 2014	50,000	10	10	Cash	Preferential allotment[(7)]	10,300,000	103,000,000
June 20, 2014	1,000	10	355	Cash	Preferential allotment [(8)]	10,301,000	103,010,000
May 30, 2016	2,845,829	10	351.27	Cash	Allotment pursuant to conversion CCDs[(9)]	13,146,829	131,468,290

(1) *2,397,500 Equity Shares were allotted to Atul Ladha, 2,400,000 Equity Shares were allotted to Ashish Baheti, 50,000 Equity Shares were allotted to Sunita Ladha, 50,000 Equity Shares were allotted to Sarika Baheti, 50,000 Equity Shares were allotted to Atul Ladha & Sons (HUF), 50,000 Equity Shares were allotted to Ashish Baheti (HUF) and 2,500 Equity Shares were allotted to Shanti Devi Ladha pursuant to*

their subscription of MoA. These allotments were made to the partners of the partnership firm, M/s. Vectus Polymers pursuant to conversion of the firm into a public limited company in accordance with Part IX of the Companies Act, 1956. Consequently, the erstwhile partners of M/s. Vectus Polymers became the initial subscribers of our MoA. For details, see "History and Certain Corporate Matters - Conversion from a partnership firm to a public limited company" on page 140.

(2) *Preferential allotment of 1,250,000 Equity Shares to Atul Ladha and 1,250,000 Equity shares to Ashish Baheti.*

(3) *Preferential allotment of 50,000 Equity Shares to Atul Ladha, 50,000 Equity Shares to Ashish Baheti, 50,000 Equity Shares to Pure Ganga Water System Private Limited and 50,000 Equity shares to Shivangi Polymers Private Limited.*

(4) *Pursuant to the amalgamation of Sintir Plast Containers Private Limited with our Company through order of High Court of Madhya Pradesh dated November 1, 2013, 137,204 Equity Shares were allotted to Atul Ladha, 141,900 Equity Shares were allotted to Atul Ladha & Sons (HUF), 157,604 Equity Shares were allotted to Sunita Ladha, 34,228 Equity Shares were allotted to Gopal Das Ladha, 146,200 Equity Shares were allotted to Manorama Ladha and 242,864 Equity Shares were allotted to Shivangi Polymers Private Limited. For further details, see "History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings/ mergers and amalgamations" on page 144.*

(5) *Pursuant to the amalgamation of Baheti Rotoplast Private Limited with our Company through order of the High Court of Delhi dated January 28, 2014 and an order of High Court of Madhya Pradesh dated March 11, 2014, 245,475 Equity Shares were allotted to Ashish Baheti, 350,000 Equity Shares were allotted to Ashish Baheti (HUF), 420,300 Equity Shares were allotted to Sarika Baheti, 164,225 Equity Shares were allotted to Misha Baheti and 70,000 Equity Shares were allotted to Divian Baheti. For further details, see "History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings/ mergers and amalgamations" on page 144.*

(6) *Preferential allotment of 150,000 Equity Shares to Sunita Ladha, 210,000 Equity Shares to Shivangi Polymers Private Limited and 80,000 Equity Shares to Atul Ladha & Sons (HUF).*

(7) *Preferential allotment of 50,000 Equity Shares to Ashish Baheti.*

(8) *Pursuant to the Investment Agreement, 1,000 Equity Shares were allotted to Latinia Limited.*

(9) *Pursuant to the Investment Agreement, 999,645 CCDs were allotted to Latinia Limited on June 20, 2014. Upon conversion of the 999,645 CCDs, 2,845,829 Equity Shares were allotted to Latinia Limited.*

2. ***Issue of Equity Shares at Price Lower than the Offer Price in the Last Year***

Our Company has not issued any Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus.

3. ***Issue of Equity Shares for Consideration Other than Cash or out of revaluation reserves***

Our Company has not issued any Equity Shares or preference shares, including any bonus shares, out of revaluation of reserves at any time since incorporation.

Further, except as set out below, our Company has not issued Equity Shares for consideration other than cash. Furthermore, except as disclosed below, no benefits have accrued to our Company on account of allotment of Equity Shares for consideration other than cash.

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefit accrued to our Company
January 5, 2014	860,000	10	-	Pursuant to Scheme I[(1)]	The rationale of Scheme I was, inter alia, to optimise utilisation and integration of financial and non-financial resources including organisational and managerial resources, for better exploitation and realisation of the potential for the growth of the combined business and enhancement of shareholder value. The entire undertaking of Sintir Plast Containers Private Limited, along with inter alia all its assets and liabilities, were transferred to our Company. For further details, see "*History and Corporate Matters*" on page 140.
March 29, 2014	1,250,000	10	-	Pursuant to Scheme II[(2)]	The rationale of Scheme II was, inter alia, to optimise utilisation and integration of financial and non-financial resources including organisational and managerial resources, for better exploitation and realisation of the potential for the growth of the combined business and enhancement of shareholder value. The entire undertaking of Baheti Rotoplast Private Limited, along with inter alia all its assets and liabilities, were transferred to our Company. For further details, see "*History and Corporate Matters*" on page 140.

(1) *137,204 Equity Shares were allotted to Atul Ladha, 141,900 Equity Shares were allotted to Atul Ladha & Sons (HUF), 157,604 Equity Shares were allotted to Sunita Ladha, 34,228 Equity Shares were allotted to Gopal Das Ladha, 146,200 Equity Shares were allotted to Manorama Ladha and 242,864 Equity Shares were allotted to Shivangi Polymers Private Limited.*

(2) 245,475 Equity Shares were allotted to Ashish Baheti, 350,000 Equity Shares were allotted to Ashish Baheti (HUF), 420,300 Equity Shares were allotted to Sarika Baheti, 164,225 Equity Shares were allotted to Misha Baheti and 70,000 Equity Shares were allotted to Divian Baheti.

4. ***History of the Equity Share Capital held by the Promoters***

As on the date of this Draft Red Herring Prospectus, our Promoters hold 7,966,679 Equity Shares, equivalent to 60.60% of the issued, subscribed and paid-up Equity Share capital of our Company.

- *Build-up of the Promoters' shareholding in our Company*

The build-up of the Equity Shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Name of Promoter	Date of Allotment/ Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)*
Ashish Baheti	August 30, 2007	Initial subscription to the MoA	2,400,000	Cash	10	10	18.26	[●]
	March 24, 2012	Preferential allotment	1,250,000	Cash	10	10	9.51	[●]
	March 31, 2013	Preferential allotment	50,000	Cash	10	60	0.38	[●]
	March 29, 2014	Pursuant to Scheme II(2)	245,475	Other than cash	10	-	1.87	[●]
	May 31, 2014	Preferential allotment	50,000	Cash	10	10	0.38	[●]
	March 27, 2018	Transfer from Ashish Baheti (HUF)	100,000	Other than Cash	10	-	0.76	[●]
	March 31, 2018	Transfer from Pure Ganga Water Systems Private Limited	34,000	Cash	10	352	0.26	[●]
Total			**4,129,475**				**31.41**	**[●]**
Atul Ladha	August 30, 2007	Initial subscription to the MoA	2,397,500	Cash	10	10	18.24	[●]
	March 24, 2012	Preferential allotment	1,250,000	Cash	10	10	9.51	[●]
	March 31, 2013	Preferential allotment	50,000	Cash	10	60	0.38	[●]
	January 5, 2014	Pursuant to Scheme I(1)	137,204	Other than cash	10	-	1.04	[●]
	March 6, 2018	Transfer from Shanti Devi Ladha	2,500	Other than cash	10	-	0.02	[●]
Total			**3,837,204**				**29.19**	**[●]**

* *Subject to finalisation of Basis of Allotment*

(1) Pursuant to the amalgamation of Sintir Plast Containers Private Limited with the Company through order of High Court of Madhya Pradesh dated November 1, 2013, 137,204 Equity Shares were allotted to Atul Ladha.

(2) Pursuant to the amalgamation of Baheti Rotoplast Private Limited with the Company through order of the High Court of Delhi dated January 28, 2014 and an order of High Court of Madhya Pradesh dated March 11, 2014, 245,475 Equity Shares were allotted to Ashish Baheti.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

None of the Equity Shares held by our Promoters are pledged or otherwise encumbered.

None of our Promoters have undertaken any sale of Equity Shares of our Company since incorporation.

- *The details of the Shareholding of our Promoters and the members of the Promoter Group as on the date of filing of this Draft Red Herring Prospectus are set forth in the table below.*

S. N.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	% of total Share-holding	No. of Equity Shares	% of total Share-holding
Promoters					
1.	Ashish Baheti	4,129,475	31.41	[●]	[●]
2.	Atul Ladha	3,837,204	29.19	[●]	[●]
	Total (A)	**7,966,679**	**60.60**	[●]	[●]
Promoter Group					
1.	Sunita Ladha	357,604	2.72	[●]	[●]
2.	Sarika Baheti	580,300	4.41	[●]	[●]
3.	Atul Ladha & Sons (HUF)	271,900	2.07	[●]	[●]
4.	Manorama Ladha	146,200	1.11	[●]	[●]
5.	Gopal Das Ladha	34,228	0.26	[●]	[●]
6.	Shivangi Polymers Private Limited	502,864	3.83	[●]	[●]
7.	Misha Baheti	270,225	2.06	[●]	[●]
8.	Divian Baheti	170,000	1.29	[●]	[●]
	Total (B)	**2,333,321**	**17.75**	[●]	[●]
	Total (A+B)	**10,300,000**	**78.35**	[●]	[●]

* *Subject to finalisation of Basis of Allotment.*

- *Details of Promoters' contribution and lock-in*:

(i) Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum 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 one year from the date of Allotment.

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

Name of the Promoter	Date of allotment of the Equity Shares	Date of transaction and when made fully paid-up	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
Ashish Baheti	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Atul Ladha	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total						[●]	[●]	

* *Subject to finalisation of Basis of Allotment*

(iii) 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.

(iv) The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(a) The Equity Shares offered for Promoters' Contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash, and revaluation of assets or capitalisation of intangible assets; or (b) bonus Equity Shares out of revaluation reserves or unrealised profits of our Company or bonus Equity Shares issued against Equity Shares, which are otherwise ineligible for computation of Promoter's Contribution;

(b) 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 and no Equity Shares have been issued to our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus pursuant to conversion of a partnership firm; and

(c) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge or encumbrance.

- *Other lock-in requirements:*

(i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by the Promoters and locked in for three years as specified above, the entire pre-Offer Equity Share capital of our Company, other than any Equity Shares which may be allotted pursuant to ESOP 2018 and any unsubscribed portion of the Offer for Sale will be locked-in for a period of one year from the date of Allotment.

(ii) The Equity Shares held by the Promoters, which are locked-in may be transferred to and among the members of the Promoter Group or to any new Promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

(iii) Pursuant to Regulation 39(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Fresh Issue and pledge of the Equity Shares is a term of sanction of such loans.

(iv) Pursuant to Regulation 39(b) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

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

(vi) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

5. ***Build up of Equity Shares held by the Investor Selling Shareholders in the Company***

As on the date of this Draft Red Herring Prospectus, the Investor Selling Shareholder holds 2,846,829 Equity Shares, constituting 21.65% of the issued, subscribed and paid-up Equity Share capital of the Company.

The build up of the Equity Shares held by the Investor Selling Shareholder in the Company is set forth in the table below.

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)*
Latinia Limited							
June 20, 2014	Preferential allotment(1)	1,000	Cash	10	355	Negligible	[●]
May 30, 2016	Allotment pursuant to conversion of CCDs(2)	2,845,829	Cash	10	351.27	21.65	[●]
Total		**2,846,829**				**21.65**	**[●]**

* *Subject to finalisation of Basis of Allotment*

(1) *Pursuant to the Investment Agreement, 1,000 Equity Shares were allotted to Latinia Limited.*

(2) *Pursuant to the Investment Agreement, 999,645 CCDs were allotted to Latinia Limited on June 20, 2014. Upon conversion of the 999,645 CCDs, 2,845,829 Equity Shares were allotted to Latinia Limited.*

6. ***Shareholding Pattern of our Company***

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

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	No. of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights									
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter & Promoter Group	10	10,300,000	-	-	10,300,000	78.35	10,300,000	10,300,000	78.35	-	78.35		-		-	10,300,000
(B)	Public	1	2,846,829	-	-	2,846,829	21.65	2,846,829	2,846,829	21.65	-	21.65		-		-	2,846,829
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-		-		-	-
	Total	**11**	**13,146,829**	**-**	**-**	**13,146,829**	**100.00**	**13,146,829**	**13,146,829**	**100.00**	**-**	**100.00**		**-**		**-**	**13,146,829**

7. ***Details of Equity Shareholding of the 10 largest Equity Shareholders of our Company***

(a) The 10 largest Equity Shareholders and the number of Equity Shares held by them as on the date of filing of this Draft Red Herring Prospectus is set forth in the table below.

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Ashish Baheti	4,129,475	31.41
2.	Atul Ladha	3,837,204	29.19
3.	Latinia Limited	2,846,829	21.65
4.	Sarika Baheti	580,300	4.41
5.	Shivangi Polymers Private Limited	502,864	3.82
6.	Sunita Ladha	357,604	2.72
7.	Atul Ladha (HUF)	271,900	2.07
8.	Misha Baheti	270,225	2.07
9.	Divian Baheti	170,000	1.29
10.	Manorama Ladha	146,200	1.11
	Total	**13,112,601**	**99.74**

(b) The 10 largest Equity Shareholders and the number of Equity Shares held by them 10 days prior to the date of filing of this Draft Red Herring Prospectus is set forth in the table below.

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Ashish Baheti	4,129,475	31.41
2.	Atul Ladha	3,837,204	29.19
3.	Latinia Limited	2,846,829	21.65
4.	Sarika Baheti	580,300	4.41
5.	Shivangi Polymers Private Limited	502,864	3.82
6.	Sunita Ladha	357,604	2.72
7.	Atul Ladha (HUF)	271,900	2.07
8.	Misha Baheti	270,225	2.07
9.	Divian Baheti	170,000	1.29
10.	Manorama Ladha	146,200	1.11
	Total	**13,112,601**	**99.74**

(c) The 10 largest Equity Shareholders and the number of Equity Shares held by them two years prior to the date of filing of this Draft Red Herring Prospectus is set forth in the table below:

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Ashish Baheti	3,995,475	30.39
2.	Atul Ladha	3,834,704	29.17
3.	Latinia Limited	2,846,829	21.65
4.	Shivangi Polymers Pvt Ltd	502,864	3.82
5.	Sarika Baheti	470,300	3.58
6.	Ashish Baheti (HUF)	400,000	3.04
7.	Sunita Ladha	357,604	2.72
8.	Atul Ladha (HUF)	271,900	2.07
9.	Misha Baheti	164,225	1.25
10.	Manorama Ladha	146,200	1.11
	Total	**12,990,101**	**98.81**

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

(i) Details of the Equity Shares held by our Directors in our Company as on the date of this Draft Red Herring Prospectus are set forth in the table below.

No.	Name	No. of Equity Shares	Percentage of the pre-Offer share capital (%)	Percentage of the post-Offer share capital (%)*
1.	Ashish Baheti	4,129,475	31.41	[●]
2.	Atul Ladha	3,837,204	29.19	[●]

* *Subject to finalisation of Basis of Allotment.*

(ii) Other than Ashish Baheti and Atul Ladha, none of the Key Management Personnel of our Company hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

9. **Employee Stock Option Plan**

Pursuant to a special resolution dated June 5, 2018, our shareholders approved the Vectus Industries Limited Employee Stock Option Plan 2018 (**"ESOP 2018"**) which provides for granting options to employees of the Company and its Subsidiaries who meet the eligibility criteria under ESOP 2018. ESOP 2018 came into force upon approval by our shareholders and shall continue to remain in force unless terminated by our Company on the advice of the Board. The purpose of ESOP 2018 is to promote the success of our Company and the interest of its employees by rewarding, attracting, motivating and retaining employees for high levels of individual performance and for efforts to improve the financial performance of our Company. The maximum number of options that can be granted pursuant to ESOP 2018 is 262,936 options which shall be exercisable into one Equity Share for each option vested. The ESOP 2018 will be administered by the Nomination and Remuneration Committee.

The vesting period shall commence after a period of not less than one year from the date of grant of options under the scheme and the maximum vesting period may extend up to eight years from the date of grant, unless otherwise decided by the Nomination and Remuneration Committee.

Our Company may, during the period between filing of this Draft Red Herring Prospectus and filing the Red Herring Prospectus with the RoC, grant options and issue Equity Shares under ESOP 2018 to its employees.

The ESOP 2018 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

10. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates 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.

11. Our Company has in the past allotted Equity Shares pursuant to schemes of amalgamation approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-232 of the Companies Act, 2013. For details of the Equity Shares allotted pursuant to such schemes, see "- *Equity Share Capital History of our Company*" and "*History and Certain Corporate Matters – Details regarding acquisition of business/undertakings/mergers and amalgamations*" on pages 65 and 144, respectively.

12. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

13. Except for the following transfers, none of the members of the Promoter Group, the Promoters, or the Directors and their immediate relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI:

Name of the Transferor	Name of the Transferee	Date of Transfer	Number of Equity Shares	Price per Equity Shares (₹) unless otherwise stated	Aggregate Consideration (in ₹) unless otherwise stated	Percentage (%) of the pre-Offer capital
Shanti Devi Ladha	Atul Ladha	March 6, 2018	2,500	-	-	0.02
Ashish Baheti (HUF)	Ashish Baheti	March 27, 2018	100,000	-	-	0.76
Ashish Baheti (HUF)	Sarika Baheti	March 27, 2018	100,000	-	-	0.76
Ashish Baheti (HUF)	Misha Baheti	March 27, 2018	100,000	-	-	0.76
Ashish Baheti (HUF)	Divian Baheti	March 27, 2018	100,000	-	-	0.76
Pure Ganga Water System Private Limited	Ashish Baheti	March 31, 2018	34,000	352	11,968,000	0.26
Pure Ganga Water System Private Limited	Sarika Baheti	March 31, 2018	10,000	352	3,520,000	0.08
Pure Ganga Water System Private Limited	Misha Baheti	March 31, 2018	6,000	352	2,112,000	0.05

14. As disclosed in the table hereinabove, the maximum price and minimum price at which purchases and sales were made of Equity Shares in the six months immediately preceding the date of filing of this Draft Red Herring Prospectus were ₹ 352 and ₹ 352, respectively, and the relevant dates of such transactions were March 31, 2018 and March 31, 2018, respectively.

15. As on the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 11.

16. Neither our Company, nor the Directors have entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person. Further, the BRLMs have not entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person.

17. 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.

18. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

19. Other than with respect to the Offer for Sale by our Promoter Selling Shareholders, our Promoters and Promoter Group will not participate in the Offer.

20. 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, other than in the normal course of business during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

21. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or qualified institutions placement, or otherwise. The foregoing restrictions do not apply to: (a) the issuance of any Equity Shares pursuant to this Offer; and (b) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares under or in connection with the exercise of any options or similar securities, as disclosed in this Draft Red Herring Prospectus and as will be disclosed in the Red Herring Prospectus and the Prospectus, provided they have been approved by our Board.

22. Except for the Offer and any issue of Equity Shares pursuant to the ESOP 2018, 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 the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded/unblocked, as the case may be.

23. This Offer is being made in terms of Rule 19(2)(b) of the SCRR, read with Regulation 41 of the SEBI ICDR Regulations. This Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

24. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company and Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws.

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

26. Our Company shall ensure that transactions in the Equity Shares by our Promoters and the Promoter Group between the date of filing of the Red Herring Prospectus with RoC and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

27. No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, our Company, the Directors, the Promoters, members of the Promoter Group, and Group Companies, shall offer any incentive, whether direct or indirect, in any manner or make payments, whether in cash or kind or services or otherwise to any Bidder for making a Bid. Further, no payment, direct or indirect benefit in the nature of discount, commission and allowance or otherwise shall be offered or paid either by our Company or our Promoters to any person in connection with making an application for or receiving any Equity Shares pursuant to this Offer.

28. Our Company shall comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.

29. Other than options that may be granted under ESOP 2018, 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.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

The Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses and relevant taxes thereon. All expenses in relation to the Offer will be shared among our Company and the Selling Shareholders as mutually agreed and in accordance with applicable law. Our Company will not receive any proceeds from the Offer for Sale.

The Fresh Issue

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

1. Prepayment/repayment of all or a portion of the outstanding working capital facilities availed by our Company;

2. Purchase of equipment for our manufacturing facilities; and

3. General corporate purposes.

(Collectively referred to as the "**Objects**").

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enables our Company to undertake our existing business activities and the activities for which funds are being raised by us through the Fresh Issue and for which the loans proposed to be repaid from the Net Proceeds were utilised. In addition, we expect to achieve the benefit of listing of our Equity Shares on the Stock Exchanges.

The details of the Net Proceeds are set forth in the following table:

(In ₹ million)

Particulars	Estimated Amount (In ₹ million)*
Gross proceeds of the Fresh Issue	850.00
Less: Offer related expenses to be borne by our Company**	[●]
Net Proceeds	[●]

* *To be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.*

** *All expenses for the Offer shall be shared amongst the Company and Selling Shareholders as specified in "- Offer Expenses" on page 79.*

Requirements of Funds

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

Particulars	Amount (In ₹ million)
Prepayment/ repayment of all or a portion of the outstanding working capital facilities availed by our Company	389.30
Purchase of equipment for our manufacturing facilities	310.70
General corporate purposes*	[●]

* *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Fresh Issue.*

Means of Finance

The entire requirement of funds towards the objects of the Offer will be met from the Net Proceeds. Accordingly, as required under the SEBI ICDR Regulations, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Net Proceeds.

Schedule for Utilisation and Deployment of the Net Proceeds

We propose to deploy the Net proceeds in accordance with the estimated schedule as set forth in the table below:

(In ₹ million)

Sr. No.	Particulars	Amount proposed to be funded from Net Proceeds*	Estimated Utilisation of Net Proceeds in Fiscal 2019	Estimated Utilisation of Net Proceeds in Fiscal 2020
1.	Prepayment/ repayment of all or a portion of the outstanding working capital facilities availed by	389.30	389.30	-

Sr. No.	Particulars	Amount proposed to be funded from Net Proceeds*	Estimated Utilisation of Net Proceeds in Fiscal 2019	Estimated Utilisation of Net Proceeds in Fiscal 2020
	our Company			
2.	Purchase of equipment for our manufacturing facilities	310.70	200.00	110.70
3.	General corporate purposes*	[●]	[●]	
Total		[●]	[●]	

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

The Net Proceeds will first be utilized for the Objects as set out above. In case of a shortfall in raising the requisite capital from the Net Proceeds towards meeting the objects of the Fresh Issue, our management may explore alternate options, including utilisation of our internal accruals or further debt financing from existing or future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

The requirement and deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions. The requirement and deployment of funds described herein has not been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects of the Offer, as per the estimated schedule of utilisation specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the aforementioned objects in accordance with applicable law. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the gross proceeds from the Fresh Issue in accordance with applicable law.

Details of Utilisation of Net Proceeds

The details of utilisation of the Net Proceeds are set forth below:

1. ***Prepayment/ repayment of all or a portion of the outstanding working capital facilities availed by our Company***

Our Company has entered into various financing arrangements with banks for working capital. For further details, including indicative terms and conditions of such working capital facilities, see "*Financial Indebtedness*" on page 322. As on May 31, 2018, the amount outstanding under the working capital facilities entered into by our Company was ₹ 457.31 million on a standalone basis. Our Company may avail further loans after the date of this Draft Red Herring Prospectus.

Our Company proposes to utilise an aggregate amount of ₹ 389.30 million from the Net Proceeds towards repayment or prepayment of all or a portion of the working capital facilities availed by our Company from various banks.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by it. 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, would not exceed ₹ 389.30 million. The prepayment or repayment will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion.

The following table provides details of working capital loans availed by our Company as on May 31, 2018 on a standalone basis, out of which all the facilities may be prepaid or repaid, in full or in part, from the Net Proceeds to the extent of an aggregate amount of ₹ 389.30 million:

S. No.	Name of lender	Applicable interest rate	Sanctioned amount as on May 31, 2018 (in ₹ million)	Outstanding amount as on May 31, 2018 (in ₹ million)	Repayment schedule	Purpose of availing the loan	Pre-payment penalty, if any
1.	State Bank of India	8.65%	300.00	276.03	Repayable on demand	Working capital	2.00%
2.	Yes Bank Limited	9.15%	50.00	36.85	Repayable on	Working capital	At bank's

S. No.	Name of lender	Applicable interest rate	Sanctioned amount as on May 31, 2018 (in ₹ million)	Outstanding amount as on May 31, 2018 (in ₹ million)	Repayment schedule	Purpose of availing the loan	Pre-payment penalty, if any
					demand		discretion
3.	The Hongkong and Shanghai Banking Corporation Limited	8.90%	180.00	144.43	Repayable on demand	Working capital	At bank's discretion
	Total		**530.00**	**457.31**			

As certified by Jitendra Chander & Associates, Chartered Accountants, pursuant to their certificate dated June 14, 2018, the above mentioned loans have been deployed towards the purposes mentioned in the respective loan agreements.

Our Company may consider the following factors for identifying the loans that will be repaid out of the Net Proceeds:

1. Costs, expenses and charges relating to the facility, including interest rates involved and the amount of the loan outstanding,
2. Ease of operation of the facility, and
3. Terms of pre-payment to lenders, if any, including levy of prepayment penalties.

In due course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. Some of our financing agreements provide for the levy of prepayment penalties, including penalties as may be specified by the lender at its discretion. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals.

2. Purchase of equipment for our manufacturing facilities

We propose to purchase the following equipment at certain of our manufacturing facilities:

1. Machinery for pipes and fittings
2. Moulds for pipes and fittings
3. Ancillary Equipment

Machinery includes the following three category of machines which our Company proposes to install at its existing manufacturing facilities.

- Foam Core Extrusion line: This extrusion machine is for manufacture of three layer PVC foam core extrusion pipes ranging from 110mm – 315mm, outer diameter (OD). This machine is capable of producing three layer underground foam core pipes with inner and outer layer of PVC and middle layer of foam core. This machine can further be used interchangeably for producing PVC low noise sewer pipes ranging from 75mm – 160mm using PVC. Underground Foam Core and low noise sewer pipes are new variety of pipe additions to the existing portfolio of pipes and fittings of our Company, and will cater to residential, commercial and infrastructure sector.

- HDPE DWC pipe: the proposed machine is a HDPE Double Wall Corrugated Pipe Extrusion Line capable of producing DWC pipe from 100mm inner diameter – 500mm inner diameter, with two screw extruders. DWC pipe is also a new variety addition to the existing range of pipe portfolio of the Company which is used for drainage, waste water and sewage, and will mainly cater to infrastructure sector.

- Injection moulding: The proposed injection moulding machines are used to manufacture PVC fittings of different sizes and various designs. The machine capacity ranges from 250 tonnes – 660 tonnes, and will cater to residential, commercial and industrial sectors.

Moulds: The proposed moulds are primarily for the manufacture of pipes and fittings of various sizes ranging from 110 mm to 315 mm, using the above machines.

Ancillary equipment: It includes chiller and pulveriser to support the running of HDPE DWC pipe extrusion line and underground drainage pipe machines.

The following table depicts the break-down of the estimated expenses related to the proposed purchase of equipment:

S. No.	Equipment Description	Total cost*(in ₹ million)
1.	Machinery for pipes and fittings	161.22
2.	Moulds for pipes and fittings	146.38
3.	Ancillary equipment	3.10
Total (₹)		**310.70**

* *Based on quotations received from third party vendors. This amount also includes applicable goods and services tax and custom duties. Taxes and duties have been calculated based on past experience of our Company and applicable tax rates as indicated in the quotations received by our Company. The tax rates may vary depending on the time of purchase of equipment. Further, wherever the amount mentioned in quotations is in US Dollars, the RBI conversion rate of the date of quotation has been considered for conversion into INR.*

We have received quotations from vendors in relation to the above-mentioned machinery which are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any vendor(s) and there can be no assurance that the same vendor(s) would be engaged to eventually supply the machinery and equipment or we will get the machinery at the same costs. The quantity of machinery and equipment to be purchased is based on management estimates. We do not intend to purchase any second-hand machinery or equipment.

3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes, subject to such utilisation not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations, including but not limited to maintenance and expansion of our manufacturing facilities, strategic initiatives, partnerships and joint ventures, strengthening of our marketing and distribution capabilities, meeting our working capital requirements, advertising and sales promotion activities across various platforms and increasing brand recognition among our existing and potential customers, meeting exigencies which our Company may face in the ordinary course of business, meeting fund requirements which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act and SEBI ICDR Regulations. Our Company's management, in accordance with the policies of our Board subject to applicable law, will have flexibility in utilising any surplus amounts.

Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses comprise listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Banker to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

All costs, fees and expenses with respect to the Offer (excluding listing fees) shall be borne by the Company and the Selling Shareholders, in proportion to the Equity Shares contributed by them in the Offer in accordance with applicable law. Upon the successful completion of the Offer, each Selling Shareholder agrees that it shall reimburse the Company for any expenses incurred by the Company on behalf of the Selling Shareholders. All such amounts payable by the Selling Shareholders in relation to the Offered Shares shall be deducted from the proceeds of the Offer prior to such funds being transferred to the Selling Shareholders.

The break-up for the Offer expenses are as follows:

Activity	Estimated expenses(1) (in ₹ million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs(2) and Bankers to the Offer	[●]	[●]	[●]
Brokerage and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs(3)	[●]	[●]	[●]
Registrar to the Offer	[●]	[●]	[●]
Other advisors to the Offer	[●]	[●]	[●]
Others	[●]	[●]	[●]
– Listing fees, SEBI filing fees, book building software fees	[●]	[●]	[●]
- Printing and stationary	[●]	[●]	[●]

Activity	Estimated expenses[(1)] (in ₹ million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) Amounts will be finalised on determination of Offer Price and other details.

(2) Selling commission payable to the 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.*
Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.
No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.
Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

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

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

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

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*
The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.
Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.
The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

The selling commission or charges, as the case may be, payable to SCSBs, members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs is subject to finalization of the Basis of Allotment.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. The Net Proceeds of the Offer pending utilisation for the purposes stated in this section, shall be deposited only in scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934. 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 Financing Facilities

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

Monitoring Utilization of Funds

Since the proceeds from the Fresh Issue do not exceed ₹ 1,000 million, in terms of Regulation 16 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer. Our Board will monitor the utilisation of the Net Proceeds through its Audit Committee. Our Company will disclose the utilisation of Net Proceeds under separate head in our balance sheet along with relevant details for all sum amounts that have not been utilised. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall disclose to the Audit Committee of our Board, the uses and applications of the Net Proceeds, on a quarterly basis. Our Company shall on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee of our Board, as required under applicable law. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Furthermore, in accordance with the 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 utilisation of the proceeds of the Offer from the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee of our Board.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by our Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as prescribed in Chapter VI-A of the SEBI ICDR Regulations.

Appraising Entity

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

Other Confirmations

Apart from the proceeds from the Offer for Sale by the Selling Shareholders in proportion to the Equity Shares being offered by them through the Offer, no part of the proceeds from the Offer will be paid by us to our Promoters and members of our Promoter Group, Group Companies, Directors, or Key Management Personnel. Our Company has not entered into and is not planning to enter into any arrangement/agreements with our Promoters, members of our Promoter Group, Group Companies, Directors and Key Management Personnel in relation to the utilization of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the 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 ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" beginning on pages 121, 16 and 174, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

- Comprehensive product portfolio with a focus on customer-centric solutions
- Market leadership and strong brand recall
- Strategically located manufacturing facilities
- Geographically spread distribution network
- Digitally driven business
- Strong track record of robust financial performance
- Strong management team backed by experienced Promoters

For further details, see *"Our Business"*, *"Risk Factors"* and *"Financial Statements"* beginning on pages 121, 16 and 174, respectively.

Quantitative Factors

Certain information presented below relating to our Company is based on the Restated Standalone Financial Information and Restated Consolidated Financial Information. For details, see "*Financial Statements*" beginning on page 174.

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

1. **Basic and Diluted Earnings Per Share ("EPS"):**

As per Restated Consolidated Financial Information:

Fiscals / Period	Basic EPS (In ₹)	Diluted EPS (In ₹)	Weight
For the year ended March 31, 2016	18.31	18.31	1
For the year ended March 31, 2017	21.30	21.30	2
For the year ended March 31, 2018	26.21	26.21	3
Weighted Average	**23.26**	**23.26**	

As per Restated Standalone Financial Information:

Fiscals / Period	Basic EPS (In ₹)	Diluted EPS (In ₹)	Weight
For the year ended March 31, 2016	15.13	15.13	1
For the year ended March 31, 2017	19.20	19.20	2
For the year ended March 31, 2018	23.72	23.72	3
Weighted Average	**20.78**	**20.78**	

Notes:

i) *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights*

ii) *The figures disclosed above are based on the Restated Financial Statements of our Company.*

iii) *Basic Earnings per Share (₹) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of equity shares outstanding during the year*

iv) *Diluted Earnings per Share (₹) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of potential equity shares outstanding during the year*

v) *Earnings per share (EPS) calculation is in accordance with the notified Indian Accounting Standard 33 'Earnings per share' specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended)*

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

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on basic EPS for the year ended March 31, 2018 on an consolidated basis	[●]	[●]
Based on basic EPS for the year ended March 31, 2018 on a standalone basis	[●]	[●]
Based on diluted EPS for the year ended March 31, 2018 on an consolidated basis	[●]	[●]
Based on diluted EPS for the year ended March 31, 2018 on a standalone basis	[●]	[●]

3. Return on Net Worth ("RoNW")

As per Restated Consolidated Financial Information:

Fiscals / Period	RoNW %	Weight
For the year ended March 31, 2016	10.57	1
For the year ended March 31, 2017	10.94	2
For the year ended March 31, 2018	11.87	3
Weighted Average	**11.34**	

As per Restated Standalone Financial Information:

Fiscals / Period	RoNW %	Weight
For the year ended March 31, 2016	9.01	1
For the year ended March 31, 2017	10.25	2
For the year ended March 31, 2018	11.25	3
Weighted Average	**10.54**	

Notes:

i) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights

ii) Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Net worth as restated as at year end

Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Financial Statements of the Company

4. Minimum Return on Increased Net Worth after the Offer needed to maintain pre-Offer EPS for the year ended March 31, 2018:

Particulars	At Floor Price	At Cap Price
To maintain pre-Offer basic EPS		
On standalone basis	[●]%	[●]%
On consolidated basis	[●]%	[●]%
To maintain pre-Offer diluted EPS		
On standalone basis	[●]%	[●]%
On consolidated basis	[●]%	[●]%

5. Net Asset Value per Equity Share of face value of ₹ 10 each

(i) Net asset value per Equity Share as on March 31, 2018 on a restated consolidated basis is ₹ 220.89.

(ii) Net asset value per Equity Share as on March 31, 2018 on a restated standalone basis is ₹ 210.92.

(iii) After the Offer on a consolidated basis (as on March 31, 2018):

(a) At the Floor Price: ₹ [●]

(b) At the Cap Price: ₹ [●]

(iv) After the Offer on a standalone basis (as on March 31, 2018):

(a) At the Floor Price: ₹ [●]

(b) At the Cap Price: ₹ [●]

(v) Offer Price: ₹ [●]

Notes:

i) *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*
ii) *Net Asset Value Per Equity Share = Net worth as per the_Restated Financial Statements / Number of equity shares outstanding as at the end of year/period*
iii) *Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Financial Statements of the Company*

6. Comparison of Accounting Ratios with listed industry peers

S. No.	Name of the Company	Face Value (₹)	Revenue from operations (₹ in million)(1)	Basic EPS (₹)(2)	P/E(3)	RoNW(4) (%)	NAV(5) (₹ per share)
1	**Vectus Industries Limited#**	10	6,287.87	26.21	**[●]**	11.87	220.89
2	***Peer Group##***						
	Astral Poly Technik Limited	1	21,388.70	14.62	68.97x	17.19%	85.02
	Supreme Industries	2	49,662.90	33.99	38.07x	20.96%	149.17
3	Industry Composite6				53.52x	19.08%	117.10

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports/financial statements of the respective company for the year ended March 31, 2018
#Based on the Restated Consolidated Financial Information for the year ended March 31, 2018
##Based on consolidated financials from the filings/annual reports made by the respective companies for Fiscal 2018 on BSE/corporate websites

(1) Income from operations (net) as reported in company filings, excluding other income

(2) Basic EPS as reported in company filings

(3) Price earnings ratio calculated by dividing the closing price of equity shares of the company as on June 8, 2018 on BSE, by the basic EPS of the company for Fiscal 2018

(4) RoNW has been computed as Net profit after tax for Fiscal 2018 divided by the net worth as at March 31, 2018

(5) Net asset value (NAV) per equity share has been computed as net worth as at March 31, 2018 divided by the total number of equity shares outstanding as at March 31, 2018

(6) The industry composite has been calculated as the arithmetic average of the industry peer set disclosed above

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

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 16, 121, 325 and 174, respectively, to have a more informed view.

The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 16 and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

Independent Auditor's Report on Statement of Tax Benefits

To,

The Board of Directors
Vectus Industries Limited
A-36, Sector- 83, Noida- 201305,
Uttar Pradesh, India

Dear Sirs,

Sub: Proposed Initial Public Offering (IPO) of the equity shares of the Vectus Industries Limited (the "Company"), pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI Regulations") and the Companies Act, 2013, as amended.

1. This report is issued in accordance with the terms of our engagement letter dated 17 April 2018.

2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2018 (hereinafter referred to as the "Income Tax Regulations") and Goods and Service Tax Act, 2017 (GST Act) read with Rules, circulars and notifications under GST Act (hereinafter referred to as the "GST Regime") has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

Management's responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus (the "Offer Document") is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 15 June 2018 for the purpose set out in paragraph 12 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor's responsibility

4. Our work has been carried out in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the SEBI Regulations and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits available as of 15 June 2018 to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations and GST Regime as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Offering.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information

9. Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive

10. The 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 Issue

    Further, we give no assurance that the Revenue authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

11. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of 15 June 2018, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations and the GST Regime as at the date of our report.

    Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

    (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or

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

Restriction on Use

12. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Document, prepared in connection with the Offer to be filed by the Company with the SEBI and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **Sumit Mahajan**
Partner
Membership No.: 504822

Place: Noida
Date: 15 June 2018

STATEMENT OF SPECIAL TAX BENEFITS
AVAILABLE TO VECTUS INDUSTRIES LIMITED AND ITS SHAREHOLDERS UNDER THE TAX LAWS

A) DIRECT TAXATION

Vectus Industries Limited is an Indian Company and subject to tax in India. Taxable income profit of the Company is computed in accordance with the provision of the Income Tax Act, 1961 ('the Act') after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation.

Considering the activities and the business of the company, the following benefits may be available to them.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Section 80-IC of the Income-tax Act, 1961 ('the Act')

A company is entitled to claim a deduction of 100% of profits and gains derived by an undertaking for five assessment years, and thereafter a deduction of 30% of such profits and gains each year for a subsequent period of five assessment years in the following scenarios:

a) Where the undertaking has begun or begins to manufacture or produce any article or thing:

i) not being an article or thing specified in the Thirteenth Schedule to the Act, or
ii) being an article or thing specified in the Fourteenth Schedule to the Act, or
iii) commences any operation specified in the Fourteenth Schedule to the Act; or

b) the company has begun or begins to manufacture or produce any article or thing not being an article or thing specified in the Thirteenth Schedule to the Act and undertakes substantial expansion in the state of Uttarakhand or Himachal Pradesh during the period of 7 January 2003 to 1 April 2012;

The deduction is available subject to fulfillment of conditions prescribed under the said Section.

The Company has set up two undertakings at Haridwar and Kashipur in the state of Uttarakhand. These units are eligible for deduction under Section 80-IC of the Act. The Company has been claiming deduction under section 80-IC in respect of these undertakings effective FY 2009-10 and therefore, FY 2018-19 is the last year in which the Company is eligible to claim deduction under the said section for the aforementioned units.

However, the profits of these undertakings would not be available for deduction while computing the book profits of the Company under section 115JB of the Act viz. Minimum Alternate Tax ("MAT") provisions. Under the MAT provisions tax is payable at the rate of 18.5% (plus applicable surcharge, health and education cess) on book profits in a situation where tax liability under the normal provisions of the Act are lower than book profits as computed under section 115JB.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders under the provisions of the Tax Laws.

Notes:

1) The above Statement of Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

2) The above Statement of Direct Tax Benefits sets out the tax benefits available to the Company and its shareholders under the current Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;

3) 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, 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;

4) The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

5) The aforesaid statement of tax benefits does not include any general tax benefits available to the Company or any potential tax benefits which may be available to the Company, or its shareholders in future on fulfilment of certain conditions.

B) INDIRECT TAXATION

The statement of tax benefits with respect to Indirect Taxes, is only intended to provide general information to the investors and is neither designed not intended to be a substitute for professional tax advice. A shareholder is advised to consult his/her own tax consultant with respect to tax implications arising out of his/her participation in the proposed issue, particularly in view of ever changing tax laws in India. The benefits discussed below are not exhaustive.

The various indirect tax benefits available or availed by the company are enumerated below:

1. Tax Benefits available to the company under Scheme of budgetary support under Goods and Services tax regime to the units located in the states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North east including Sikkim (Goods and Services Tax Act, 2017)

1.1 Notification No. 10(1)/2017-DBA-II/NER dated 05-10-2017 issued by the Ministry of Commerce & Industry

The Ministry of Commerce and Industry vide Notification F. No. 10(1)/2017-DBA-II/NER dated 5 October 2017 has notified a new scheme called *'Scheme of budgetary support under Goods and Services tax regime to the units located in the states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North east including Sikkim'* for the units which were eligible for drawing benefits under the erstwhile laws.

Further, CBEC vide circular no 1060/9/2017-CX dated 27/11/2017 has released the procedure for registration of the eligible unit and manual disbursement of budgetary support under the said scheme and inter-alia provides for separate registration for each eligible unit under the scheme.

The scheme has been implemented w.e.f. 01 July 2017 and shall remain operational for the residual period for which the units located in the above mentioned areas were eligible for exemption under the erstwhile laws with an overall validity up to 30 June 2027.

The scheme is available to the units which were eligible to avail benefit of exemption from payment of excise duty under the erstwhile exemption notifications before 1 July 2017 and were availing the said exemption immediately before 1 July 2017.

The scheme provides for quarterly filing and disbursement of the budgetary support to be worked out @ 58%/29% of the Central tax/Integrated tax respectively paid through debit in the electronic cash ledger after utilization of input tax credit of Central tax and integrated tax.

1.2 SRO 519 dated 21-12-2017 issued by the Government of Jammu and Kashmir

The Government of Jammu and Kashmir vide SRO 519 dated 21 December 2017 has notified a scheme called 'Jammu and Kashmir Reimbursement of State Taxes for promotion of Industries in the State of Jammu and Kashmir'. The benefits of the said scheme accrue to the manufacturing units that avail the benefit under Central Scheme of Budgetary Support under GST regime to the industrial units located in the states of Jammu and Kashmir

The scheme has been implemented w.e.f 8 July 2017 for an eligible unit and shall remain into force till the Central Scheme of Budgetary Support is in operation.

The scheme provides for reimbursement of State taxes paid under the Jammu and Kashmir Goods and Services Tax Act, 2017 and shall be limited to the tax that accrues to the State Government after adjustment of the input tax credit paid by the manufacturing units.

1.3 SRO 521 dated 21-12-2017 issued by the Government of Jammu and Kashmir

The Government of Jammu and Kashmir vide SRO 521 dated 21 December, 2017 has notified a scheme called *'Jammu and Kashmir Reimbursement of Central Taxes for promotion of Industries in the State of Jammu and Kashmir'*. The benefits of the scheme accrue to the units availing benefit of 58% reimbursement under Central Scheme of Budgetary Support.

The scheme provides budgetary support to the eligible units in the shape of 42% of the Central Tax paid under the CGST Act, 2017 after adjustment of the input tax credit.

The scheme has been implemented w.e.f 08th July 2017 for an eligible unit and shall remain into force till the Central Scheme of Budgetary Support is in operation.

The Company has two units set up in Uttarakhand and one unit in Jammu and Kashmir, which would be entitled to the benefits under the above mentioned Budgetary schemes;

Units	**Address**	**Benefit Period**
Haridwar Unit	Plot No. 17, Sector-8B, Sidcul, IIE, Haridwar, Uttarakhand	30 March 2010 till 29 March 2020
Kashipur Unit	Plot No. 412, 413, 414, Shree Developers Industrial Estate, Mahuakherganj, Kashipur, Uttarakhand	3 December 2009 till 2 December 2019
Jammu Unit	Lane No. 4, Phase II, SIDCO Industrial Complex, Bari Brahmana, Jammu	17 July 2014 till 16 July 2024

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless specified otherwise, the information in this section has been obtained or derived from the report titled "Assessment of the plastic tanks, plastic pipes and household & other plastic products industries" dated June 13, 2018 prepared by CRISIL Research ("**CRISIL Report**"). All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be accurate and reliable. None of the Company, the Selling Shareholders, the BRLMs or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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 should not place undue reliance on or base their investment decision on this information.*

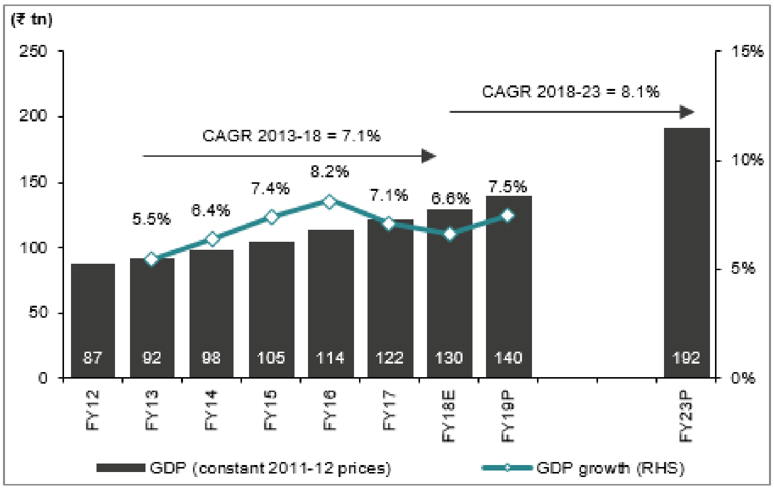
Overview of the macroeconomic scenario of India

Review and outlook of GDP growth in India

GDP to grow at a fast pace over the next five years

An economy is powered by the twin engines of consumption and investment. In recent years, India's growth has been firing on the consumption cylinder; investment, in contrast, has been muted. Gross domestic product (GDP) at constant FY12 prices expanded at 7.1% compound annual growth rate (CAGR) between FY13-18. It grew at a slower pace between FY12-FY14 because of sluggish income growth, persistently rising inflation and high interest rates. Industrial output, too, weakened. Post FY14, growth recovered following improvement in industrial activity, lower crude oil prices and supportive policies. However, it was clipped in FY17 owing to demonetisation, dwindling private investment and slowing global growth.

Real GDP growth in India (new GDP series)



Note: P-Projected

Source: CSO (Central Statistical Organisation), CRISIL Research, IMF

The Goods and Services Tax (GST) rolled out in early FY18 left its imprint on GDP growth figures, especially in the first half. CRISIL Research expects real GDP growth to rebound to 7.5% in FY19 from 6.6%* in FY18 as the transitory disruption from GST implementation wanes and a low base provides fillip. Growth will continue to be consumption-driven, with interest rates expected to remain soft, inflation under control and implementation of the Seventh Pay Commission hikes at the state level. Investments, largely in infrastructure, should start lending growth a helping hand, too, with support from public spending (with a rural focus) in infrastructure, especially roads.

On the external front, too, synchronised global recovery is expected to gather pace, which should help Indian exports that were impacted, to some extent, by GST-related glitches. However, geopolitical risks and uncertainties surrounding the pace of normalisation of the monetary policy in advanced nations are expected to limit the contribution of exports to domestic economic growth.

**As per CSO*

In the medium term, CRISIL Research expects the pace of economic growth to pick up, as structural reforms such as GST and the Bankruptcy Code, aimed at de-clogging the economy and raising the trend rate of growth, begin to take effect. Assuming that monetary and fiscal policies remain prudent, these reforms will lead to efficiency gains and improve the prospects for sustainable high growth in the future. The improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class and business-friendly government reforms will drive growth in the long term. As per the International Monetary Fund (IMF), the Indian economy is projected to log 8.1% CAGR over FY18-23. India's growth will be higher than many emerging as well as developed economies such as Brazil, Russia, and China.

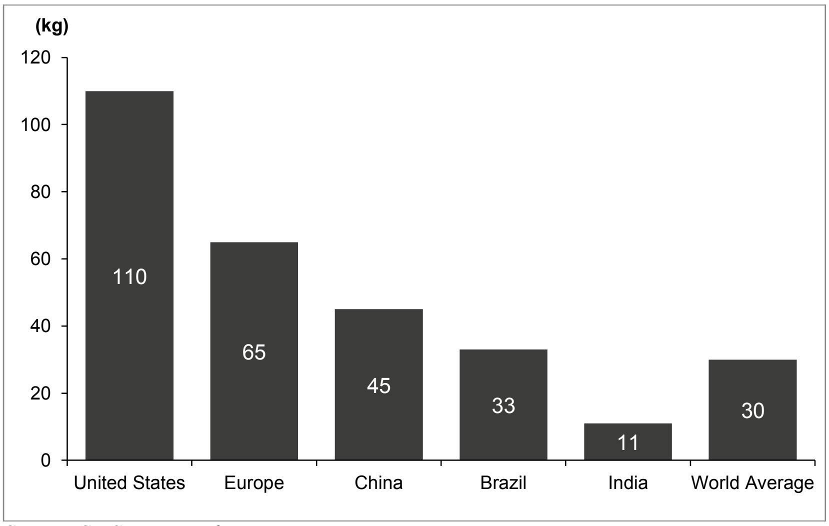
Budget 2018-19 focused on reviving rural demand

Given its ambitious target of doubling farmers' income by 2022, the government increased its budgetary allocation for agriculture and allied activities from the revised estimate of ₹566 billion in FY18 to ₹638 billion in FY19. The increased allocation of 12.8% on-year in FY19 is similar to the increase in FY18. The government also announced measures such as assured minimum support price (MSP), export liberalisation of agri products to revive farm realisations and increased expenditure on rural infrastructure to improve rural incomes. Construction is a very labour-intensive activity and, more importantly, it can absorb low skilled workers – a key characteristic of rural India. Focus on rural housing and roads is expected to help build assets, create jobs and consequently improve income, thereby having a cascading impact on demand for consumer products.

Low per capita plastic consumption

India has very low per capita plastic consumption of ~11 kg compared with the global average of 30 kg. Traditional materials dominate the application areas of plastic. However, over FY 15-17, comparatively lower crude oil prices along with superior properties of plastic led to increase in its usage in India. While crude oil prices have retracted to an extent over the past year, still it is expected that per capita consumption to slowly inch up towards the global average. Over FY17-22, CRISIL Research expects demand for polymers to increase at a healthy 9-10% CAGR.

India's per capita plastic consumption versus other countries



Source: CRISIL Research

Impact of GST

CRISIL Research expects GST – which resulted in an emphasis on value addition, amalgamation of a large number of central and state taxes into a single tax, and the set-off allowance of prior-stage taxes – to mitigate the ill effects of cascading taxes. It is expected that this will allow the free flow of tax credit in intra and inter-state transactions, leading to a more efficient and leaner tax structure.

CRISIL expects the reform to improve tax efficiency on account of three major changes over the existing system:

- The limitation of Central Value Added Tax (CENVAT), pre GST, lay in non-inclusion of several central taxes such as additional customs duty and surcharges. At the state level, there were several taxes, such as luxury tax and entertainment tax, which were not subsumed in the Value Added Tax (VAT). Pre GST, state VAT was also applied on the value of goods including CENVAT, leading to a cascading effect on the CENVAT load.
- Pre GST, service tax was not allowed for set-off against VAT.

- Pre GST, CST was levied on inter-state transfer of goods but did not carry any set-off relief.

Manufacturing companies to benefit: While the new regime will have a structural impact on the supply chain of goods and services, in the medium term (2017-18 to 2019-20), the extent of efficiency is estimated to be higher in the supply chain of goods. Seamless transport of goods is also estimated to benefit companies/ industries which have a pan-India logistic network, wherein supply clusters are concentrated around specific geographies and demand regions are spread across different states.

Structural changes in supply chains: Many companies are expected to migrate from the current strategy of 'multiple warehousing' to the hub and spoke model as tax treatment across India will be the same. From now on, most business decisions will be focused on supply chain efficiency and not on state-wise tax arbitrage. This, in turn, will bring down the overall warehousing and logistics cost owing to rationalisation of warehouses.

Introduction to water tanks

Water storage has become an essential domestic, industrial and commercial utility. With increasing scarcity of freshwater resources in growing population centers, concerns over water conservation and storage are on the rise. Households and industries along with municipalities today are required to make arrangements for storing water for daily use. Increasing urbanisation and real estate investments have increased the withdrawal and consumption of water which, in turn, has created substantial need for durable and economical water storage methods.

A water tank is a medium for storage of water for various purposes such as drinking, irrigation, agriculture, and fire suppression. Conventionally, concrete and steel tanks were popular for storage of water preceded by wooden / earthen pots. However, plastic water storage tanks have emerged as the most effective alternative for water storage over the past ~30 years.

Plastic water storage tanks

Of all the conventional materials, i.e. steel and concrete, plastic has evolved as the best one to store water for daily use. Plastic water tanks are economical and made of highly durable plastics which occupy less storage space and are lighter in weight as compared with steel and concrete tanks, which are also costlier. Also, concrete tanks cannot be transported and need to be constructed at the location, which is very time consuming. Plastic water storage tanks are rust-proof compared with steel tanks and less prone to leakage compared with concrete tanks. Also, these tanks maintain water quality and are maintenance-free. These tanks are generally made of linear low-density polyethylene (LLDPE) or high density polyethylene (HDPE). The fine polymer granules of these materials are heated along with desired colour pigments and moulded into the desired shape using various manufacturing techniques. Polymers used for manufacturing plastic water tanks are essentially inert to water. Therefore, plastic tanks can also be used for agriculture and irrigation, fire suppression reserves in buildings, food processing in industries, and as waste water containers.

<u>Comparison of various water storage tanks</u>

Water storage tanks are of three types: plastic, steel and concrete. The application is based on the end-use and tanks are usually substitutable.

	Plastic tanks	Concrete tanks	Steel tanks
Material used	• LLDPE • HDPE	• Reinforced concrete • Ferro-cement	• Stainless steel
Cost	• Cheaper than concrete and steel	• Expensive than plastic, cheaper than steel	• Most expensive
Leakage	• Least prone to leakage	• Prone to leakage if not constructed properly	• Less prone to leakage
Installation	• Light weight • Can be transported anywhere • Easier to install	• Heavy weight • Cannot be transported • Difficult to install and often requires construction at the site hence, time consuming	• Heavier than plastic, lighter than concrete tanks • Difficult to transport • Easier to install
Rust proof	• Rust proof	• Not rust proof as leakage can cause reinforced steel corrosion	• Chromium is added to make it rust-proof • Corrosion of rivets, screws can pollute water
Life	• Life less than concrete tanks but more than steel tanks	• Long lasting than plastic if maintained properly	• Life less than plastic and concrete tanks
Maintenance	• Maintenance free	• Cement wash required every few years	• Maintenance-free

	Plastic tanks	Concrete tanks	Steel tanks
Water quality	• Maintains water quality	• Susceptible to chemical and biological leakage such as lime and bacteria growth	• Maintains water quality

Manufacturing process

Plastic water storage tanks are manufactured by two processes – rotational or blow moulding.

Rotational moulding

Rotational or roto moulding manufacturing process involves high temperature and low pressure for plastic formation. In this process, plastic in the form of powder is inserted in the closed split mould. The mould is heated until the powder melts. The molten powder sticks to the wall and forms a thin layer. The mould is rotated at variable speeds in order to evenly spread the molten powder. After this step, the molten powder is cooled down with air in order to solidify it slowly.

Blow moulding

The extrusion blow moulding (EBM) process is used for manufacturing of plastic tanks. In this process, plastic is melted and extruded into a hollow tube (parison). This parison is then captured by closing it into a cooled metal mould. Air is then blown into the parison, inflating it into the shape of the hollow bottle, container, or part. After the plastic has cooled sufficiently, the mould is opened and the part is ejected.

Comparison of roto and blow moulding

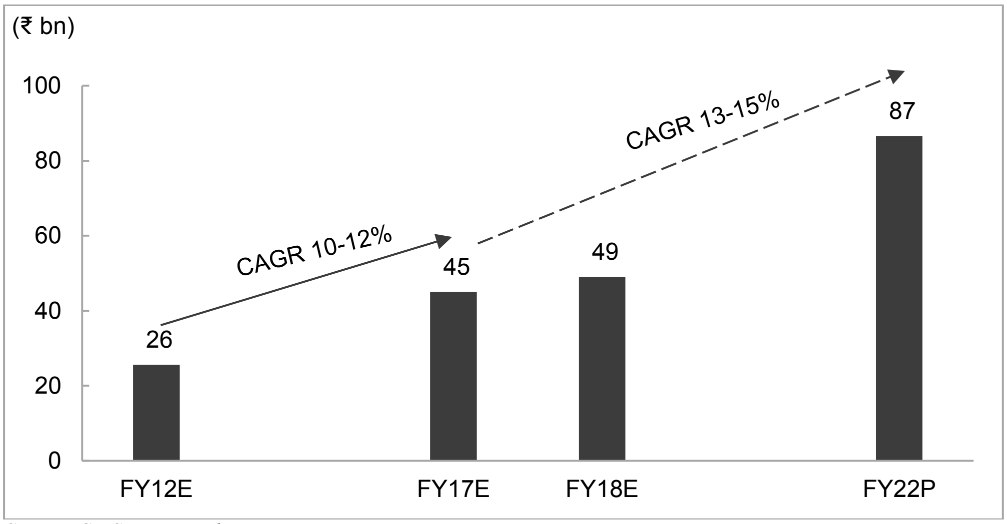
Roto moulding process	Blow moulding process
• Traditional technology	• Relatively new technology
• 3-stage process	• 1-stage process
• Requires LLDPE as raw material	• Requires HDPE as raw material
• Can produce up to 50,000 litre tanks	• Suitable for smaller tanks (up to 2,000 litre)
• Complex designs can be manufactured	• Comparatively simple design can be manufactured
• Used for overhead as well as underground tanks	• Largely used for overhead tanks
• Consumes more raw material per litre of tank and thus, relatively heavier tank for a given size	• Consumes less raw material per litre of tank and thus, relatively lighter tank for a given size
• Slower production rate	• Faster production rate
• Relatively costlier tanks owing to higher raw material consumption	• Relatively cheaper tanks owing to lesser raw material consumption

Plastic water storage tank industry

Review and outlook of the industry

Real estate investments, rising urbanisation, increasing fresh water withdrawal, and consumption for various domestic and industrial applications have created substantial demand for economical water storage methods, which is expected to drive demand for plastic water storage tanks. As water is stored in overhead or elevated tanks, durability is the key attribute which a consumer requires in plastic water tanks. As per CRISIL Research, the domestic plastic water tank industry grew at a five-year CAGR of 10-12% to ~₹45 billion in FY17 from ~₹26 billion in FY12. This was in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. Also, owing to supply-side issues post GST implementation, growth in the plastic water tank market is estimated to have moderated to 8-10% to reach ₹49 billion in FY18. Unorganised players dominate the industry with 70% market share as of FY17.

Plastic water tank industry to log 13-15% CAGR in next five years



Source: CRISIL Research
Note: E: Estimated, P: Projected

Over the next five years, CRISIL research expects the plastic water tank industry to continue to grow at a healthy pace of 13-15% CAGR from FY17-22 owing to increasing demand propelled by increase in the pace of real estate construction activity and growing necessity of water storage owing to irregularity in supply. Momentum in the construction of affordable housing has picked up. Over FY17-22, roto moulded tanks are expected to witness 10-12% CAGR, while blow moulded tanks are expected to post 18-20% CAGR owing to their superior value proposition compared with the former as well as higher demand for smaller (up to 2,000 litre) tanks. Demand for steel and concrete tanks is expected to decrease owing to shifting focus towards light weight and durable plastic water tanks.

Due to the voluminous size of tanks, the transportation cost is very high. This makes it difficult for manufacturers to trade interstate and, thus, pan India players typically have several plants in various regions to cover the surrounding areas.

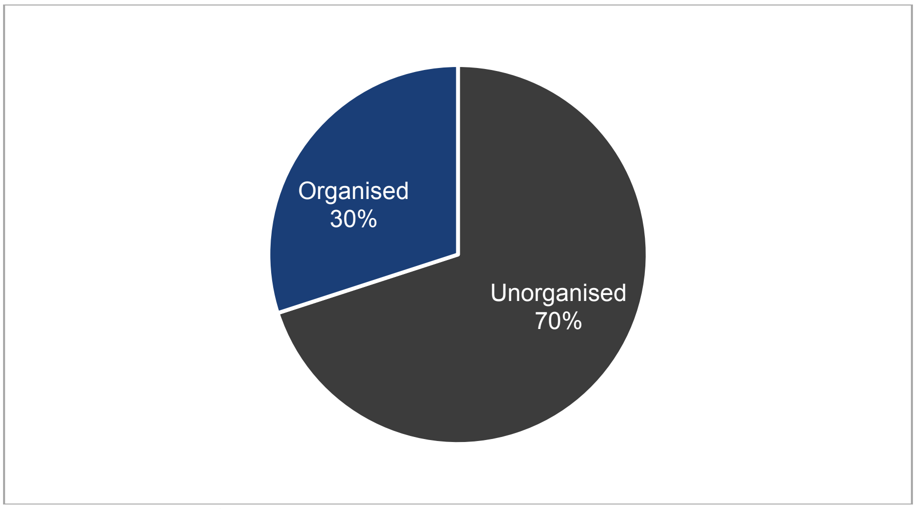
With the advent of technology, manufacturers are coming up with additives which offer increased life and durability in extreme climatic conditions. Further, protection from UV rays, thermal insulation and multi layers are some of the features responsible for increasing demand for plastic water storage tanks.

Segmentation of the industry

A. *In terms of the manufacturing sector*

As per CRISIL's industry interactions, the plastic water tank market is highly fragmented; unorganised players dominate with 70% market share and organised players account for only 30%.

Organised players account for ~30% market share

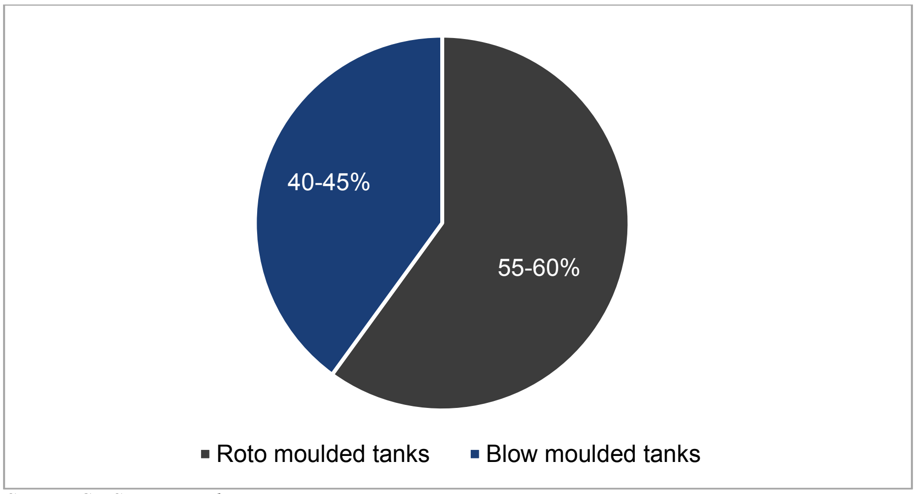


Source: CRISIL Research

B. *In terms of the manufacturing process*

In terms of the manufacturing process, blow moulded tanks account for 40-45% market share whereas roto moulded tanks account for the remaining as of 2017-18. There is an increasing demand for blow moulded tanks and it is expected that their share will increase to 50-55% by FY22.

Share of blow moulded versus roto moulded tanks as of FY18

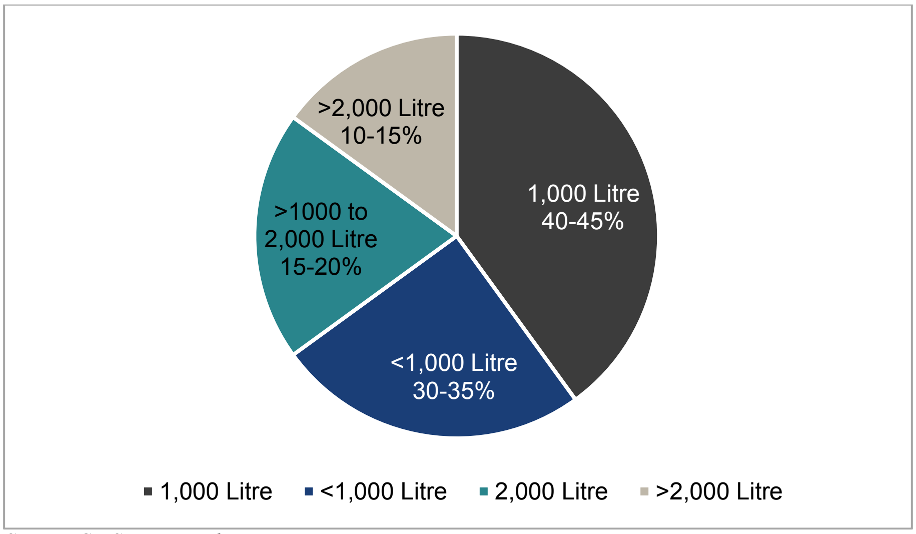


Source: CRISIL Research

C. <u>*In terms of size*</u>

As of FY 18, 1,000-litre tanks account for 40-45% market share followed by tanks sized less than 1,000 litre (30-35%). In the less-than-1,000-litre tank category, 500-litre tank has the highest demand. On the other hand, 1,000+ to 2,000-litre tanks account for 15-20% market share. Going forward, we expect demand to shift from the less-than-1,000-litre tank category to tanks of 1,000/2,000-litre capacity owing to increasing consumption of water, resulting in higher demand for more storage capacity. Tanks with 2,000-litre capacity or more are mostly used in institutions such as schools and offices, whereas tanks with up to 1,000-litre capacity are used in households.

Share of plastic water tank in terms of tank size as of FY 18

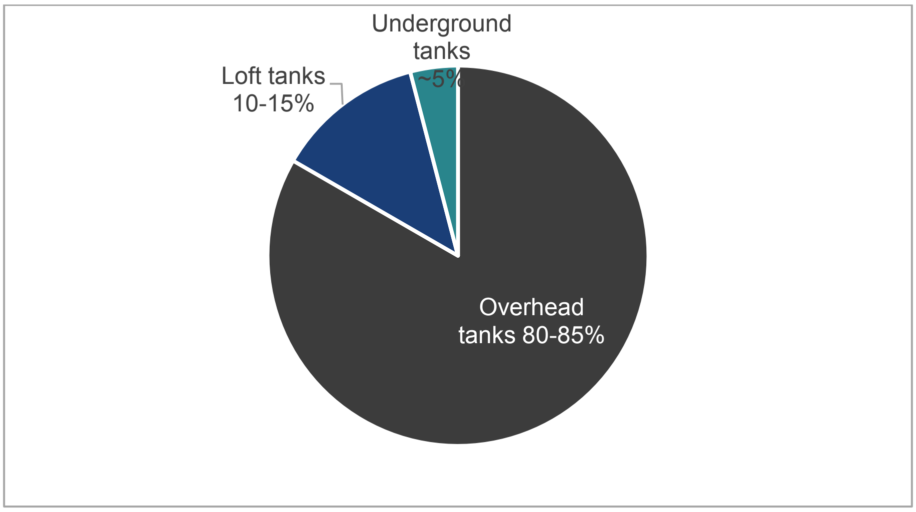


Source: CRISIL Research

D. <u>*In terms of usage categories*</u>

Of the total plastic water tank industry, overhead tanks account for 80-85% market share, whereas loft and underground tanks account for the remaining. Underground plastic water tanks have a market share of just ~5% as customers still prefer underground concrete tanks for water storage. Loft tanks, on the other hand, account for 10-15% share and can be kept in an empty space above washrooms and bathrooms due to compact size. These tanks are used along with underground and overhead tanks.

Overhead tanks account for the highest share as of FY 18

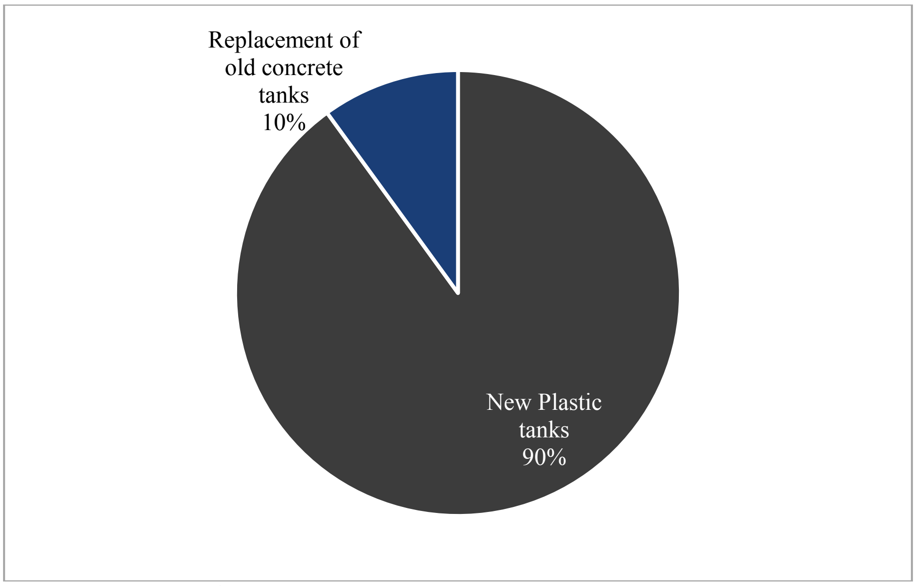


Source: CRISIL Research

E. *In terms of type of demand*

In terms of demand, there is 90% demand for new plastic tanks, but only 10% demand for replacement of existing concrete tanks with plastic tanks.

Demand-wise share of plastic water tanks as of FY 18

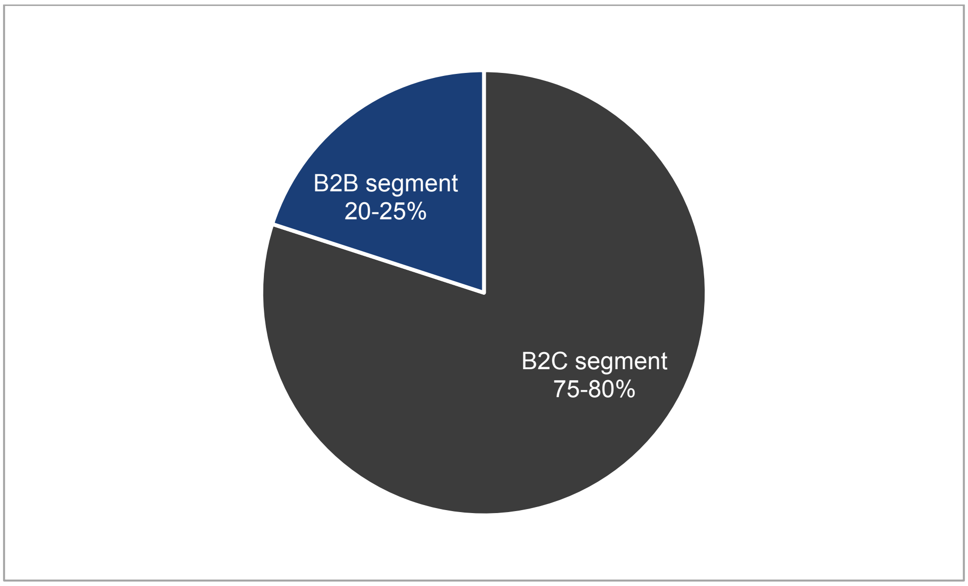


Source: CRISIL Research

F. *In terms of the buyer category*

B2C customers (mainly households requiring tanks for storage of water) make up 75-80% of the plastic water tanks market, whereas the B2B segment (builders and contractors) has the remaining share.

B2C segment has large market share in plastic water tanks industry as of FY 18



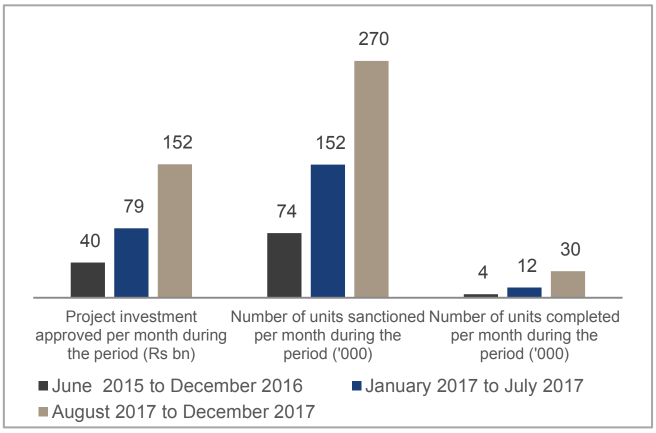
Source: CRISIL Research

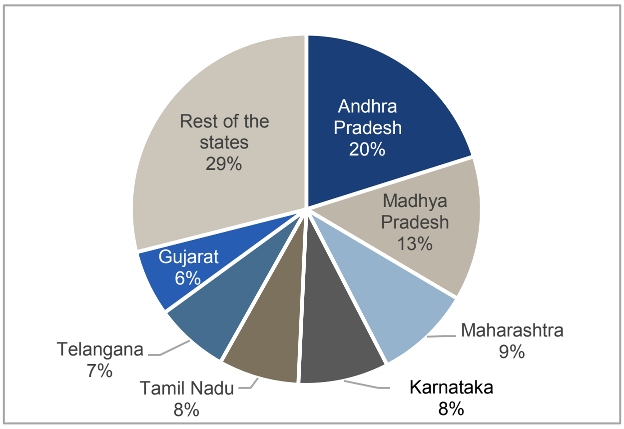
Growth drivers

A. <u>*Rise in affordable housing construction*</u>

Demand for plastic tanks in India is likely to see strong growth driven by a series of government reforms in the housing sector. Over the past few years, the government has announced various schemes to incentivise homebuyers. As per the "Housing for All by 2022" scheme, the government aims to provide 20 million houses in urban areas and 40 million houses in rural areas. The government has also announced Atal Mission for Rejuvenation and Urban Transformation (AMRUT) to provide basic services to households and to build amenities in cities with the focus to provide access to a steady supply of tap water and sewerage facilities to every household. These initiatives along with shortage of housing in India and lack of proper water management system indicate a huge demand for water tanks which is likely to boost the plastic tank manufacturing industry's growth.

Visible traction in affordable housing under PMAY (urban)





Source: PMAY documents, project update reports, CRISIL Research

B. <u>*Growing necessity of water storage owing to irregularity in supply*</u>

Drinking water shortage is a major issue in India owing to a burgeoning population. With increase in population, the number of educational & health institutions and commercial units also rise, boosting demand for uninterrupted water supply. There is a mismatch between demand and supply of water coupled with poor water supply infrastructure leading to inadequate water supply. As a result, majority of population lacks regular water supply, which necessitates building of storage structures. This is expected to drive demand for water tanks, especially plastic tanks given their low cost, durability and ease of installation.

C. *Implementation of GST to aid organised players; to increase their market share*

CRISIL Research expects implementation of GST to be a major driver of long-term growth in the plastic water tanks industry, especially for organised players. Poor tax compliance, especially in the unorganised sector, has affected efficiencies, economic growth and competitive fairness of players in the industry. The GST rate for plastic water tanks is 18%. Pre GST, the effective tax rate including excise and VAT was ~28%. Therefore, with implementation of GST, there has been substantial reduction in tax rates which will help organised players capture the market and compete more effectively with the unorganised counterparts. Additionally, CRISIL Research expects smoother inter-state goods movement and greater tax compliance to benefit the branded players.

Currently, the unorganised segment accounts for ~70% share of the plastic water tanks industry. The unorganised segment largely competes on prices rather than on quality. Prices of products manufactured by the unorganised sector were lower as tax compliance by these players was lower unlike organised players. However, after GST implementation, it is expected that, greater tax compliance by unorganised players to result in reduced price differential between organised and unorganised players.

This is because input tax credit, being the crux of GST mechanism, will ensure wider coverage of tax payers in the supply chain. As supply only from registered taxpayers will be allowed for input tax credit, businesses and stakeholders will insist on registration of their suppliers and traders leading to increase in the share of organised participants. Further, failure to comply with the timelines of GST returns will impact suppliers' compliance ratings.

In addition, due to smooth movement of interstate goods, organised players will now be able to cater to the regions that were earlier serviced by local, small and unorganised players. Consequently, organised players are expected to greatly benefit from GST, and grow at a faster rate than the overall market growth rate.

Owing to high competition, quality and price are the key differentiators in the plastic water tank industry. Organised players enjoy brand reputation based on the established track record of consistent quality of products over the years. They, therefore, have higher pricing power than unorganised players. Based on industry interactions, organised players typically fetch 10-20% higher prices than unorganised manufacturers across various tank sizes.

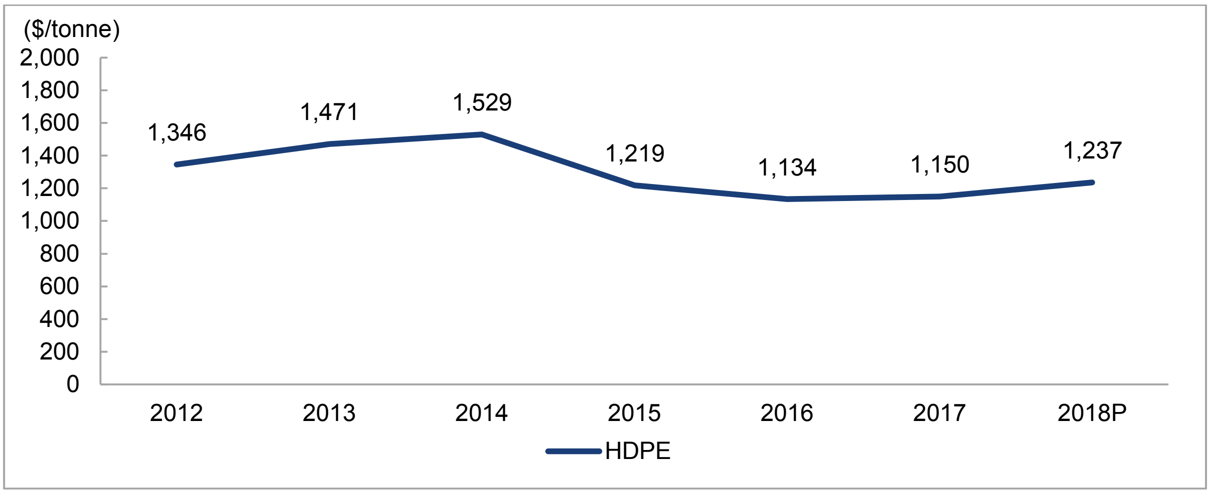
Review and outlook of key raw materials

Domestic demand for polyethylene (PE) was estimated at 5.1 million tonnes in FY18. Increase in domestic PE demand is led by higher demand for blow moulding, films and general purpose packaging applications. Within PE, there is a healthy offtake across segments - HDPE, LDPE and LLDPE. The HDPE segment accounted for the largest share (~55%) of PE demand. With increasing domestic capacity, less dependence on imports is expected in the coming years. Players such as Reliance Industries Ltd, Gas Authority of India Ltd and Haldia Petrochemicals have swing plants (HDPE/ LLDPE) and dedicated HDPE units. In a swing plant, similar equipment and process conditions are used for LLDPE and HDPE. Switching from HDPE to LLDPE production involves a variation in process parameters, even though production does not have to be stopped.

A. *PE price to increase in 2018*

PE prices are expected to increase in CY18 to $1,210-$1,260 per tonne due to rise in feedstock ethylene prices. Ramping up of capacities added in CY17 and incremental supply in CY18 are expected to restrict a sharp rise in prices. The price of largest PE segment - HDPE - increased marginally $1,150 per tonne in CY17 and is expected to rise to $1,237 per tonne in CY18 owing to rise in upstream crude oil and naphtha prices. Similar price trend is expected in other segments of PE - LDPE and LLDPE - in CY18. However, incremental supply would restrict further rise in prices. CRISIL Research expects PE prices to decline owing to lower upstream crude oil and naphtha prices in CY19.

Trend in international HDPE prices



Source: Industry, CRISIL Research
Note: P: Projected

B. *Impact of raw material prices on margins*

Even though India has added huge capacities of PE polymers, it continues to be a net importer of PE as demand growth has outpaced capacity additions. Therefore, volatility in international price of feedstock, fluctuations in the exchange rate, and demand-supply mismatch are the key risks faced by plastic tank players. Given that 70% of the plastic tanks industry is unorganised, resulting in intensive competition, unorganised players are able to partially pass on the increase in raw material prices to end users. However, organised players are better placed to face input-related risks as they enjoy established relationships with raw material suppliers, and have wide distribution bases and a well-established brand presence. Consequently, they are able to pass on the change in raw material prices to the end users.

Peer comparison

Organised players have a market share of ~30% in the plastic water tanks segment. Players considered here for comparison on operational parameters are Patton International, Prabh Dayal Om Prakash, R.C. Plasto Tanks & Pipes, Sintex Plastics Technology and Vectus Industries.

Comparison of select players on operational parameters

Large players are focusing on increasing their presence in the country. Due to high transportation cost, it is imperative for players to have a manufacturing plant close to the end consumption markets. Sintex Plastics Technology, for example, has 12 manufacturing bases across the country. Similarly, Vectus Industries has 9 manufacturing locations across northern, central, western and southern regions. Other players have a regional focus with manufacturing base in only one state. Organised players are continuously increasing their distribution network and channel partners in order to compete with unorganised players.

Players[1]	Brands	Number of dealer / distributor[2]	No of manufacturing locations in India[3]	Product portfolio[2]	Manufacturing base[3]
Patton International	Patton	NA	1	• Steel – Locknuts, Stampings, Fittings and other related products • Plastic – Tanks, Pipes, Plates and other products	West Bengal
Prabh Dayal Om Prakash	Sheetal	1,400 dealer and retailers	1	• Water storage tanks • Pipes and fittings • Dustbins, Trolleys and Dumper trucks • Chemical tanks • Road safety products	Haryana - Sonipat
R.C. Plasto Tanks and Pipes	Plasto	500 distributors	1	• Water storage tanks and related fittings • Pipes and fittings • Chemical tanks	Maharashtra-Nagpur

Players[1]	Brands	Number of dealer / distributor[2]	No of manufacturing locations in India[3]	Product portfolio[2]	Manufacturing base[3]
Sintex Plastics Technology	Sintex, Reno, Renotuf, Titus	500 distributors	12	• Water storage tanks • Custom moulded products • Doors, sections, dustbins • Electrical and SMC products • Prefabricated products • Other industrial products	• Himachal Pradesh- Nalagarh • Haryana- Sohna • Union Territory of Daman & Diu- Daman • Gujarat- Kalol • Madhya Pradesh- Pithampur, Indore • Maharashtra- Nasik, Pune, Nagpur • Tamil Nadu- Namakkal, Chennai • West Bengal- Uluberia
Vectus Industries	Vectus, Ganga, Waterwell	4,300 dealers and distributors	9	• Water storage tanks • Pipes and fittings • Household plastics and others	• Chhattisgarh – Raipur • Gujarat – Dahej • Jammu and Kashmir – Jammu • Karnataka – Tumkur • Madhya Pradesh – Bhopal, Banmore • Rajasthan – Jaipur • Tamil Nadu – Trichy • Uttar Pradesh – Sikandarabad

NA: Not available
Source: Company reports, Company website, CRISIL Research
[1]Players are arranged in alphabetical order
[2]Figures/details for company's overall business and may not be strictly pertaining to the tank business;
[3]For Vectus, the figures/details are only for plastic tanks business; for other players the figures/details are for company's overall business and may not be strictly pertaining to the tank business;

Comparison of select players on financial parameters (FY17)[1]

Players[2]	Operating revenue (₹ mn)	Revenue growth (FY12-17 CAGR)	Revenue share from tanks segment as of FY17	OCF/EBITDA
Patton International	3,204	7.2%	<35%	53.7%
Prabh Dayal Om Prakash	1,150	29.9%	NA	-10.1%
R.C. Plasto Tanks and Pipes	2,457	60.0%[4]	45%	27.4%
Vectus Industries[3]	5,831	26.3%	40%	88.6%

NA: Not available
Source: Company reports, CRISIL Research
[1]Figures of all the players in the above table are as per their reported financials at the company level and, thus, may not be strictly comparable
[2]Players are arranged in alphabetical order. Sintex Plastics Technology, which is a leading player in plastic tanks, is not considered in financial comparison as plastic tanks is a small part of the business and majority of its business is generated from other non-comparable products such as custom moulded and prefabricated products. Additionally, Sintex Plastics Technology (FY17 revenue of ₹60 bn) is not comparable to above players in terms of overall size.
[3]Based on consolidated financials
[4]CAGR for 4 years (FY13-FY17) is given since company reported NIL revenues in FY12

Major players' revenue growth outpaces that of industry

R.C. Plasto Tanks and Pipes, Prabh Dayal Om Prakash and Vectus Industries have outpaced industry growth over the past five years. Among the sample set of players, Vectus has one of the highest operating revenue with a CAGR of 26.3% over the past five years. Vectus is also among the top two plastic water tank players in terms of revenue.

Higher margins for well-established brands in the water tanks industry

Profitability of players is determined by their brand strength, distribution network and operating efficiency. Management of raw material prices is equally important for maintaining profitability as it is the largest portion of operating cost. Thanks to a better brand position in the market, established relationship with raw material suppliers, and wide distribution network, organised players are better positioned to pass on the increase in raw material prices to end users in comparison with unorganised players.

Vectus has the highest OCF/EBITDA of 88.6% followed by Patton International (53.7%). This indicates Vectus' superior working capital management compared with the selected peers.

Brand assessment

Major players across regions

Region[3]	Proportion of population[1]	Company[2]
North	30.5%	Fusion, Jindal, Plasto, Sheetal, Sintex, Vectus
South	20.9%	Aquatech, Kaveri, Sudhakar, Sintex, Vectus
East	26.1%	Patton, Penguin, Sintex, Vaishali, Vectus
West	14.4%	Dutron, National, Plasto, Sintex, Vectus
Central	8.1%	Campus, Plasto, Sintex, Supreme, Vectus

[1] *As per Census 2011*
[2] *In alphabetical order*
[3] *States classified into regions as below*
North: Jammu & Kashmir, Punjab, Haryana, Himachal Pradesh, Delhi, Uttarakhand, Uttar Pradesh and Rajasthan
South: Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Kerala
East: West Bengal, Odisha, Bihar, Jharkhand and north-eastern states
Central: Madhya Pradesh and Chhattisgarh
West: Gujarat, Maharashtra and Goa

CRISIL's interactions with distributors and dealers of plastic tanks across regions infer that Sintex and Vectus are the only two organised players in the market with a pan India presence and strong brand recall. Based on dealer interactions in few states, CRISIL understands that Vectus is the largest player in UP and among the top two players in MP and Rajasthan in terms of units sold. Besides strong presence and brand recall in northern (Punjab, UP, HP, Uttarakhand and Rajasthan) and central (MP and Chhattisgarh) regions, Vectus has an established presence in southern and eastern (Bihar and Jharkhand) regions. Most other brands have brand recall only at a regional level and preference varies significantly across regions. For example, Patton brand is popular in the east, whereas Kaveri brand is popular in the south.

In terms of size, water tanks up to 1,000 litre capacity are more in demand. Tanks with 1,000 litre capacity account for 40-45% market share, followed by tanks with less than 1,000 litre capacity (30-35%). Sintex and Vectus have a major share in these segments among the organised players, which indicates that they are B2C focussed players.

Unorganised players dominate the tank market with 70% share. In the eastern region, unorganised players account for more than 70% of the market owing to lower prices; whereas in the central region they account for 35-40% owing to proximity to the manufacturing base of organised players as well as customer preference for quality over price. CRISIL's interactions with dealers indicate that larger organised players are growing at a much faster pace and capturing market share from unorganised players post GST.

Drivers of purchasing decision

	North	South	East	West	Central
Rank 1	Quality	Quality	Price	Price	Quality
Rank 2	Price	Brand strength	Brand strength	Quality	Brand strength
Rank 3	Brand strength	Price	Quality	Brand strength	Price

Based on its interactions across regions, CRISIL understands that brand strength, price and product quality are the key drivers of the purchasing decision for tanks. However, this varies across regions as mentioned in the above table.

Customer/dealer perception of brands

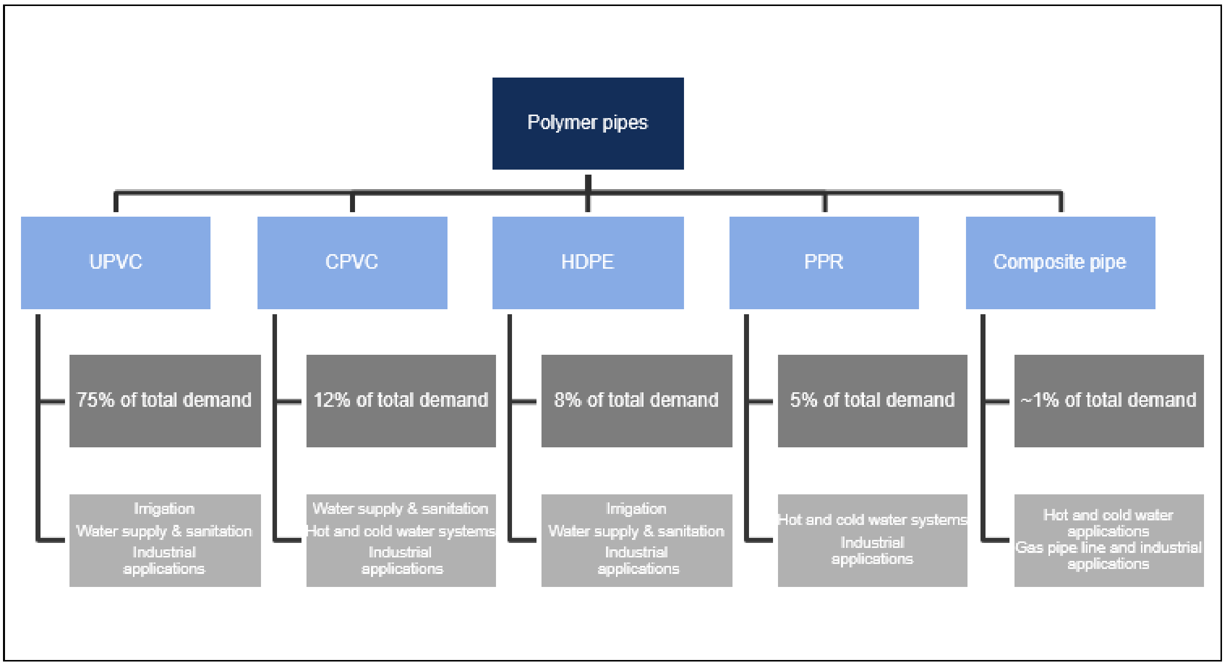
Based on CRISIL's interactions with dealers and distributors, Vectus is perceived as a value for money and quality focussed brand in the tanks segment. Vectus was also the first player to introduce blow-moulded tanks in India and is currently the largest manufacturer of blow-moulded tanks in India, as per CRISIL's interactions with raw material as well as master batch suppliers. Vectus' tanks are priced ~10% lower than Sintex. However, the former is sold at a premium of 10-20% compared with brands of regional/unorganised players in the market.

Overview of the Indian plastic pipes industry

Being a cost-effective way to transport water, pipes form an integral part of infrastructure to transport, distribute and dispose this life sustaining resource. Pipes are used for a variety of end applications such as irrigation, household plumbing, sewerage and industrial applications. In the past, metal pipes - especially galvanised iron (GI) pipes - were used for most purposes. However, with increase in availability of raw materials, superior properties and low costs compared with GI, plastic pipes have emerged as the material of choice for these applications. CRISIL Research estimates the overall sales of plastic pipe industry at ₹250 billion as of 2016-17.

Plastic pipes are made of different types of polymers. The four key types are unplasticised polyvinyl chloride (UPVC), which represents 75% of industry demand, chlorinated polyvinyl chloride (CPVC) – 12%, HDPE – 8%, and polypropylene (PPR) – 5%. Composite pipes, which have a mix of metal and plastic layers, are also used for similar applications.

Types and applications



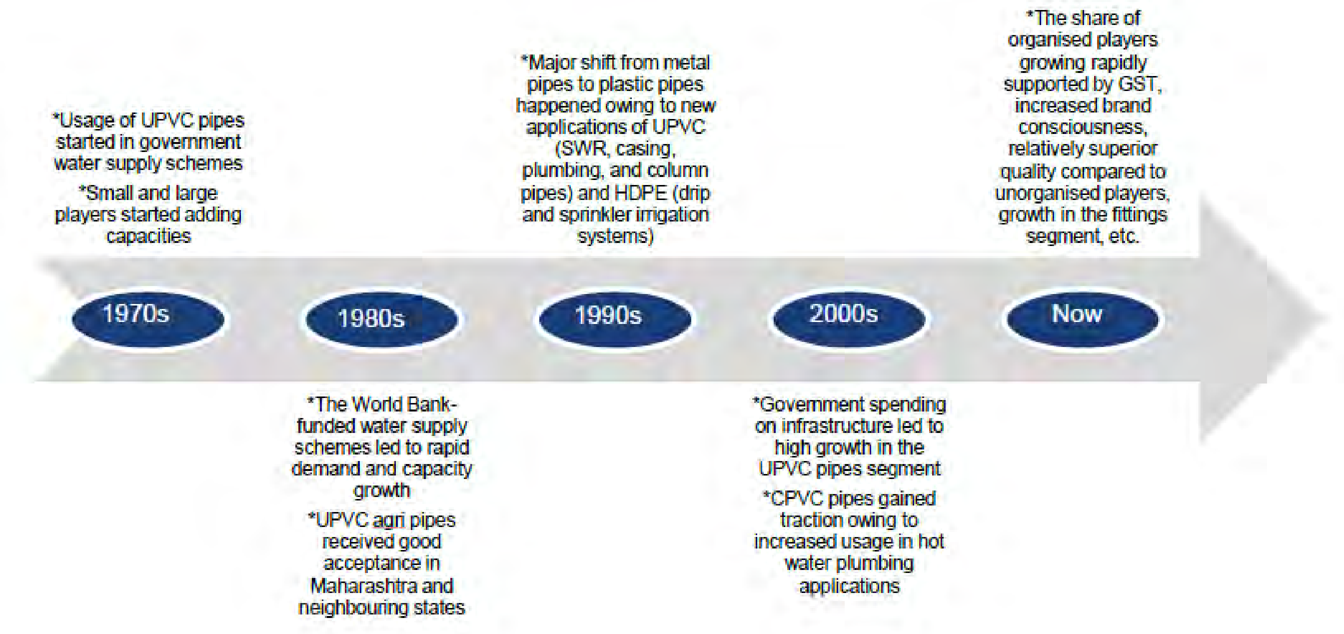
Comparison of different types of pipes

	GI	UPVC	CPVC	HDPE	PPR	Composite pipes
Life (years)	10-15	20-25	30-35	50	50	50
Max operating temperature (degrees Celsius)	NA	60-70	90-100	60-80	90-100	90-100
Strength (hoop[1])	-	500-600	450-550	350-400	250-300	250-300
Cost	20-30% costlier than most plastic pipe varieties	Cheaper than GI	Cheaper than GI, costlier than UPVC	Cheaper than GI, costlier than UPVC	Cheaper than GI, costlier than UPVC	Costlier than CPVC
Corrosion	High corrosion due to rusting from prolonged exposure to water/moisture	No effect due to chemical resistance	Has anti-corrosive properties	Excellent anti-corrosion and chemical resistance	Good chemical resistance and corrosion resistance	Excellent chemical and corrosion resistance
Bacterial growth	Relatively high with rusting	Relatively low compared with GI	Extremely low compared with GI	Extremely low compared with GI	Relatively low compared with GI	Relatively low compared with GI
Installation	Laborious, prone to issues in cases of poor workmanship	Done through cold welding	Cold welding. Needs solvent cement for installation	Hot welding. Known for more tolerance to poor installation	Hot fusion welding – requires specialised training and equipment	Screw compression fitting – requires specialised training and equipment

[1] *Unit for measurement of stress*

Evolution of the Indian plastic pipes industry

The plastic pipes industry in India is five decades old. The first PVC plant was established in 1961. With the introduction of various PVC products in the 1970s, PVC consumption doubled almost every five years. Over 1985-95, the Green Revolution resulted in increased usage of PVC pipes in the agriculture sector owing to their superior performance. The industry recorded 10-12% CAGR over FY12-17. This is in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. Growth was driven by a) increasing demand for pipes in the construction/ building industry and irrigation sector, b) nationwide infrastructural development, c) the government's focus on urban/rural development, and d) the Smart City Mission. Among several available variants of plastic pipes, demand for UPVC and CPVC, in particular, has been rising owing to their affordability, superior quality and high durability.



Branded players recorded higher sales led by specialised products

In the past decade, new and emerging needs led to a rise in demand for specialised plastic products. One of the biggest changes came in the real estate plumbing sector in which pipe was no longer a low-involvement category product as it was a decade ago. Consumers started demanding better products and newer plumbing systems for their homes and projects. This was because of pressure on the land bank available for housing and commercial purposes in metropolitan cities as well as tier I and tier II cities, leading to a boom in high-rise constructions. Such construction was made possible by advancements in construction technology, but forced changes in the design and layout of the water supply and drainage systems. For instance, with increase in high-rise constructions and premium architectural designs, the need for premium drainage systems with low-noise properties grew. Many branded pipe manufacturers launched products to meet this demand. Consequently, branded players were able to record higher sales growth in the past decade compared with unorganised players.

Organised players dominate the plastic pipe market in India

The organised segment accounts for nearly 60-65% share. In the UPVC segment, which finds usage in irrigation and cold water plumbing applications, product quality requirement is low and commoditised. This has led to the entry of several small and medium enterprises (SMEs). Hence, the share of organised players in the segment is a lower ~50%. On the other hand, in the CPVC piping category, where product quality requirements are high, the share of organised players is 75-80%. This is because large organisations typically purchase products of companies with relevant certifications. In niche categories of PPR and HDPE as well, organised players have a dominant market share.

Plastic pipes, especially CPVC, gained prominence at the expense of GI

In the past decade, one of the most important changes in the pipes industry was the large-scale shift from metal to polymer-based pipes in most applications. It is estimated that the share of GI pipes in incremental demand is ~20% and is gradually declining. This was especially true in case of plumbing and pipe applications in the construction industry. This allowed for greater research and development in specialised products by organised players for specific applications with the development of polymers such as CPVC for hot and cold water plumbing, firefighting, and transportation of industrial fluids. The CPVC segment, which poses technological entry barriers, has also given branded players an opportunity to increase their market share. Till then, UPVC dominated the plastic pipes industry with several unorganised players posing stiff competition to branded players.

HDPE segment also gained preference with better quality and increase in usage

The HDPE pipes market took a hit in the early 1980s due to the large-scale failure of pipes made from scrap HDPE and sold to prestigious government projects as prime grade pipes. While the HDPE pipe market languished due to these incidents, PVC pipes surged ahead. The HDPE pipe market took two decades to recover, driven by consistent quality and development of new application areas such as drip and sprinkler irrigation, gas pipes, large diameter sewerage pipes, etc., as well as consolidation in the core water supply sector with good quality pipes having second-generation HDPE grades.

Organised players increased focus on the fittings segment

Intense competition, owing to the presence of a large number of unorganised players, has put pressure on organised players' revenues and margins. To mitigate this pressure, one of the strategies adopted by organised players is to expand their fittings capacity. Manufacturing of fittings requires higher precision, thereby limiting unorganised players' entry into this space. Because of the specialised nature of products, the fittings segment also earns higher margins. Hence, many branded players have aggressively expanded their fittings capacity and launched new products over the years to cater to high demand in this segment.

Quality standards for pipes evolved in line with changing product requirements

The Indian government's Bureau of Indian Standards (BIS), formerly the Indian Standards Institution (ISI), introduced standards for PVC pipes for the first time in 1968 called IS 4985 standards covering PVC pipes from 16 mm to 315 mm. The standard has since undergone three revisions; the latest revision was in 2000. The standard is designed in line with the International Standards Organisation (ISO) 4422, keeping in view the requirements of the global market. BIS has separate standards for HDPE pipes of different applications.

The Central Institute of Plastics Engineering & Technology (CIPET), established in 1968 by the government with the assistance of United Nations Development Programme (UNDP) in Chennai, is a third party independent inspection agency. CIPET conducts inspections and certifies plastic pipes systems based on BIS standards. The International Association of Plumbing and Mechanical Officials Plumbing Codes and Standards India Pvt Ltd, founded in 2007, also provides certification for plumbing pipes systems.

In addition, there are several global standards, such as the American Society for Testing and Materials and ISO, which provide global recognition to the plastic pipes products of a company. Large organisations typically purchase products of companies with relevant certifications. Going forward, due to increasing awareness of quality standards among various stakeholders, branded players with quality certifications will benefit.

GST to benefit organised plastic pipes players; to increase their market share

CRISIL Research expects implementation of GST to be a major driver of long-term growth in the plastic pipes industry, especially for organised players. The GST rate for plastic pipes and fittings is 18%. Pre GST, effective tax rate including excise and VAT was ~18%. Post GST, there is no change in the effective tax in the plastic pipes industry. However, CRISIL Research expects smoother inter-state goods movement and greater tax compliance to benefit the branded players.

Currently, the organised segment accounts for 60-65% share of the country's plastic pipes industry. The unorganised segment caters mainly to sectors such as irrigation that have low quality requirements. The unorganised segment largely competes on price rather than on quality. Prices of products manufactured by the unorganised sector are lower as tax compliance by these players is lower unlike organised players. However, after GST implementation, CRISIL Research expects greater tax compliance by unorganised players to result in reduced price differential between organised and unorganised players.

This is because input tax credit, being the crux of GST mechanism, will ensure wider coverage of tax payers in the supply chain. As supply only from registered taxpayers will be allowed for input tax credit, businesses and stakeholders will insist on registration of their suppliers and traders leading to increase in the share of organised participants. Further, failure to comply with the timelines of GST returns will impact suppliers' compliance ratings.

In addition, due to smooth movement of interstate goods, organised players will now be able to cater to the regions that were earlier serviced by local, small and unorganised players. Consequently, organised players are expected to greatly benefit from GST, and grow at a faster rate than the overall market growth rate.

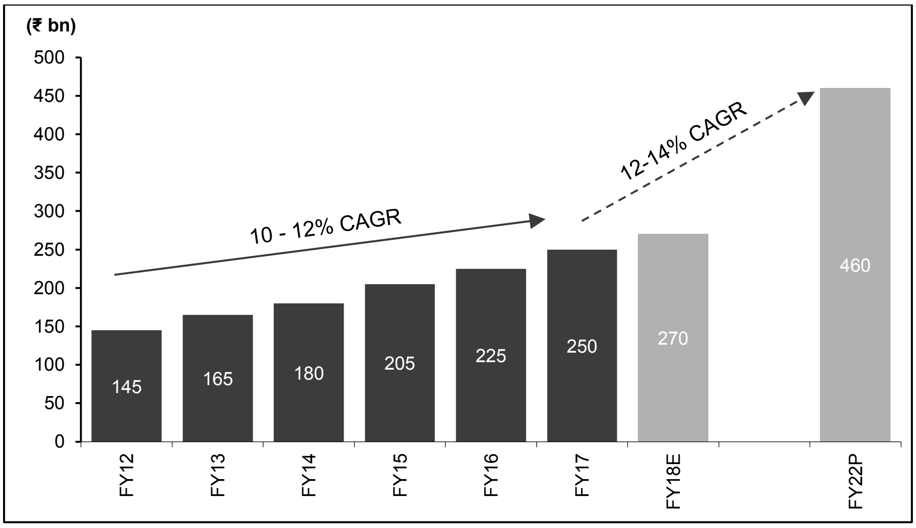
Domestic demand - review and outlook

The Indian plastic pipes and fittings industry, estimated at around ₹250 billion in value terms as of FY17, reported a healthy 10-12% CAGR between FY12-17. This is in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. Growth was driven by rising demand from the construction and irrigation sectors. Within the construction space, the triggers were substitution of metal pipes with polymer pipes, increasing investments in real estate, water supply and sanitation (WSS) projects, and replacement demand. However, with disruption caused by GST implementation, the industry is estimated to have grown at a moderate pace of ~8% during 2017-18 to ₹270 billion.

Initiatives such as Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Accelerated Irrigation Benefits Programme (AIBP), and Command Area Development and Water Management Programme supported the irrigation sector's growth.

Another booster was the government's Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, which is aimed at providing basic services, such as WSS, and ensuring that every household has access to a tap with assured water supply and a sewerage connection. As a result, demand for soil, waste and rain, and drainage pipes was robust.

Domestic market size of plastic pipes



E-Estimated; P-Projected
Source: Industry, CRISIL Research

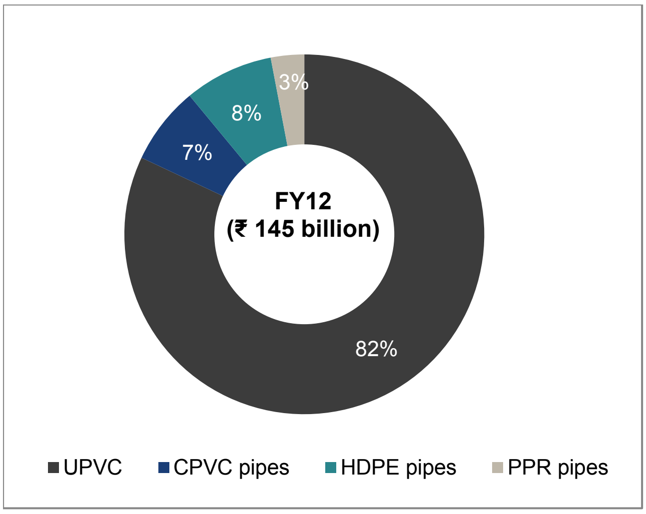
The industry is estimated to have grown at a faster pace than GDP in four of the past six fiscal years. Pace of growth is projected to accelerate over FY17-22. CRISIL Research forecasts the plastic pipes and fittings industry to post a CAGR of 12-14% during this period, reaching ~₹460 billion.

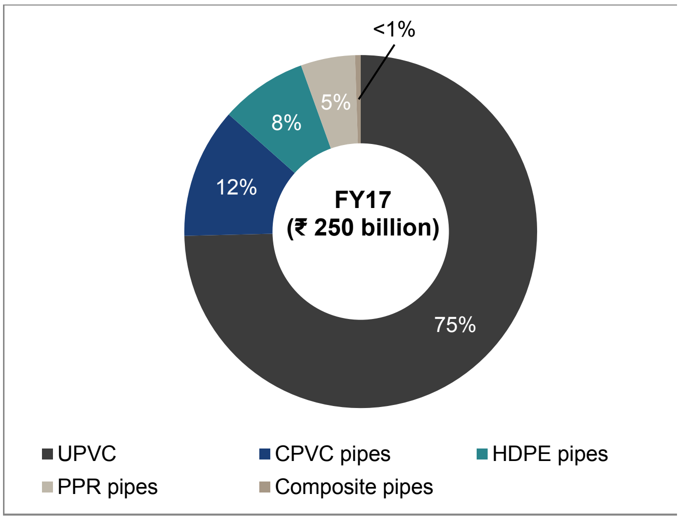
The factors that are expected to contribute to demand are as follows:

Substitution and replacement demand

Plastic pipes have several advantages over the metal counterpart in terms of pricing, durability, ease of installation, and better properties. This led to an increased substitution of metal pipes by plastic pipes, especially in some of the key applications such as plumbing and irrigation. Increase in the availability of raw materials (PVC, PE and PPR), following the commissioning of new petrochemical facilities in India, is expected to support the plastic pipes industry. Also, replacement of some of the older PVC pipes with newer products such as CPVC, PPR or HDPE pipes, and other specialised products is a lever for growth of the plastic pipe industry.

CPVC, HDPE and PPR segments have grown faster than other segments in the past



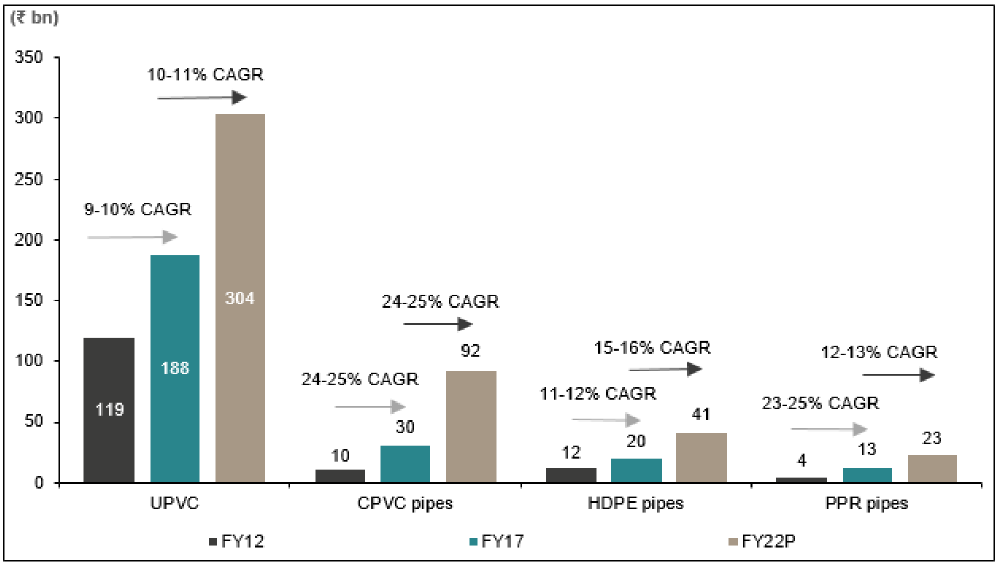


Source: CRISIL Research

CPVC and HDPE to continue to lead plastic pipe industry growth

Within the plastic pipes industry, CRISIL Research expects demand to be driven by increasing application of HDPE and CPVC pipes.

Growth across segments



P: Projected
Source: CRISIL Research

- **UPVC pipes -** These pipes mainly find application in agriculture and plumbing for potable water supply and sewerage. Continuous replacement of GI pipes with these pipes has supported healthy demand growth in the past. Features such as affordability and longer life compared with GI pipes have aided this segment. Government initiatives, such as AIBP, also provide growth potential. The presence of various brands and established players has ensured steady growth of this segment. CRISIL Research expects this segment to post a healthy CAGR of 10-11% over FY17-22.
- **CPVC pipes** - These pipes are primarily used for hot and cold plumbing application and potable water distribution systems. This segment has reported highest demand growth over FY12-17, as CPVC pipes in India are still at a nascent stage and have huge potential due to factors such as longevity, corrosion-free, fire-resistant, lead-free and the ability to withstand high temperatures. CRISIL Research expects the share of CPVC pipes in the plastic pipes industry to increase from 12% in F17 to 20% in FY22 at 24-25% CAGR.
- **HDPE pipes** – These pipes are used in the irrigation sector, sewerage and drainage, city gas distribution, and chemical and processing industries. HDPE pipes account for ~8% share in the plastic pipes industry. These pipes have been gaining prominence over traditional metal and cement pipes owing to durability, low maintenance and longevity vis-à-vis metal pipes. Government schemes such as PMKSY are expected to lend support to the segment. Consequently, CRISIL Research expects this segment to witness robust growth of 15-16% CAGR over FY17-22.
- **PPR pipes** - These pipes account for a mere 5% of the total plastic pipes demand. They are mainly used for various industrial purposes. CRISIL Research expects that demand for PPR pipes would increase at 12-13% CAGR over FY17-22.

Investments in end-use segments

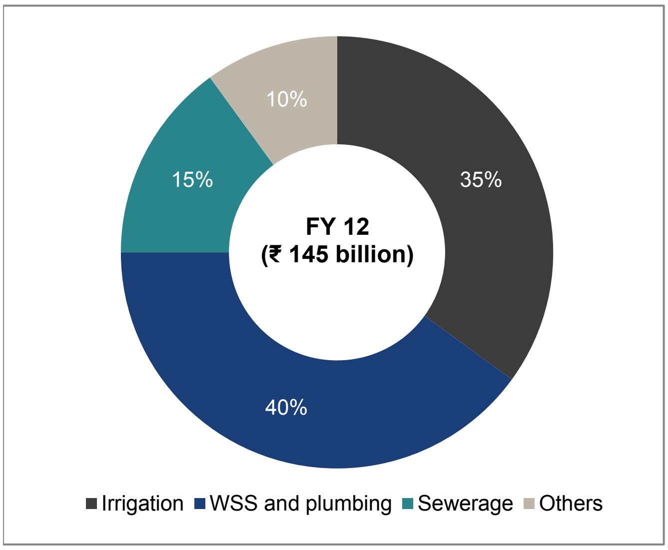
Plastic pipes are primarily used in irrigation, WSS and plumbing projects. For irrigation and WSS, the key demand sources are public sector projects undertaken by central, state and municipal level bodies. Key growth drivers are:

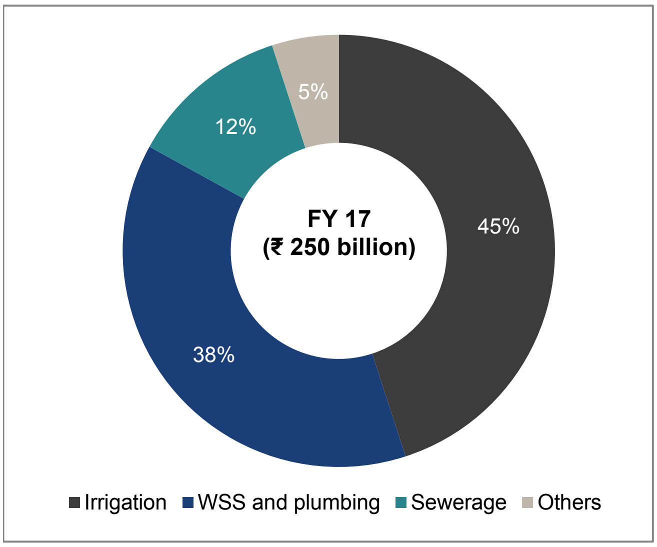
- Increased spending by state governments and municipal corporations to improve accessibility of water for an increasing population.

- Heightened thrust, in the form of several central government-led schemes, to augment real-estate, irrigation and urban infrastructure. Examples of such include:
    - Real estate – Housing for All scheme
    - Urban infrastructure – WSS schemes such as JNNURM, AMRUT, Swachh Bharat Mission, and Smart Cities Mission
    - Irrigation - PMKSY
- Other than government schemes, demand will be supported by an increase in private sector investments, primarily in the real estate sector. Household plumbing segment is also expected to drive the plastic pipes demand.

The demand for plumbing pipes is expected to rise with heightened construction activity in metros as well as tier II and tier III cities.

Shift in demand segmentation by end-users





Source: CRISIL Research

Real estate sector

Real estate is a key end-use sector for plastic pipes and fittings in India. Over the past few years, end-user demand for real estate has been sluggish. Developers had delayed possession of projects in many instances owing to various reasons, including approval delays and financial issues. However, with the implementation of Real Estate Regulatory Authority (RERA), the confidence of end-users should improve.

Real estate demand drivers

Growth in population: The country's population, which reported 1.8% CAGR during 2000-01 to 2010-11, is expected to increase at 1.6% CAGR to 1.4 billion over 2010-11 to 2020-21. It is expected that housing demand would increase in line with the number of households.

Urbanisation: The share of urban population in the total population has been consistently rising. It was ~31% in 2011. Nearly 36% of the country's population is expected to live in urban locations by 2021, which will drive demand for housing in these areas.

Traction in tier II and III cities: Pick-up in plastic pipe demand in tier II and III cities has been observed in recent years. The healthy growth trajectory is expected to continue over FY17-22.

Surging demand from the rural sector: The rural market has low penetration and less availability of branded PVC pipes and fittings. Demand from this sector is on the rise, driven by increase in disposable incomes of farmers due to government initiatives such as increase in MSP and Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA). Marketing efforts coupled with implementation of GST will help branded players increase rural penetration.

Higher affordability led by increasing disposable income: India's per capita income grew at a healthy rate between FY14-17 to ₹93,653. Increasing disposable income, typically, has a positive correlation with demand for housing units, as it increases affordability.

Tax incentives by government: Interest subvention scheme, interest deduction from taxable income, tax exemption for principal repayment and exemption from capital gains will also be key drivers.

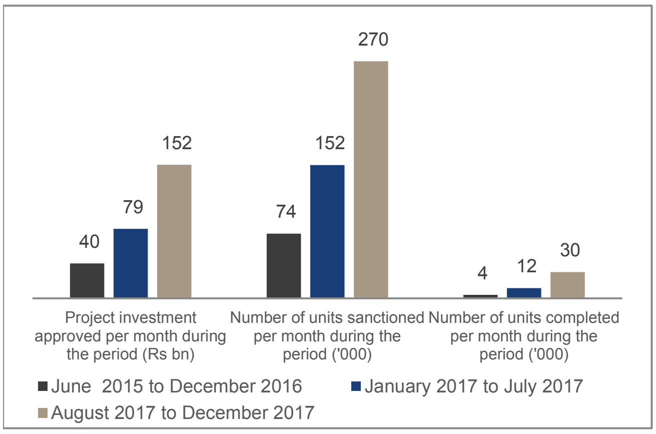
Increase in financing penetration: Financing penetration in urban areas is projected to rise to 44.8% by FY19 from 42.3% in FY17, aiding real estate purchases.

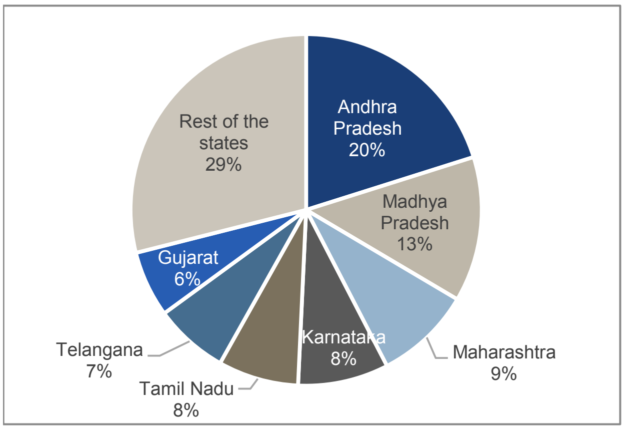
Government initiatives

RERA: CRISIL Research expects RERA, which came into force from May 1, 2017, to result in improved transparency, timely delivery and organised operations.

Housing for all by 2022: Also known as Pradhan Mantri Awas Yojana (PMAY), the project was launched on June 25, 2015. It aims to minimise housing shortage faced by the urban poor. The Ministry of Housing and Urban Poverty Alleviation has estimated a shortage of nearly 20 million dwelling units for the urban poor. PMAY aims to address this by providing central assistance to the implementing agencies through states and union territories to all eligible families/beneficiaries by FY22.

Visible traction in affordable housing under PMAY (urban)



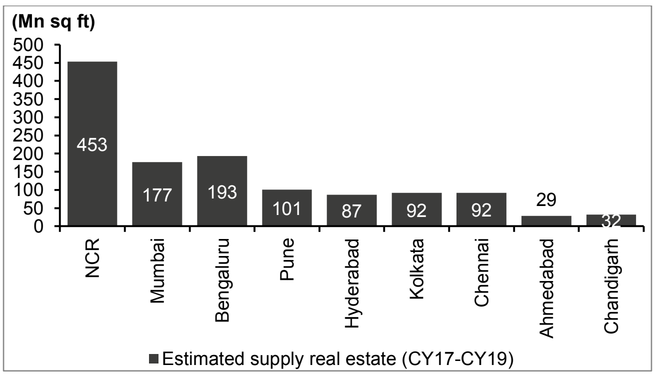


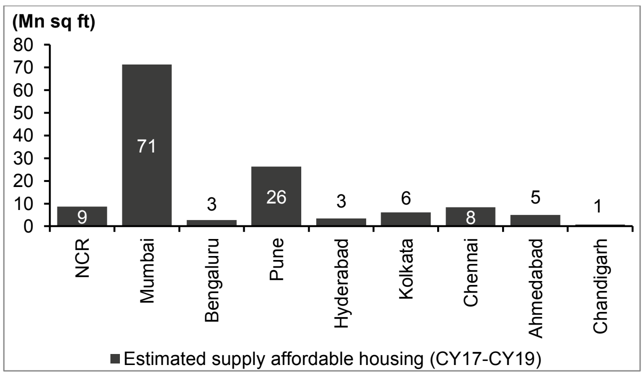
Source: PMAY documents, project update reports, CRISIL Research

Plastic pipes' demand to get a push by estimated 1.3 billion sq. ft. of housing supply in top 9 cities

The top nine cities in India – the National Capital Region, Mumbai, Bengaluru, Pune, Hyderabad, Kolkata, Chennai, Ahmedabad, and Chandigarh – are expected to have an estimated 1.3 billion sq. ft. (super built-up area) of supply to come on stream over CY17-19. Organised players will be at the forefront of tapping this opportunity because of the portfolio of quality products and presence across fittings segment. These cities have an ongoing affordable housing supply of (planned and under construction) 203 million sq. ft. in terms of built-up area. Of this supply, and based on the project execution status and scheduled completions, CRISIL Research expects 133 million sq. ft. to be completed over CY17-19, representing ~11% of the estimated supply.

Estimated housing supply across select cities





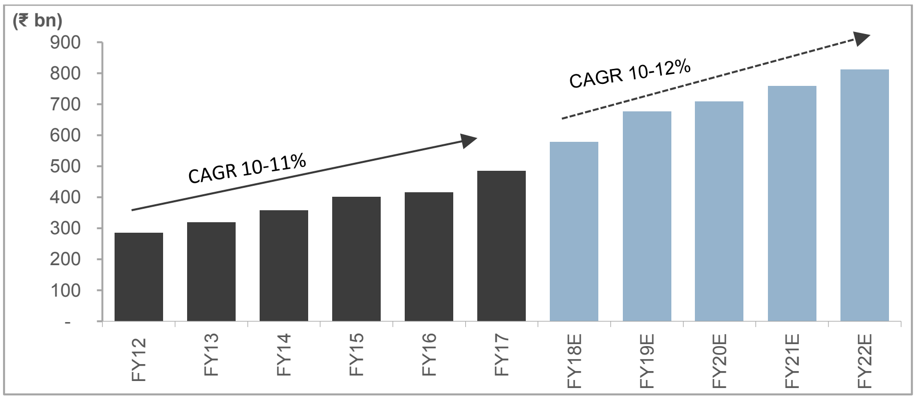
Source: CRISIL Research

Investments in WSS and urban infrastructure projects to nearly double over next five years

WSS and plumbing is the second largest end-use segment for plastic pipes, accounting for 38% share of the plastic pipes market. During the past five fiscals ended FY17, government expenditure on the sector rose at 10-11% CAGR to ~₹485 billion in FY17. This was led by several central government schemes, coupled with rising emphasis by municipal authorities such as Mumbai Metropolitan Region Development Authority, Mumbai and Pune municipal corporations, etc. This is expected to rise 1.8x over the next five years, with investment growing at 10-12% over FY18-FY22.

CRISIL Research expects construction expenditure in urban infrastructure to be ~₹6.4 trillion between FY18-22, which is twice the expenditure of the previous five fiscals.

Investment trajectory in WSS



Source: CRISIL Research

Swachh Bharat Mission

Swachh Bharat Mission and National Mission for Clean Ganga (NMCG) are likely to boost WSS investments, too. On October 2, 2014, Prime Minister Modi launched Swachh Bharat Mission to focus on sanitation and accelerate efforts to achieve universal sanitation coverage. It comprises two sub-missions - Swachh Bharat Mission (Gramin) and Swachh Bharat Mission (Urban) – which aim to achieve the target of Swachh Bharat Mission by FY19. Components of the mission are: construction of household, community and public toilets, including conversion of insanitary latrines into pour-flush latrines.

Atal Mission for Rejuvenation and Urban Transformation

In May 2015, the government approved the replacement of JNNURM with AMRUT to focus on basic infrastructure services such as water supply, sewerage, storm water drains, transport, and the development of green spaces and parks. The scheme covers JNNURM projects sanctioned between FY04-11, and those that have achieved 50% physical progress (102 projects), or have availed of 50% central government funding up to now (296 projects).

Smart Cities Mission

In June 2015, the Ministry of Urban Development laid down operational guidelines for formulation, approval and execution of projects under Smart Cities Mission. The purpose of the mission is to drive economic growth and improve the quality of life by enabling local area development and harnessing technology.

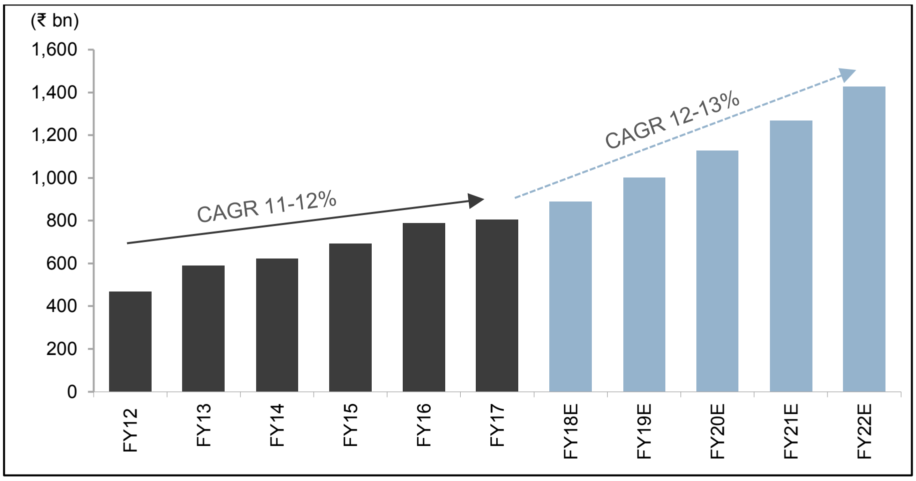
Core infrastructure elements of a smart city include adequate water supply, sanitation and affordable housing.

The mission will cover 100 cities across states and union territories over FY16-20. Central assistance for the mission will be used only for infrastructure projects that have wide public benefit.

Irrigation sector

The irrigation sector is the key end user for plastic pipes, accounting for 45% share. Of India's ~142 million hectares of cultivated land, a little less than 50% is irrigated. Aiming to enhance the area under cultivation by 2.85 million hectares in Financial Year 2018 and by 8 million hectares by FY20, the central government converged irrigation schemes under PMKSY in FY16, with a spending target of ₹0.5 trillion until FY20. CRISIL Research expects irrigation investments to be ₹5.6-5.8 trillion over FY18-22 compared with ₹3.5 trillion over FY12-17. Of this, the central government expenditure is expected to be ~₹0.7 trillion, accounting for 10-15% of the total. The remaining 85-90% of investments (₹5 trillion) will flow from state governments since irrigation is a state subject.

Investments in irrigation



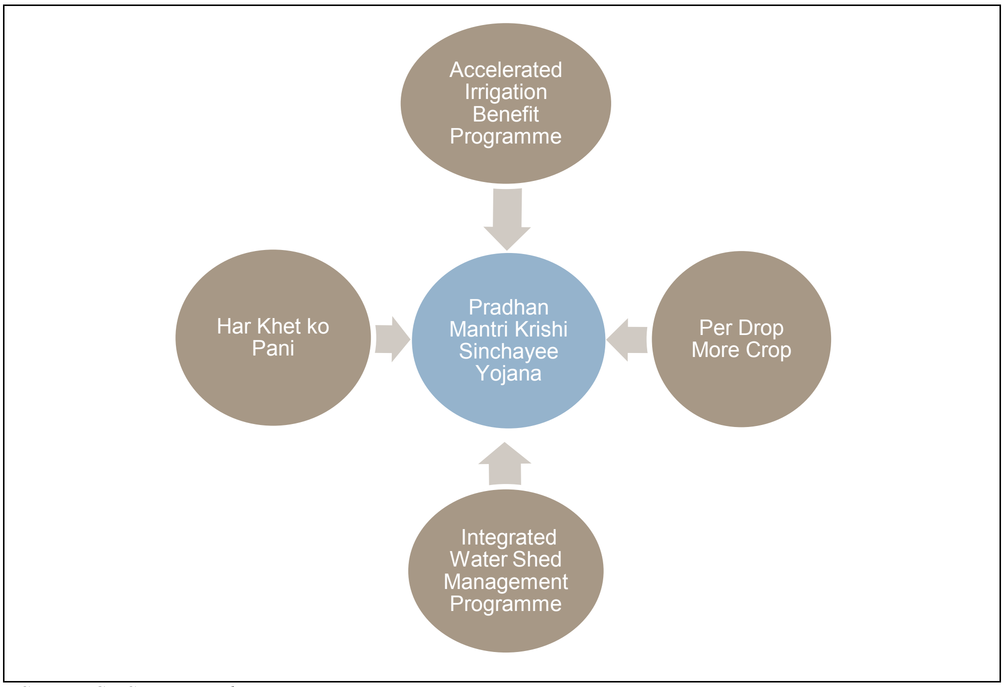
Source: CRISIL Research

CRISIL Research estimates investments in irrigation to rise at 12-13% CAGR by FY22 compared with 11-12% CAGR over FY12-17.

PMKSY

The key schemes that were converged include AIBP, Integrated Water Shed Management Programme, On Farm Water Management or Har Khet ko Pani and Per Drop More Crop, of which micro-irrigation is a component. Micro-irrigation promotes efficient water conveyance and usage of precision water application devices such as drips, sprinklers, pivots and rain guns.

Convergence of various schemes under one umbrella



Source: CRISIL Research

Increase in investments in end-use segments and the plastic pipes & fittings industry

(CAGR)	FY 2012-FY 2017 (%)	FY 2017-FY 2022 (%)
Irrigation	11-12%	12-13%
WSS	10-11%	10-12%
Plastic pipes and fittings	**10-12%**	**12-14%**

Source: CRISIL Research

Thus, as discussed, CRISIL Research expects investments in irrigation and WSS to rise at 12-13% CAGR and 10-12% CAGR, respectively, over FY17- FY22. Healthy growth in real estate construction activity, especially in affordable housing, is also expected to support growth of the pipes and fittings industry. Within real estate, the plumbing component is estimated at 5-10% of the building construction cost. This translates into 12-14% CAGR for the plastic pipes and fittings industry over FY17 - FY22.

CRISIL Research expects the share of the organised segment to expand with the implementation of GST. Further, organised players' focus on marketing and expanding their distribution network, and launching innovative and branded products will trigger faster revenue growth vis-à-vis the unorganised segment.

Raw materials for the plastic pipes industry

Naphtha and natural gas (ethane/propane component) are the key raw materials used in the petrochemicals industry, prices of which are linked to the global demand-supply dynamics and movement in crude oil prices. Crude oil price is highly volatile, thus imparting volatility to prices of petrochemical products. In CY18, crude oil price is estimated to be between $68 and $73 per barrel, higher than the average of $54 per barrel in CY17 aided by OPEC-led supply cuts and strong demand from the US and non-OECD nations such as India. However, over the long run, oil prices are expected to hover around $55-60 per barrel with increase in supplies from the US as well as OPEC countries which will keep oil prices under check.

PE, PPR, PVC and CPVC resin are the key raw materials used in the plastic pipes industry, prices of which are dependent on crude oil price movements, and other factors such as changes in the global demand-supply scenario and import-export regulations. India currently relies completely on imports to meet its CPVC requirements.

PVC

Domestic PVC capacity was 1.6 million tonnes as of March 2017. Reliance Industries Ltd, Chemplast Sanmar Ltd, Finolex Industries Ltd, DCW Ltd and DCM Sriram Ltd are the key producers of PVC in India. These players collectively meet 45-50% of domestic demand and the balance is met through imports. Taiwan, Japan, South Korea and China collectively account for over 70% of India's imports. PVC prices, which were stable in CY16, increased 7-8% in CY17 to US$900/tonne, given an increase in raw material ethylene dichloride and vinyl chloride monomer prices during this period. In CY18, CRISIL Research expects prices to rise to US$930-980/tonne on account of rise in feedstock prices coupled with lack of major capacity addition by players. In CY19, prices are expected to remain firm on account of limited planned capacity additions.

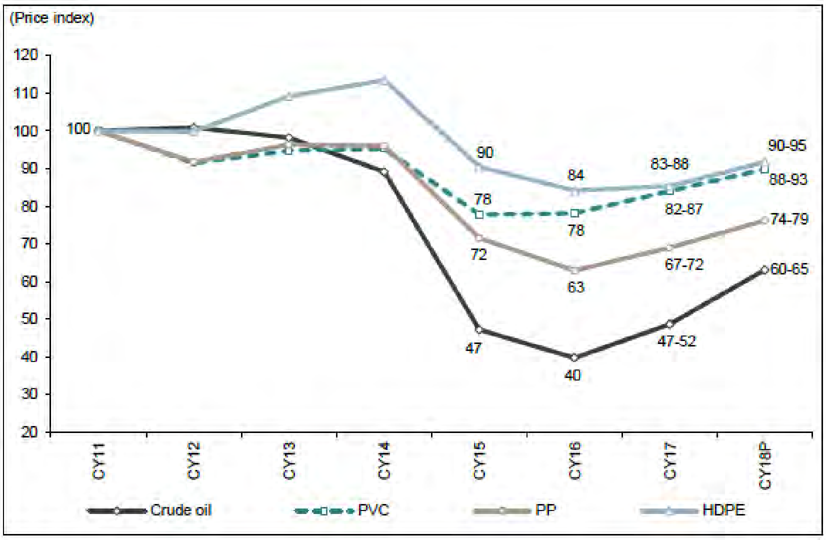
PP

Domestic polypropylene (PP) capacity was estimated at 4.9 million tonnes in FY17. Indigenous production accounts for close to 88-90% of total demand, while the rest is imported. PP prices increased ~10% on-year in CY17 to $1,045 per tonne following a rise in feedstock and crude oil prices. Global PP demand is estimated to have increased 3-4% on-year against higher capacity additions of 4.2 million tonnes, which will account for 5.5% on-year in supply growth. CRISIL Research expects PP prices to increase further in CY18 ranging US$1,130-1,180 per tonne owing to rise is propylene prices.

HDPE

Domestic PE capacity was estimated at 4.6 million tonnes in FY17. Players such as Reliance Industries Ltd, Gas Authority of India Ltd and Haldia Petrochemicals have swing plants (HDPE/ LLDPE) and dedicated HDPE units. In a swing plant, similar equipment and process conditions are used for LLDPE and HDPE. Switching from HDPE to LLDPE production involves a variation in process parameters, even though production does not have to be stopped. HDPE accounts for nearly 50% of overall PE demand. Within HDPE, nearly 40-45% of domestic requirement is met through imports. The top five countries (the UAE, Saudi Arabia, Qatar, Singapore and Thailand) collectively accounted for 75% of India's imports in FY 2017, with the UAE having the highest share. In CY17, the price of HDPE increased marginally, primarily due to rise in upstream crude oil and naphtha prices. CRISIL Research expects the price of HDPE to rise further in CY18 owing to the rise in feedstock prices. CRISIL Research expects global PE demand to grow ~3% on-year against higher capacity additions of nearly 8,000 kilo tonne per annum (KTPA), which will account for 7.5% on-year supply growth. However, CRISIL Research expects PE prices to increase in CY18 with a rise in feedstock ethylene prices. However, gradual ramping up of capacities added in CY17 will restrict any sharp rise in prices.

Trend in raw material prices



Source: CRISIL Research
Notes:
1. *The above prices are indexed prices, base year 2011*
2. *Base year – 2011 price; Crude oil - $111 per tonne; PVC - $1,068 per tonne; PP - $1,515 per tonne; HDPE - $1,347 per tonne*

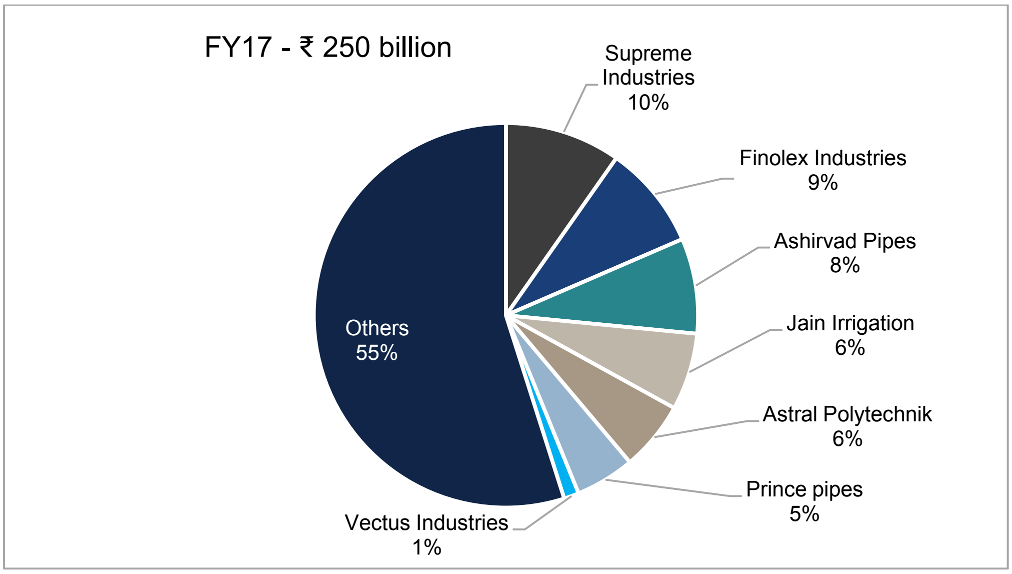
Even though India has significant polymer capacity, it continues to be a net importer of PVC and PE as demand growth has outpaced capacity additions. Therefore, volatility in international price of feedstock, fluctuations in the exchange rate and demand-supply mismatch are the key risks faced by players in the pipes and fittings industry. Given that unorganised players account for 40% of the pipes and fittings industry, unorganised players are only partially able to pass on the increase in raw material prices to end users due to intensive competition. However, organised players with established relationships with raw material suppliers, wide distribution bases and well recognised brand presence are able to pass on the change in raw material prices to end users.

Competitive landscape of the plastic pipes industry

The organised segment in the pipes and fittings industry accounts for 60-65% share. However, depending on the plastic pipe category, the share of organised players fluctuates accordingly.

Supreme Industries continues to enjoy the largest market share at ~10% in FY17, followed by Finolex Industries (9%).

Market share in FY17



Source: CRISIL Research, company

The success of players in the industry depends on:

- Pan-India presence
- Distribution network

- Product portfolio
- End-use sectors they cater to
- Presence in pipes as well as fittings segment

Organised players mentioned above score well on these parameters.

Manufacturing base and distribution network of companies

Company[1]	Number of locations with manufacturing plants	Name of the location	Number of distributors/dealers	Total no. of touch points
Ashirvad Pipes[2]	2	• Karnataka – Bengaluru • Rajasthan – Bhiwadi	Distributors – 1,100	36,000
Astral Polytechnik[2]	4	• Gujarat – Santej • Gujarat – Dholka • Rajasthan – Ghiloth • Tamil Nadu – Hosur	Distributors – 750	25,000
Finolex Industries[2]	3	• Maharashtra – Pune • Maharashtra – Ratnagiri • Gujarat – Masar	Distributors – 800	18,000
Prince Pipes[2]	5	• Dadra and Nagar Haveli – Dadra • Dadra and Nagar Haveli – Athal • Maharashtra – Kolhapur • Tamil Nadu – Chennai • Uttarakhand – Haridwar	Distributors – 776	N.A.
Supreme Industries[3]	5	• Madhya Pradesh – Malanpur • Maharashtra – Jalgaon • Maharashtra – Gadegaon • Uttar Pradesh – Kanpur • West Bengal – Kharagpur	Distributors – 916	25,000
Vectus Industries[4]	4	• Karnataka – Tumkur • Madhya Pradesh – Banmore • Uttarakhand – Haridwar, Kashipur	Dealers & Distributors – 4,300	15,000

Source: Company website/reports, CRISIL Research

Note:
[1]Players are arranged in alphabetical order
[2]Details are at company level
[3]Details are for 'plastic piping products' segment only
[4]Details for number and name of manufacturing location are for "pipes and fittings" business; details regarding number of dealer/distributor and touch points are for overall business and may not be strictly pertaining to the pipes and fittings business, and thus, not comparable

Most players have manufacturing bases at 2-5 locations. Continuous efforts by organised players to increase channel partners and widen their distribution networks is fundamental in providing a competitive edge and catering to the needs of the underpenetrated market.

Also, most players in the past have leveraged their existing distribution network to enter new segments. For instance, Finolex - a major player in the agricultural PVC pipe segment - ramped up the sales of CPVC pipes on the back of its extensive network. Vectus, having a wide network for its tank business, was able to leverage the same to drive its plastic pipe business.

Product diversification in the pipe segment

Product	Ashirvad	Astral	Finolex	Supreme	Prince	Vectus
PVC – Agri	✓	✓	✓	✓	✓	✓
PVC – ASTM	✓	✓	✓	✓	✓	✓
PVC – column pipes	✓	✓	✓	✓	✓	✓
PVC – SWR	✓	✓	✓	✓	✓	✓
CPVC pipes	✓	✓	✓	✓	✓	✓
HDPE pipes	×	×	×	✓	×	✓
PPR pipes	×	×	×	✓	✓	✓
Composite pipes	×	×	×	×	×	✓

Source: Company website, CRISIL Research

As seen above, most players are present in the UPVC and CPVC segments. In terms of product diversification, however, Vectus has one of the most diversified product portfolio.

Presence in fittings market and exposure to diversified end-use sectors

The fittings segment typically earns higher margins due to the specialised nature and precision required vis-à-vis the pipes segment. Consequently, branded players such as Vectus have been intensifying their focus to expand their fittings capacity to cater to high demand in this segment.

Also, with an increasing number of high rise constructions given the pressure on available land, need for value-added products such as silent PVC and specialised sewerage systems is on the rise. Similarly, the ability to meet the requirements of various end-user segments such as irrigation, housing, sewerage, etc., also provides a competitive advantage to players.

Financial parameters

Revenue and revenue growth (company level)

Revenue[4] (₹ mn)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5-yr CAGR
Ashirvad Pipes Pvt Ltd	5,962	9,055	11,334	14,002	16,141	20,287	27.7%
y-o-y growth		52%	25%	24%	15%	26%	
Astral Poly Technik Ltd[1]	5,793	8,209	10,728	12,526	13,180	14,748	20.5%
y-o-y growth		42%	31%	17%	5%	12%	
Finolex Industries Ltd[1]	20,998	21,448	24,530	24,761	28,431	29,876	7.3%
y-o-y growth		2%	14%	1%	15%	5%	
Prince Pipes and Fittings Limited	NA	8,018	10,063	9,572	10,090	12,626	20.9%
y-o-y growth			26%	-5%	5%	25%	
Supreme Industries Ltd[1]	29,276	34,031	39,619	42,547	29,601[3]	44,618	8.8%
y-o-y growth		16%	16%	7%	-7%	13%	
Vectus Industries Ltd[2]	1,813	2,792	3,955	4,788	5,552	5,831	26.3%
y-o-y growth		54%	42%	21%	16%	5%	

NA: Not available
Source: company reports, CRISIL Research
Notes:
[1]Figures taken from standalone financials
[2]Figures taken from consolidated financials
[3]For FY15, the year-end for Supreme Industries was June 2015. Hence, net revenue for FY16 is only for 9 months, i.e., July 2015 to March 2016. Accordingly, sales growth for FY16 and FY17 is calculated by annualising net revenue
[4]Net of excise duty as reported by company

Segmental revenue (plastic pipes)

Pipe segment revenue	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5-yr CAGR
Ashirvad Pipes Pvt Ltd[1]	5,962	9,055	11,334	14,002	16,141	20,287	27.7%
y-o-y growth		*52%*	*25%*	*24%*	*15%*	*26%*	
Share of pipes	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	
Astral Poly Technik Ltd[2]	5,793	8,209	10,728	12,526	13,180	14,748	20.5%
y-o-y growth		*42%*	*31%*	*17%*	*5%*	*12%*	
Share of pipes	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	
Finolex Industries Ltd[3]	10,880	13,779	15,633	16,395	20,305	22,169	15.3%
y-o-y growth		*27%*	*13%*	*5%*	*24%*	*9%*	

Pipe segment revenue	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5-yr CAGR
Share of PVC pipes and fittings[3]	*52%*	*64%*	*64%*	*66%*	*71%*	*74%*	
Prince Pipes and Fittings Limited[1]	NA	8,018	10,063	9,572	10,090	12,626	20.9%
y-o-y growth			*26%*	*-5%*	*5%*	*25%*	
Share of pipes		*100%*	*100%*	*100%*	*100%*	*100%*	
Supreme Industries Ltd	13,761	17,360	21,784	22,663	16,298[6]	24,670	12.4%
y-o-y growth		*26%*	*25%*	*4%*	*-4%*	*14%*	
Share of plastics piping products[4]	*47%*	*51%*	*55%*	*53%*	*55%*	*56%*	
Vectus Industries Ltd[5]	1,150	1,528	1,650	2,072	2,653	3,294	23.4%
y-o-y growth		*33%*	*8%*	*26%*	*28%*	*24%*	
Share of pipes and fittings	*63%*	*53%*	*40%*	*41%*	*45%*	*51%*	

NA: Not available
Source: company reports, CRISIL Research
Notes:
1 *Revenue net of excise duty*
2 *Net revenue taken from standalone financials*
3 *Net revenue reported under 'PVC pipes and fittings'*
4 *Net revenue reported under 'Plastic piping products' from consolidated financials*
5 *Gross revenue reported under 'Pipes and fittings' from consolidated financials*
6 *For FY15, the year-end for Supreme Industries was June 2015. Hence, net revenue for FY16 is only for 9 months, i.e., July 2015 to March 2016. Accordingly, sales growth for FY16 and FY17 is calculated by annualising net revenue*

Ashirvad Pipes and Vectus Industries reported the highest CAGR of 27.7% and 23.4%, respectively, over FY12-17.

Focus on high-margin products and improvement in efficiency expanded margins

Factors such as well-established brand presence, improving operating efficiencies, and expanding reach and distribution network (and thereby managing selling and distribution expenses) help determine players' profitability. Moreover, raw material cost accounts for 60-70% of operating income. PE, PP and PVC are the key raw materials used, prices of which are dependent on crude oil prices. Therefore, management of raw material cost is also important. Organised players are able to better manage their cost components vis-à-vis unorganised players and have a greater ability to pass on the increase in raw material costs. In CRISIL's sample set, Ashirvad Pipes enjoyed the gross margin (calculated as 1-raw material cost as a percentage of sales) of 38.8% in FY17, followed by Vectus Industries' 38.2%. Expansion in margins can be attributed to increasing focus on high value products such as CPVC, as well as presence in fittings segment, where the margins are typically higher.

Gross margin (company level)

Gross margin[3]	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Ashirvad Pipes Pvt Ltd	NA	31.3%	31.0%	28.2%	33.7%	38.8%
Astral Poly Technik Ltd[1]	29.1%	29.1%	27.9%	25.3%	26.6%	28.7%
Finolex Industries Ltd[1]	26.2%	33.1%	31.7%	26.0%	29.3%	33.2%
Prince Pipes and Fittings Limited	NA	25.9%	23.2%	24.2%	26.2%	29.3%
Supreme Industries Ltd[1]	33.0%	32.4%	30.6%	31.8%	34.1%	35.2%
Vectus Industries Ltd[2]	31.2%	30.9%	34.2%	35.2%	38.5%	38.2%

NA: Not available
Source: Company reports, CRISIL Research
[1] *Based on standalone financials*
[2] *Based on consolidated financials*
[3] *Calculated as; gross margin = 1-(total raw material costs/net sales)*

Among the companies in the sample set, Vectus Industries has the highest operating cash flow (OCF) to EBITDA of 89% followed by Ashirvad's 82% in FY17.

OCF/EBITDA (company level)

OCF/EBITDA (x)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Ashirvad Pipes Pvt Ltd	19%	58%	20%	52%	78%	82%
Astral Poly Technik Ltd[1]	104%	62%	54%	56%	112%	42%
Finolex Industries Ltd[1]	71%	76%	62%	101%	141%	42%
Prince Pipes and Fittings Limited	NA	22%	12%	149%	88%	58%
Supreme Industries Ltd[1]	75%	76%	55%	90%	64%	61%
Vectus Industries Ltd[2]	86%	82%	89%	-27%	73%	89%

NA: Not available
Source: Company reports, CRISIL Research
1 *Based on standalone financials*
2 *Based on consolidated financials*

Brand assessment

Major players across regions

Region*	Proportion of population#	Company ##
North	30.5%	Ajay, Apollo, Ashirvad, Astral, Finolex, Prince, Supreme, Vectus
South	20.9%	Ashirvad, Astral, Finolex, Nandi, Raksha, Sudhakar, Supreme, Vectus
East	26.1%	Ashirvad, Astral, Finolex, Prince, Supreme, Skipper, Vectus
West	14.4%	Ashirvad, Astral, Finolex, Kisan, Prince, Supreme
Central	8.1%	Ashirvad, Astral, Finolex, Plasto, Prince, Supreme, Vectus

As per Census 2011
In alphabetical order
* *States classified into regions as below*
North: Jammu & Kashmir, Punjab, Haryana, Himachal Pradesh, Delhi, Uttarakhand, Uttar Pradesh and Rajasthan
South: Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Kerala
East: West Bengal, Odisha, Bihar, Jharkhand and North-eastern states
Central: Madhya Pradesh and Chhattisgarh
West: Gujarat, Maharashtra and Goa

Based on CRISIL Research's interactions with distributors and dealers of pipe and pipe fittings, CRISIL infers strong differences in consumer preference for various brands across various regions. While pan-India brands such as Ashirvad, Astral, Finolex, Prince, Supreme and Vectus were seen to have strong brand recall in several regions, preference for other brands varied significantly across regions. For example, Skipper brand is popular in the east, whereas Sudhakar brand is popular in the south.

Vectus, which is a B2C focussed player, was found to be relatively stronger in northern and central states (UP, Rajasthan, Punjab, HP, Uttarakhand and MP) along with good presence in eastern (Bihar and Jharkhand) and southern regions. Further, one of the dealers mentioned that the company has more than 50% market share in the CPVC segment in Bhopal, MP.

At a pan India level, CRISIL understands that organised players contribute 65-70% of total demand, but 60-65% in north and east owing to the price sensitive nature of the market. In terms of product segments, UPVC – plumbing and SWR pipes were found to have more unorganised players compared with other product segments - CPVC, HDPE, PPR and composite pipes. CRISIL's interactions with dealers indicate that larger organised players are growing at a much faster pace and capturing unorganised players' share post GST.

Factors driving purchasing decision

	North	South	East	West	Central
Rank 1	Price	Quality	Price	Brand strength	Price
Rank 2	Brand strength	Brand strength	Plumber's suggestions	Quality	Quality
Rank 3	Quality	Price	Quality	Price	Brand strength
Rank 4	Plumber's suggestions	Plumber's suggestions	Brand strength	Plumber's suggestions	Plumber's suggestions

Based on CRISIL's interactions across regions, CRISIL concludes that brand strength, price, quality and plumber's suggestions are the key influencers of the purchasing decision for pipes. However, this varies across regions as can be seen from the above table. In northern and central regions, for example, price is seen as a key driver, followed by brand strength and quality. Additionally, at the dealer level, players with both pipe and fittings offerings are preferred, owing to higher margin fetched on the latter.

Plumbers, too, are key influencers in the purchasing decision. Therefore, most companies host exclusive plumber meets to raise awareness about their product range. They also have annual dealer meets to maintain connect with the latter, and also incentivise them with cash and other forms of rewards.

Customer/dealer perception of brands

CRISIL's interactions suggest that Vectus is perceived as a value for money and quality focussed brand. Dealers mentioned that in most major product segments, Vectus' prices are ~5% lower than other national brands. However, Vectus' pricing is still at a premium of ~10% to smaller/regional brands. Dealers perceive Vectus' products to be of good quality and have mentioned that they have not seen major issues with product performance. Among other brands, Ashirvad, Astral and Supreme were seen as premium players across product segments and regions.

Assessment of the building materials industry

	Plastic pipes	Plastic water tanks	Paints	Ceramic tiles and sanitary ware	Plywood and laminates
Industry size in FY17 (₹ billion)	240-260	45	400	245-250	200-220
Share of organised segment	60-65%	~30%	65-70%	51%	Plywood – 20-25% Laminates – 40%
Past CAGR (over FY12-17)	10-12%	10-12%	10-12%	7-9%	6-8%
Future CAGR (over FY17-22)	12-14%	13-15%	8-10%	5-7%	8-10%

Source: CRISIL Research

As seen in the previous table, growth in plastic pipes and plastic water tanks is expected to be the fastest compared with other building materials driven by various government initiatives, private sector investments, increasing substitution and replacement demand, amongst others. Moreover, new innovative products add to the attractiveness of pipes.

Household and other plastic products

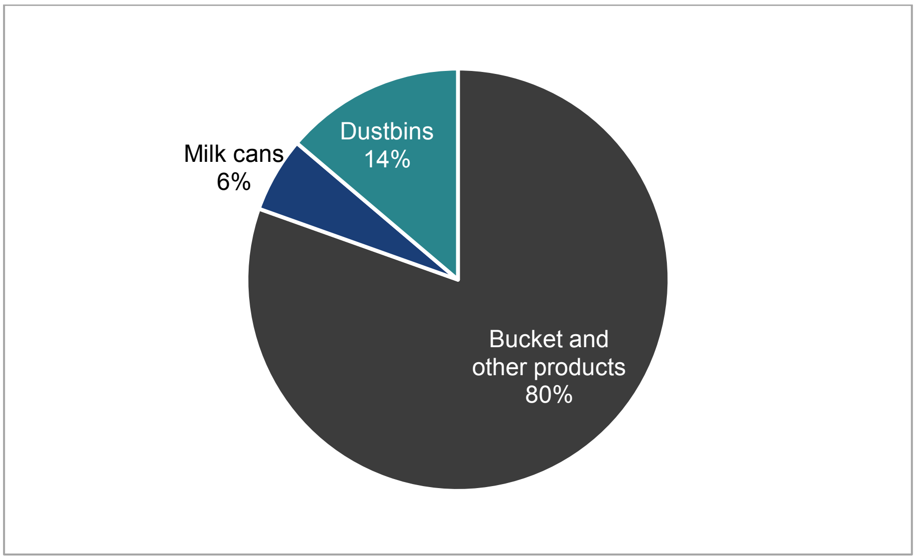
The household and other plastic products segment includes buckets, tubs, mugs, bottle, dustbin, furniture, milk cans, soap cases, etc. As of FY17, the per capita consumption of plastic in India was around 11 kg, of which the household plastic products segment accounted for ~10%, i.e. 1.1 kg per capita.

For our analysis, we have considered three product categories - plastic bucket and related products, plastic dustbins, and plastic milk cans.

Review and current industry size – (plastic bucket & related products + dustbins + milk cans)

The total market size of plastic bucket and related products, dustbins and milk cans is estimated at ₹43 billion as of FY17. Among these categories, bucket and related products account for 80%, followed by dustbins (14%).

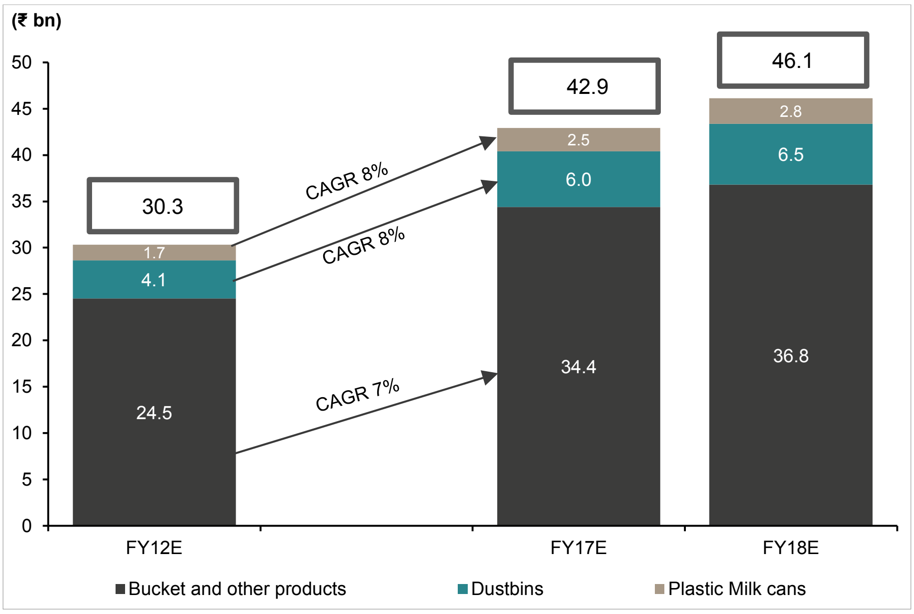
Market share



Source: CRISIL Research

The bucket and related products segment recorded a CAGR of ~7% from FY12-17, and plastic milk cans and dustbin segments have grown at a CAGR of ~8% each. This is in the backdrop of slower growth during FY17 owing to disruptions caused by demonetisation. The dustbin segment's growth is owing to the government's increasing focus on the Swachh Bharat Mission. Economic growth and rising penetration of plastic products in end-user segments are the key growth drivers for the household plastic industry in India.

Historical growth of select plastic product segments

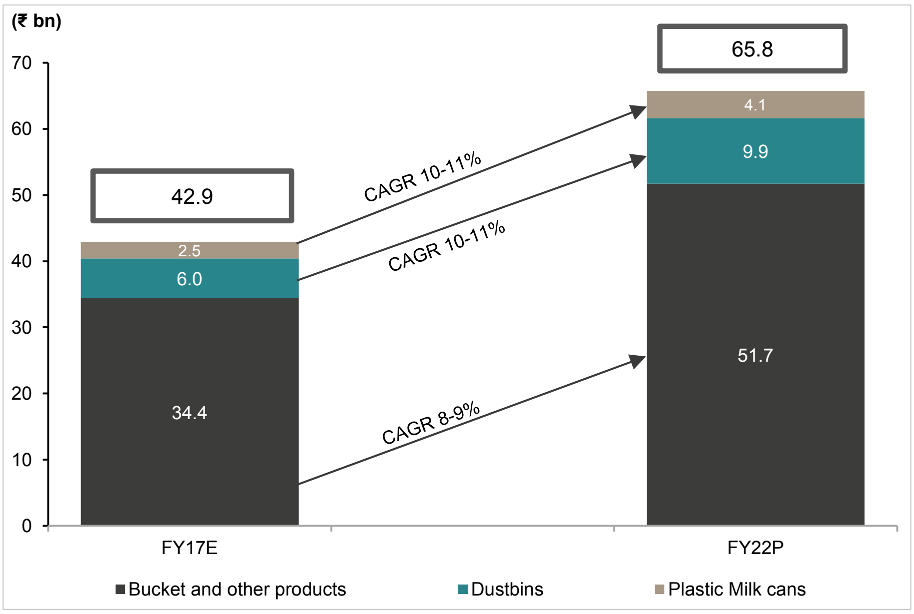


Note: E: Estimated
Source: CRISIL Research

Long-term demand outlook

Over FY17-22, CRISIL Research expects that the bucket and related products segment to log a CAGR of 8-9% and the plastic dustbin segment 10-11%. Similarly, the plastic milk cans segment is expected to post a CAGR of 10-11% over the same period owing to light weight and durable plastic milk cans replacing steel/aluminium milk cans.

Growth outlook of select plastic product segments



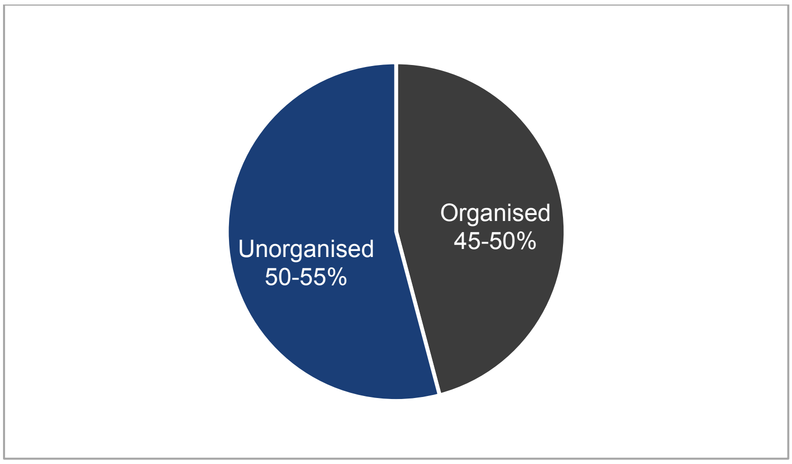
Note: E: Estimated; P: Projected
Source: CRISIL Research

<u>Industry structure</u>

In terms of the manufacturing sector

The household and other plastic products industry is highly fragmented due to low capital intensity, adequate availability of raw material, and low entry barriers. Organised players, as per CRISIL Research estimates, account for 45-50% market share in the selected products segment. In terms of the sub-segment, organised players in the bucket and other related products segment account for 40-45%, and in the milk can and dustbin segment 65-70% as of Financial Year 2018.

Unorganised players account for more than 50% market of the select segments (Financial Year 2018)

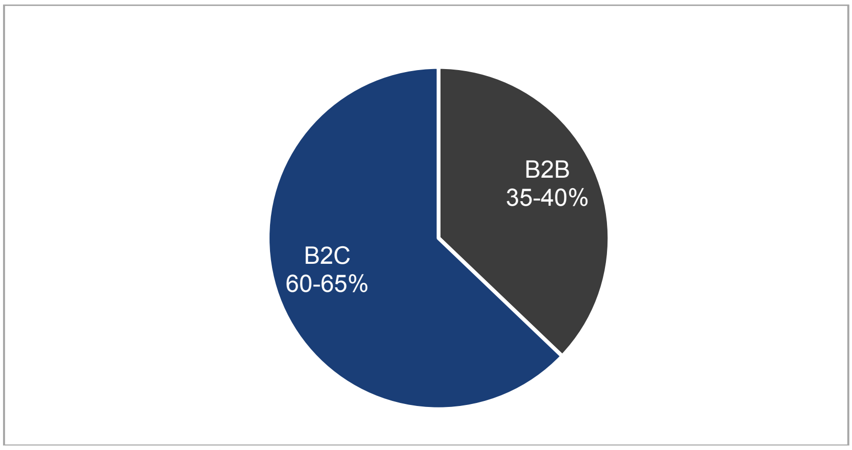


Source: CRISIL Research

In terms of the buyer category

In terms of the buyer category, B2C customers account for 60-65% of the household and other plastic products market and B2B customers account for the remaining. In terms of sub-segment, buckets and other related products have a higher share of selling to the B2C segment compared with milk cans and dustbins. B2C customers account for 70-75% market share for buckets and other related products, whereas in milk cans and dustbins they account for 30-35% as of FY18.

B2C segment has large market share as of FY18

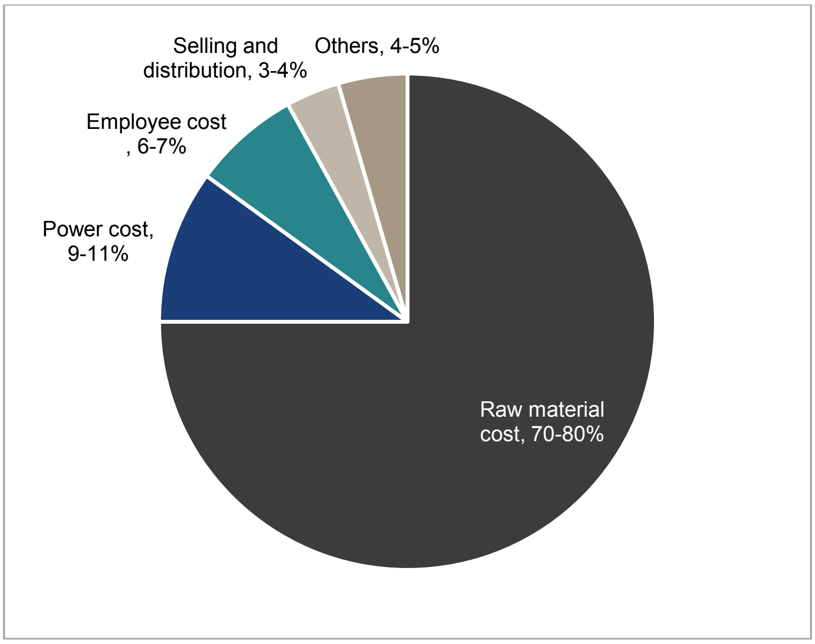


Source: CRISIL Research

Impact of raw material prices on margins

Raw materials account for 70-80% of the total operating cost. The major raw materials used are polymers such as PP and PE whose prices are linked to global crude oil prices. Extreme fluctuations in raw material prices or the exchange rates weaken the profitability of plastic product manufacturers. Therefore, to maintain margins, manufacturers often alter the raw material mix by increasing use of recycled plastics along with marginal increase in product prices thus, maintaining their profitability.

Raw material cost dominates the cost pie (FY16-17)



Source: Industry, CRISIL Research

Factors driving purchasing decision

Based on CRISIL Research's interactions with distributors and dealers of plastic buckets and related products, plastic dustbins and plastic milk cans, CRISIL understands that the industry is localised in nature.

	Plastic bucket & related products	**Plastic dustbins**	**Plastic milk cans**
Rank 1	Availability	Quality	Quality
Rank 2	Price	Price	Price
Rank 3	Quality	Availability	Availability

Interactions with dealers/distributors suggested that for dustbins and milk cans, quality is the key driver of purchases followed by price, owing to a major proportion of B2B sales. For buckets and related products, availability and prices are key determinants. Manufacturers also provide discounts to dealers and distributors in order to push sales.

Comparison of select players on operational parameters

Players[1]	**Brands**	**Number of locations with manufacturing plants**	**Manufacturing base**
Actionware India Private Ltd[2]	Actionware	1	• Gujarat – Rajkot
Paras Miracle Poly Product Ltd[2]	Paras Miracle	1	• Maharashtra – Ahmednagar
Samruddhi Industries Ltd[2]	Samruddhi	3	• Maharashtra – Sangli • Uttarakhand – Rudrapur • Tamil Nadu - Chennai
Uniko Plast India Private Ltd[2]	Uniko	1	• Uttarakhand – Kashipur
Vectus Industries Ltd[3]	Vectus, Ganga, Waterwell	3	• Chhattisgarh – Raipur • Madhya Pradesh – Banmore • Uttarakhand – Kashipur

Source: Company Websites, CRISIL Research

1 Players are arranged in alphabetical order

2 Details for company's overall business and may not be strictly pertaining to the household and other plastic products business

3 Details are for "household products" business

NA: Not available

OUR BUSINESS

This section should be read in conjunction with the sections "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 16, 325 and 174, respectively. Our Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared under Ind AS, in accordance with the requirements of the Companies Act, and restated in accordance with the SEBI ICDR Regulations. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year.

In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Vectus Industries Limited and its subsidiaries on a consolidated basis, and any reference to the "Company" refers to Vectus Industries Limited.

All references to (i) North India, (ii) South India, (iii) East India, (iv) West India, and (v) Central India refer to, together, the States and Union Territories of, (i) Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh; (ii) Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu and Telangana,; (iii) Assam, Bihar, Jharkhand, Orissa and West Bengal; (iv) Goa, Gujarat and Maharashtra; and (v) Chhattisgarh and Madhya Pradesh, respectively.

The term 'SKU' if relating to, (i) water tanks is categorised on the basis of manufacturing process, type of product, brand, capacity, number of layers, colour and variant; (ii) pipes and fittings is categorised on the basis of product type, product segment, size, colour, brand, variant; and (iii) household plastics and others is categorised on the basis of product type and details, capacity/size, brand and variant.

References to 'dealers and distributors' are to active dealers and distributors with whom we conducted business in the relevant fiscal year. References to 'semi-urban and rural' are to cities/towns having a population of less than 1 million (as per Census 2011 data).

The term 'Adjusted Revenue' refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty.

Overview

Our Company is a B2C focussed water storage and piping solutions provider in India, catering to residential, commercial, industrial, infrastructure and agricultural sectors. We operate across three distinct product verticals namely: (i) water tanks, (ii) pipes and fittings, and (iii) household plastics and others. We are among the top two players in the plastic water tanks vertical in terms of revenue with a pan-India presence and strong brand recall (*Source: CRISIL Report*). We have one of the most diversified product portfolios in the pipes segment (*Source: CRISIL Report*). We are also considered a quality focused and value for money brand in the water tanks and pipes and fittings segment (*Source: CRISIL Report*). We manufacture a diverse range of products using a variety of polymers, including linear low density polyethylene ("**LLDPE**"), high density polyethylene ("**HDPE**"), chlorinated polyvinyl chloride ("**CPVC**"), polypropylene random copolymer ("**PPR**") and polyvinyl chloride ("**PVC**"). We were also the first to introduce blow moulded tanks in India and are currently the largest manufacturer of blow-moulded tanks in India (*Source: CRISIL Report*).

Our Promoters, Ashish Baheti and Atul Ladha have significant experience in the water storage and piping solutions industry and had set up their own separate water tank businesses in 1990 and 1993, respectively. Our Promoters formed a partnership firm which was converted into our Company in August 2007 subsequent to which their separate businesses were consolidated under our Company. In June 2014, Latinia Limited invested ₹ 1,000 million in our Company, which further augmented our capital and growth.

Presently, our Company operates through three primary product verticals, primarily under our flagship brand '*Vectus*'. Our Company also manufactures water tanks under our legacy brand names '*Waterwell*' and '*Ganga*', which were transferred to us pursuant to amalgamations with Sintir Plast Containers Private Limited and Baheti Rotoplast Private Limited.

Water tanks

We are one of the fastest growing water tanks player in the industry (*Source: CRISIL Report*). Our water tanks segment has outpaced industry growth over the past five years (*Source: CRISIL Report*). Our water tanks product vertical comprised over 1,000 SKUs as at March 31, 2018 and our product range includes overhead (including loft tanks) and underground tanks (including septic tanks), in a variety of colours and layers with varied capacities ranging from 60 litres to 2,000 litres for blow moulded tanks and from 100 litres to 10,000 litres for rotational moulded tanks. We manufacture water tanks using LLDPE and HDPE through the rotational moulding and blow moulding process, respectively.

The key differences between the rotational moulding and blow moulding process are set forth below.

Rotational moulding process	Blow moulding process
Traditional technology	Relatively new technology
3-stage process	1-stage process
Requires LLDPE as raw material	Requires HDPE as raw material
Can produce up to 50,000 litre tanks	Suitable for smaller tanks (up to 2,000 litre)
Complex designs can be manufactured	Comparatively simple design can be manufactured
Used for overhead as well as underground tanks	Largely used for overhead tanks
Consumes more raw material per litre of tank and thus, relatively heavier tank for a given size	Consumes less raw material per litre of tank and, thus, relatively lighter tank for a given size
Slower production rate	Faster production rate
Relatively costlier tanks owing to higher raw material consumption	Relatively cheaper tanks owing to lesser raw material consumption

(*Source: CRISIL Report*)

Through our water tanks vertical, we cater to residential, commercial, industrial, infrastructure and agricultural sectors. In fiscals 2018, 2017, 2016, 2015 and 2014, our water tanks business contributed 39.89%, 40.60%, 42.66%, 42.99% and 44.33% of our Adjusted Revenue, respectively.

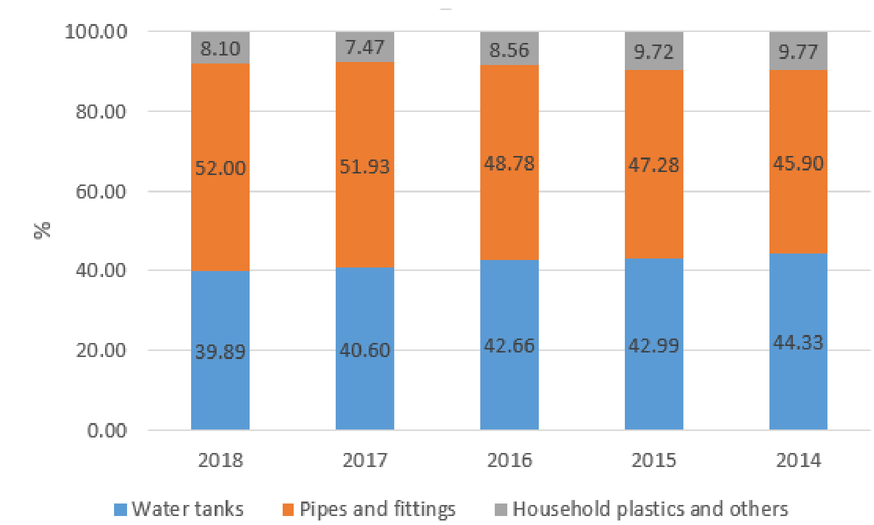
Pipes and fittings

Our pipes and fittings segment grew at one of the fastest pace in the industry (*Source: CRISIL Report*). This segment grew at a CAGR of 23.4% from FY 2012-17 compared to industry CAGR of 10-12% (*Source: CRISIL Report*). Our pipes and fittings vertical comprises over 2,500 SKUs as at March 31, 2018 and includes CPVC pipes and fittings, PVC (ASTM, SWR and Agri-drainage, Column and casing) pipes, composite pipes and fittings (PE-Aluminium-PE), PPR pipes and fittings, HDPE pipes and PE manholes. We have entered into an exclusive arrangement for license and technical assistance with Floteks Plastik Sanayi Ve Ticaret Anonim Sirketi ("**Floteks**"), a Turkish entity, with respect to technical know-how for manufacture and sale of PE manholes in India, in accordance with EN 13598 standards. In fiscals 2018, 2017, 2016, 2015 and 2014, our pipes and fittings contributed 52.00%, 51.93%, 48.78%, 47.28% and 45.90% of our Adjusted Revenue, respectively.

Household plastics and others

We also manufacture household plastics and other products, which comprised over 300 SKUs as at March 31, 2018 and includes buckets, dustbins, stools, planters, tubs, mugs and milk cans, using injection moulding and blow moulded technology. In fiscals 2018, 2017, 2016, 2015 and 2014, our household plastics and others contributed 8.10%, 7.47%, 8.56%, 9.72% and 9.77% of our Adjusted Revenue, respectively.

Revenue Mix



We are also a digitally driven company and were the first company to introduce SAP S/4 HANA 1511 Digital Core Enterprise Management Solution ("**SAP HANA**") in the plastic industry in India, which has enabled us to have a digital platform to support our business functions. We have received the SAP HANA Innovation Award for securing 2nd place in the social hero category by SAP in 2017. We have also launched a mobile application on the Android platform to provide information about our entire product range to plumbers, dealers and distributors and end-users and to also provide a medium of communication with regard to dealer queries and complaints.

Our products from all three product verticals are distributed through dealers and distributors, who resell our products to sub-dealers, retailers, contractors and end-users. As at March 31, 2018, we had a network of over 4,300 dealers and distributors across 24 States/Union Territories across India, of which 84.40% were from semi-urban and rural areas and contributed to 73.84% of our Adjusted Revenue in Fiscal 2018. We distribute our products through all our manufacturing facilities and our eight depots.

We manufacture our products at 13 strategically located manufacturing facilities in the States of Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh. The total installed capacity for our products in fiscal 2018, is set forth below.

Name of the product(s)	Installed capacity in Fiscal 2018
Water tanks ('000 litres)	12,81,567
Pipes and fittings (MT)	39,081
Household plastics (MT)	5,930

Further, certain of our products are certified by the Bureau of Indian Standards and all our manufacturing facilities are ISO 9001:2015 certified. Our Company was recognised as being amongst 'The World's Greatest Brands 2015 Asia and GCC' by URS International (Asia One) in 2015.

Certain of our key financial metrics are set forth below.

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	CAGR
Revenue from operations	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19	11.64%
Adjusted Revenue*	6,357.20	5,815.05	5,539.30	4,780.27	3,954.25	12.60%
Gross Margin** on Adjusted Revenue	2,401.20	2,215.32	2,133.80	1,678.81	1,353.60	15.41%
Gross Margin on Adjusted Revenue %	37.77%	38.10%	38.52%	35.12%	34.23%	
EBIDTA	649.33	573.35	610.77	589.61	467.99	8.53%
EBIDTA Margin on Adjusted Revenue %	10.21%	9.86%	11.03%	12.33%	11.84%	
PAT	355.01	288.73	249.65	143.51	213.90	13.50%
PAT Margin on Adjusted Revenue %	5.58%	4.97%	4.51%	3.00%	5.41%	

** Adjusted Revenue refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty. For details see "Management's Discussion and Analysis Of Financial Condition and Results Of Operations – Details of Adjusted Revenue" on page 339*

*** Gross Margin on Adjusted Revenue has been defined as Adjusted Revenue minus cost of materials consumed minus purchase of traded goods minus change in inventory of finished goods, work in progress, traded goods and stores and spares*

As at March 31, 2018, our Company did not have any long term debt and our growth has been funded primarily through internal accruals and equity investments made by our Promoters and Latinia Limited. Our Company has also received credit rating of Ind A/Stable from India Ratings.

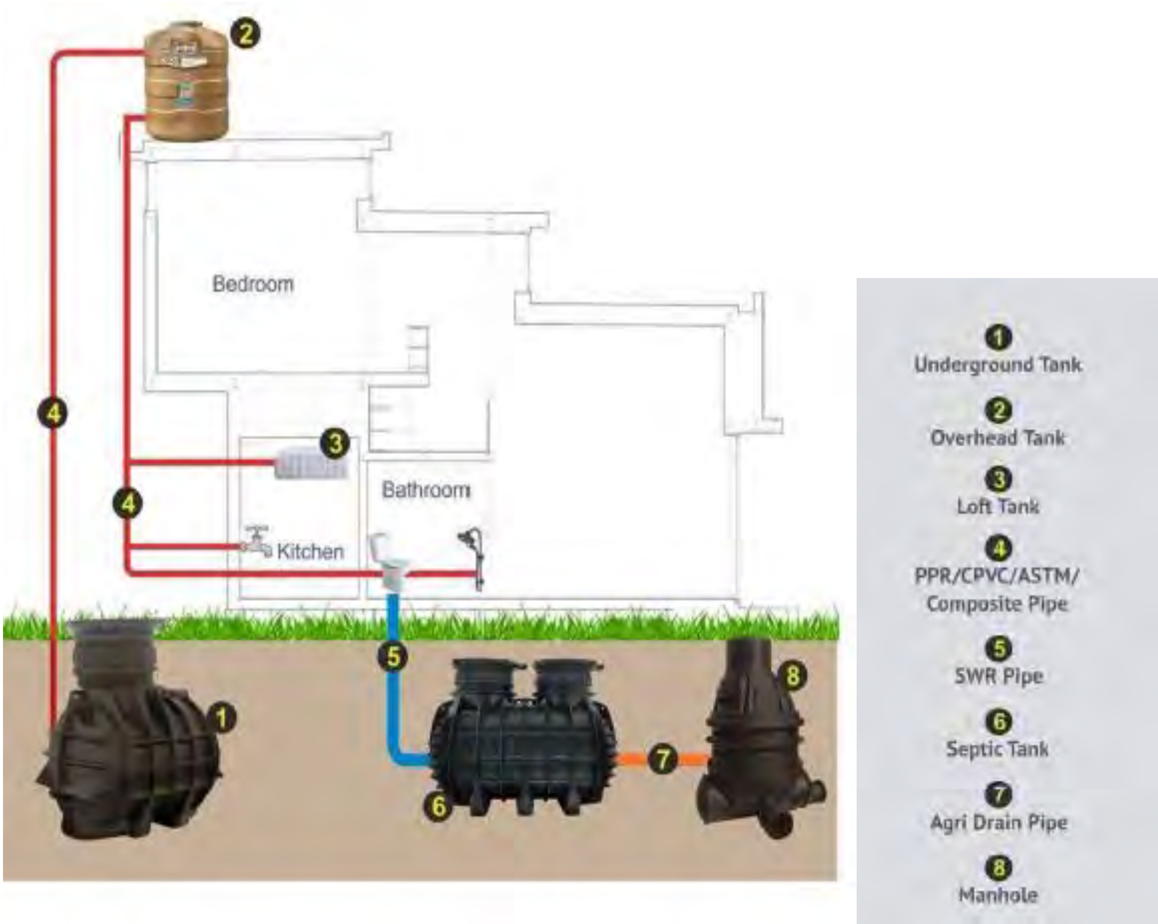
Key Strengths

We believe the following are our key strengths:

Comprehensive product portfolio with a focus on customer-centric solutions

We are a B2C focussed water storage and piping solutions provider in India, and our products have applications across residential, commercial, industrial, infrastructure and agricultural sectors.

Our key product range across verticals is represented through the diagram below.



Our products range from water tanks to pipes and fittings, PE manholes, household plastics and other products. We have one of the most diversified product portfolios in the pipes segment (*Source: CRISIL Report*).

Our comprehensive range of products allows us to effectively address diverse requirements of our end-users and enables our dealers and distributors to source a majority of their water solutions and allied requirements directly from a single source, thereby enhancing their efficiencies in procurement. We have created and grown our product range organically over the years, and from time to time have launched various products to cater to the changing needs and preferences of our end-users and provide B2C focussed water storage and piping solutions. For instance, our water tanks product vertical includes overhead and underground tanks (including septic tanks) and we manufacture blow moulded tanks with capacities ranging from 60 litres to 2,000 litres and rotational moulded tanks with capacities ranging from 100 litres to 10,000 litres, which are suitable for usage across our end-user sectors. We have also introduced threaded lids for water tanks, a design improvement to meet the specific needs of end-users. Our product range in this vertical also comprises two, three and four layered tanks which have increased durability. Our pipes and fittings product vertical includes CPVC pipes and fittings, PVC (including ASTM, SWR, Agri drainage, Column and Casing) pipes, composite pipes and fittings (PE-Aluminium-PE), PPR pipes and fittings HDPE pipes and PE manholes. Through our household plastics and others vertical, we manufacture and distribute a wide range of household articles, including buckets, dustbins, stools, planters, tubs, mugs and milk cans, which we believe makes the '*Vectus*' brand visible inside homes and thereby increases brand recall.

Our sales and production team interacts with plumbers, contractors, consultants and architects to gauge the demand for new products and is accordingly responsible for the expansion of our product portfolio. We had over 3,800 SKUs as at March 31, 2018, of which we have added over 1,200 SKUs in the last two fiscal years, with improvements in technology and durability, as well as catering to design and colour preferences of end-users. We have also entered into an exclusive arrangement for license and technical assistance with Floteks with respect to technical know-how and have purchased moulds from Floteks necessary for manufacture of PE manholes in accordance with EN 13598 standards.

We believe that our wide range of products has enabled us to effectively cater to end users.

Market leadership and strong brand recall

Our Company is a B2C focussed water storage and piping solutions provider in India. We are among the top two players in the plastic water tanks vertical in terms of revenue with a pan-India presence and strong brand recall (*Source: CRISIL Report*). We have one of the most diversified product portfolios in the pipes and fittings segment (*Source: CRISIL Report*). We are also considered a quality focused and value for money brand in the plastic water tanks and pipes and fittings verticals

(*Source: CRISIL Report*). We were also the first to introduce blow-moulded tanks in India and are currently the largest manufacturer of blow-moulded tanks in India (*Source: CRISIL Report*).

Presently, our Company operates through three product verticals, primarily under our flagship brand '*Vectus*'. Our Company also manufactures water tanks under our legacy brand names '*Waterwell*' and '*Ganga*', which were transferred to us pursuant to amalgamations with Sintir Plast Containers Private Limited and Baheti Rotoplast Private Limited.

In the water tanks vertical, we are the largest player in Uttar Pradesh and among the top two players in Madhya Pradesh and Rajasthan in terms of units sold. Besides a strong presence and brand recall in Northern and Central India, we have an established presence in Southern and Eastern India in the water tanks vertical. In the pipes and fittings vertical, we are relatively stronger in Northern and Central India along with good presence in Eastern and Southern India. (*Source: CRISIL Report*)

Owing to our value for money brand positioning, we believe we are able to target a wider consumer base through our product verticals, and are able to grow seamlessly across geographies. Our brand has been strengthened through consistent delivery of quality products at competitive prices, development of an expansive pan-India network of dealers and distributors as well as intensive and strategic marketing efforts to create brand awareness among our target consumer segments, particularly among distributors, dealers and plumbers, and end-users across sectors that we cater to. Our sustained marketing efforts have included the print, television, electronic and other advertisement media, exhibitions and outdoor promotions directed at retail consumers as well as training sessions and exhibitions involving our dealers and distributors, sub-dealers and the plumber community. We believe that our marketing and branding strategy over the past few years has enabled us to develop a strong brand in our product verticals and is a key competitive strength that we intend to leverage in executing our product expansion strategy.

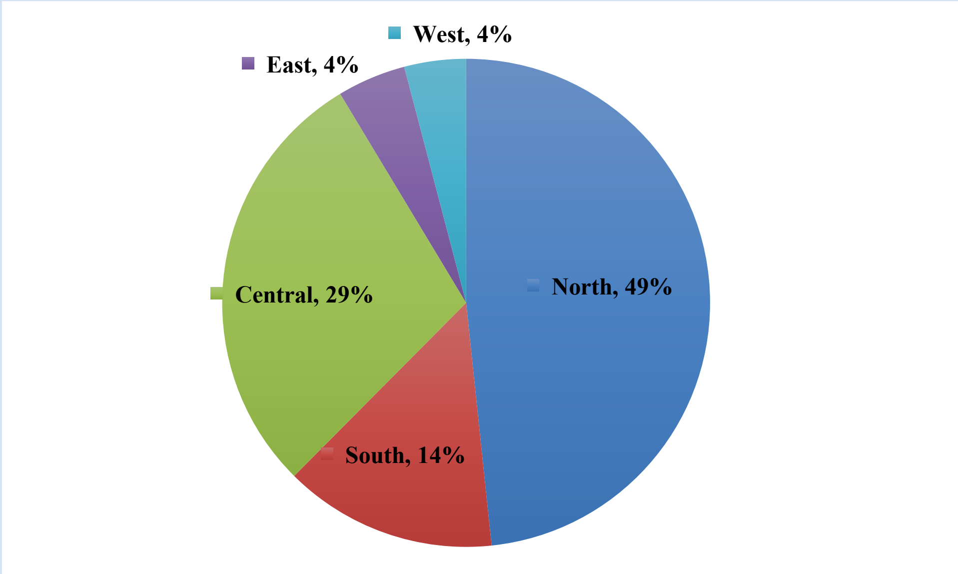
Strategically located manufacturing facilities

We believe we have strong manufacturing capabilities and have wide geographic reach due to our strategically located manufacturing facilities across India. Presently, we manufacture our products at 13 manufacturing facilities in the States of Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh, all of which are ISO 9001:2015 certified. We have consistently increased our production capacity by addition of new manufacturing facilities and capacity additions in existing facilities. Further, over the last five fiscals, we have commenced operations at five manufacturing facilities located at Jammu, Trichy, Jaipur, Banmore and Dahej, thereby increasing our geographic footprint across North, South, West and Central India.

Further, due to the voluminous nature of water tanks, transportation cost is critical with respect to this product vertical. Accordingly, our geographically spread manufacturing presence allows us to distribute our products to consumers across such geographies in a cost efficient manner. In the water tanks segment, we have the second highest number of manufacturing locations in India compared to our peers (*Source: CRISIL Report*), which aids us in catering to a larger geographic market.

Geographically spread distribution network

All our products are distributed through our dealers and distributors, who resell our products to sub-dealers, retailers contractors and consumers. As at March 31, 2018, we had a network of over 4,300 dealers and distributors across 24 States, which comprised approximately 2,090, 600, 190, 170 and 1,250 dealers and distributors in North, South, East, West and Central India, respectively as set forth below, of which 84.40% were from semi-urban and rural areas and contributed to 73.84% of our Adjusted Revenue in Fiscal 2018.



Over the last fiscal year, we added 190 dealers and distributors. We also do not have any distributor concentration and revenue from our largest distributor constituted 2.59% of our Adjusted Revenue in fiscal 2018. We also distribute our products through our depots, situated in the States of Chhattisgarh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Punjab and Uttar Pradesh. We also have a sales and marketing team of 234 employees as at March 31, 2018, who aid the distribution process and are primarily engaged in distributor/dealer relationship management, appointment of dealers and distributors, procuring orders and collections. We also have designated vertical heads in fiscal 2018 for some of our product verticals and for specific customer segments. Our geographically widespread operations across India has enabled us to cater to the growing demand for our products across India.

We believe we have a strong relationship with our dealers and distributors, who are instrumental in our growth and operational efficiency. Since the majority of our sales are through our dealers and distributors, the strategic location of our manufacturing facilities and depots, the proximity to dealers and distributors and markets enable us to minimise delivery schedules and transportation expenses, and provide superior customer service.

Digitally driven business

We are a digitally driven company and use licensed technology platforms for all our business processes. In this regard, we have incurred operational expenditure of ₹ 18.71 million, ₹ 10.44 million, ₹ 3.01 million, ₹ 0.84 million and ₹ 0.22 million, in fiscals 2018, 2017, 2016, 2015 and 2014, respectively. We were the first company to introduce SAP HANA in the plastic industry in India, which has enabled us to have a digital platform to drive our business functions. We have received the SAP HANA Innovation Award for securing 2nd place in the social hero category by SAP in 2017.

SAP HANA has enabled us to form a more stable digital platform by providing analytical tools and insight of organizational health and providing modules for materials management, sales and distribution, production planning, quality management, finance, human capital management and supporting business continuity. In addition, we have implemented C4C, an online CRM solution by SAP which allows us to track our sales team's activities and provides a platform which enables order placement and delivery to our dealers and distributors in conjunction with SAP HANA.

We also use the Ariba (SAP) platform to improve processes and efficiencies with respect to sourcing materials and services, including logistics for all manufacturing facilities. Ariba (SAP) is an e-bidding platform allows us to compare raw material costs across suppliers, identify new raw material suppliers and streamline and manage our overall procurement process. Ariba (SAP) also assists in process efficiencies at all levels by driving compliance and verification of terms and conditions in all order processes. It also ensures creation of centralized catalogues and templates for indirect purchasing, processing supplier information and contract management through standardized processes.

We have a comprehensive disaster recovery plan pursuant to which we have data backup at a third party location which enables us to ensure business continuity.

In addition, we have launched a mobile application on the Android platform to provide information about our product range to plumbers, dealers and distributors and end-users and to also provide a medium of communication with regard to dealer queries and complaints.

Strong track record of robust financial performance

We have experienced sustained growth in financial indicators including our revenue, EBITDA and PAT, as well as a consistent improvement in our balance sheet position over the last five fiscals. We have achieved this position primarily due to increased sales volumes and economies of scale. Our revenues are also largely diversified across geographies, given our presence across India. Further, our different product verticals help de-risk our Company with regard to dependence on any one product vertical.

Certain of our key financial metrics are set forth below.

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	CAGR
Revenue from operations	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19	11.64%
Adjusted Revenue*	6,357.20	5,815.05	5,539.30	4,780.27	3,954.25	12.60%
Gross Margin** on Adjusted Revenue	2,401.20	2,215.32	2,133.80	1,678.81	1,353.60	15.41%
Gross Margin on Adjusted Revenue %	37.77%	38.10%	38.52%	35.12%	34.23%	
EBIDTA	649.33	573.35	610.77	589.61	467.99	8.53%
EBIDTA Margin on Adjusted Revenue %	10.21%	9.86%	11.03%	12.33%	11.84%	
PAT	355.01	288.73	249.65	143.51	213.90	13.50%
PAT Margin on Adjusted Revenue %	5.58%	4.97%	4.51%	3.00%	5.41%	

** Adjusted Revenue refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty. For details see "Management's Discussion and Analysis Of Financial Condition and Results Of Operations – Details of Adjusted Revenue" on page 339*

*** Gross Margin on Adjusted Revenue has been defined as Adjusted Revenue minus cost of materials consumed minus purchase of traded goods minus change in inventory of finished goods, work in progress, traded goods and stores and spares*

As at March 31, 2018, our Company did not have any long term debt and our growth has been funded primarily through internal accruals and equity investments made by our Promoters and Latinia Limited. Our Company has received credit rating of Ind A/Stable from India Ratings.

Our strong balance sheet and positive operating cash flows enable us to fund our capacity expansions and pursue opportunities for growth. Our financial strength also provides us a valuable competitive advantage in terms of access to working capital and credit terms.

Strong management team backed by experienced Promoters

We believe that we benefit from the vision, strategic guidance, experience, skills and relationships of several key members of our management team, including our first generation Promoters and Managing Directors, Ashish Baheti and Atul Ladha, each of whom have approximately 27 years of experience in the water storage and piping solutions sector and have been instrumental in our growth. Our Board of Directors is supported by a strong management team, with strong industry experience and an average work experience of 16 years. We also have a young work force with approximately 62% of our employees being below the age of 35 as of March 31, 2018.

We believe that our Promoters and management team's extensive experience and in-depth knowledge of the water storage and piping solutions industry provide us a solid platform for the development and implementation of our growth and expansion plans and give us a competitive edge. We also actively recruit professionally qualified individuals from institutions or organizations in India for important management and executive roles. We have also adopted the Vectus Industries Limited Employee Stock Option Plan 2018, as a long-term incentive tool to attract, retain and motivate talented employees and reward employee performance. We believe that this helps us in attaining and maintaining quality across our operations, which gives us a competitive advantage, especially *vis-à-vis* smaller and regional players.

With the continuing involvement of the core members of our management team and key executives, we believe that we are well positioned to continue to tap growth opportunities across the water storage and piping solutions business in the future.

Our Strategies

We are committed to continue to increase our market share across our product verticals and to expand our product offerings and geographical footprint, while improving our profitability and return metrics. Towards this objective, our growth and competitive strategies are as follows:

Expansion of our product portfolio

Our markets present a diverse consumer base across the residential, commercial, industrial, infrastructure and agricultural sectors. We intend to capitalize on our market leadership position in the water tanks and pipes and fittings verticals and increase our market share.

Real estate investments, rising urbanisation, increasing fresh water withdrawal and consumption for various domestic and industrial applications have created substantial demand for economical water storage methods, which is expected to drive demand for plastic water storage tanks. Further, in the past decade, new and emerging needs led to a rise in demand for specialised pipes and fittings. Growth was driven by rising demand from the construction and irrigation sectors. Within the construction space, the triggers were substitution of metal pipes with polymer pipes, replacement demand and increasing investments in real estate, water supply and sanitation projects. Also, with an increasing number of high rise constructions given the pressure on available land, need for value-added products such as silent PVC and specialised sewerage systems is on the rise. Economic growth and rising penetration of plastic products in end-user segments are the key growth drivers for the household plastic industry in India. (*Source: CRISIL Report*)

To meet consumer needs, we offer and plan to continue to offer a variety of products at various price points with high quality, design and a combination of innovative features. We also intend to expand our portfolio by introducing higher end products to increase our margins, by making innovations in our existing product range. In this regard, we plan to launch double wall corrugated ("**DWC**") pipes, large diameter HDPE pipes, foam core underground drainage systems and low noise sewer systems, as detailed below.

Type	Features	Primary sector
DWC pipes	Pipes with full circular dual-wall cross-section, with an outer corrugated pipe wall and a smooth inner surface. DWC pipes are used in underground sewer systems, industrial waste water systems, storm water drainage, cable ducting, culvert and cross drainage. They are optimized for maximum efficiency in underground sewer systems and have advantage in handling, storage, installation and maintenance.	Commercial and infrastructure
HDPE pipes	HDPE pipes are resistant to weathering, chemical fluids and abrasion. HDPE pipes have the advantage over traditional metal and cement pipes, owing to durability, low maintenance and longevity compared to metal pipes.	Infrastructure
Foam core underground drainage systems	Foam core pipes are multi-layer pipes with outer and inner layers of conventional PVC with a middle layer of foamed PVC. Outer and inner layers are designed to take load as well as provide chemical resistance while middle layer of foamed PVC gives rigidity and maintains the shape of the pipe under load. Due to its ability of absorbing the load, foam, core pipes are most suitable for underground drainage systems, where soil exerts a lot of pressure on pipe surfaces.	Residential, commercial and infrastructure
Low noise sewer systems	Low noise sewer system is a combination of pipes, fittings and brackets that is specially designed to reduce the noise that accompanies during the flow of water and waste in the system. They are made from a three layer uPVC structure.	Commercial and residential

In addition, we plan to invest in our product development capabilities, both through strategic recruitment and acquisition of technology and continue to launch innovative products.

Expansion of our geographical footprint

We are among the top two players in the plastic water tanks vertical in terms of revenue with a pan-India presence and strong brand recall. Further, besides strong presence and brand recall in North and Central India, we have an established presence in South and East India in the water tanks vertical. In the pipes and fittings segment, we are relatively stronger in North and Central India along with good presence in East and South India. (*Source: CRISIL Report*)

Over the next five years, the plastic water tank industry is expected to continue to grow at a pace of 13-15% CAGR from Fiscal 2017 to Fiscal 2022 owing to increasing demand propelled by increase in the pace of real estate construction activity. The plastic pipes and fittings industry is expected to grow at a CAGR of 12-14% during Fiscal 2017 to Fiscal 2022, reaching approximately ₹460 billion. Over Fiscal 2017 to Fiscal 2022, the bucket and related products segment is expected to grow at a CAGR of 8-9% and the plastic dustbin segment by 10-11%. Similarly, the plastic milk cans segment is expected to post a CAGR of 10-11% over the same period.(*Source: CRISIL Report*) Currently, the unorganised segment accounts for approximately 70% share of the plastic water tanks industry. After GST implementation, it is expected that lower effective tax rate and greater tax compliance by unorganised players would result in reduced price differential between organised and unorganised players. It also is expected that implementation of GST would be a major driver of long-term growth in the plastic pipes industry, especially for organised players due to greater tax compliance by unorganised players resulting in reduced price differential between organised and unorganised players.(*Source: CRISIL Report*) We intend to continue to expand our business by entering into new markets, further penetrating existing markets, and augment our presence in such markets by increasing our market share through our distribution network. In order to expand our geographical footprint, we have continued to strengthen our distribution network over the last three fiscals and our distribution network has grown to over 4,300 dealers and distributors as at March 31, 2018, from over 4,100 dealers and distributors as at March 31, 2017.

We also leverage our existing distributor and dealer network for sales to institutions and State Government agencies and we intend to also increase sales to institutions, industrial and real estate sectors going forward. We participate in the empanelment process and have qualified as approved vendors for various departments, such as NBCC (India) Limited, Military Engineer Services, Delhi Metro Rail Corporation Ltd., Agriculture and Farmers Welfare Department, Haryana, Public Health Engineering Department, Rajasthan, Central Public Works Department, Bhopal, MP Police Housing and Infrastructure Development Corporation, which enables us to supply our products to dealers and distributors or contractors for government sales. We believe this will enable to grow our business without significantly increasing our working capital requirements.

We also believe that we will be able to capitalize on our reputation for quality, consistent performance and consumer satisfaction in our existing markets and product verticals to target new consumers.

Increase focus on brand building

We seek to seize market opportunities by continuing to allocate significant resources to establish Vectus as a leading B2C focussed water storage and piping solutions company. Our branding strategy focuses on the innovative functionalities of our products. Our marketing plan comprises advertising in print media, electronic media, digital media, television campaigns, participation in various events and fairs. We are also active on social media platforms and have a dedicated Facebook page and Twitter handle. We believe that the scale of our business provides us the ability to increasingly focus on branding and promotion to further increase our visibility and market share. We incurred advertising, business convention expenses and promotion expenses of ₹ 91.66 million in fiscal 2018 on above the line advertising and on below the line activities for end-users and business influencers such as, plumbers, architects and channel partners.

In addition to our marketing events and endorsements, presently, we engage with plumbers through plumbers' meets, '*Chai Pe Charcha*', organised by us. We also engage with dealers and distributors through frequent dealers meets. We plan to continue to familiarise plumbers, dealers, architects and distributors with our product range and help them to more effectively sell our products to end-users, including through marketing activities such as creating brand display at retail stores, which we believe improve our brand awareness and profile. In addition, we also have a dedicated centrally located customer relation management team with a dedicated toll free number which caters to queries and complaints of our existing and prospective dealers and end-users.

We believe our branding efforts will fuel our growth in our existing and future markets and in order to cater to the higher anticipated demand for our products, we plan to continue to expand the density as well as the geographic reach of our existing distribution network.

Expansion of our manufacturing capabilities and enhance capacity utilization

We intend to continue to invest in physical and operational infrastructure to meet incremental demand for our products and to enable us to grow our revenues and profits. For that purpose, we have acquired land for establishing a new manufacturing facility at Tumkur, Karnataka to cater to the markets in South India as well as increase capacity for new products for distribution across India. We believe that establishing a strategically located manufacturing facility to serve these markets will enable us to reduce transportation costs, turnaround time (from receipt or order to delivery) and provide improved cost efficiencies for sales in these markets.

Business Operations

Our Products

We operate through our three distinct product verticals, (i) water tanks; (ii) pipes and fittings; and (iii) household plastics and others. Brief details of each product vertical are provided below.

Vertical	Products	Uses	Features
Water tanks	Blow moulded	Overhead storage in residential and commercial segments	New design, light weight, highly durable and cost effective. Available in single layer, double, triple and four layer
	Rotational moulded (underground and overhead)	Overhead and underground in residential, commercial and industrial segment	Conventional technology available in triple and four layers.

Vertical	Products	Uses	Features
Pipes and fittings	PVC	Plumbing and drainage in residential, commercial and industrial segment	Pressure and non-pressure piping systems for sewage, plumbing and irrigation
	CPVC	For cold and hot water plumbing in residential and commercial segment	All weather plumbing system for indoor and outdoor use in hot and cold water application from 0- 90 degree Celsius. Permanent jointing using solvents, resistant to low PH water, coastal salt, air, or corrosive soil
	Others (including HDPE, Composite, PPR and PE manholes)	For cold and hot water plumbing in residential and commercial and infrastructure segment. PE manholes are used in the infrastructure segment	Leak proof and frost proof, non-decaying and non-deforming.
Household plastics and others	Household products and dustbins	Used in households	-

Quality Control and Product Certifications

All our manufacturing facilities are ISO 9001:2015 certified, details of which are set forth below.

S. No.	Location	Product	Rating
1.	Haridwar-I	PP-RC & uPVC (Agriculture/SWR/ASTM Plumbing) Pipes & Fittings	ISO 9001: 2015
2.	Haridwar-II	PP-RC & uPVC (ASTM Plumbing) Fittings	ISO 9001: 2015
3.	Bhopal	Plastic water storage tanks	ISO 9001: 2015
4.	Sikandarabad	Plastic water storage tanks with LID	ISO 9001: 2015
5.	Kashipur	CPVC pipes & fittings, composite fittings, design, manufacturing and supply of household injunction moulding products	ISO 9001: 2015
6.	Jaipur	Plastic water storage tanks	ISO 9001: 2015
7.	Jammu	Plastic water storage tanks	ISO 9001: 2015
8.	Banmore-II	Rotational moulded/blow moulded/injection moulded-polyethylene water storage tank and containers of all shapes and sizes from 2.5 litres to 5,000 litres	ISO 9001: 2015
9.	Banmore-I	uPVC pipe (Agri/SWR/ASTM/Casing/Column)	ISO 9001: 2015
		uPVC Fittings (Agri/SWR/ASTM) and HDPE pipe & composite pipe	ISO 9001: 2015
10.	Tumkur	Water storage tanks with lid (overhead tanks, underground tanks) manholes & dustbin and uPVC (agriculture, SWR and ASTM plumbing pipes) & CPVC pipes	ISO 9001: 2015
11.	Trichy	Water storage tanks (overhead tanks)	ISO 9001: 2015
12.	Raipur	Plastic water storage tank and design, manufacturing and supply of household injection moulding products	ISO 9001: 2015
13.	Dahej	Plastic water storage tanks	ISO 9001:2015

We have implemented a quality check and testing systems right from procurement of raw materials to manufacture of our products. As part of the quality assurance parameters we also track wastage, error repetition and customer complaints, so that we can take necessary corrective actions to ensure product quality.

Several of our products manufactured in specified facilities have been certified by the Bureau of Industrial Standards. The table below sets out our product certifications as at March 31, 2018.

S. No.	Name of the Plant	Products	IS No.
1	Tumkur	Rotational moulded polyethylene water storage tanks CPVC pipes for potable hot and cold water distribution supplies	IS 12701: 1996 IS 15778: 2007
2	Bhopal	Rotational moulded polyethylene water storage tanks	IS 12701: 1996
3	Kashipur	CPVC pipes for potable hot and cold water distribution supplies	IS 15778: 2007
4	Jaipur	Rotational moulded polyethylene water storage tanks	IS 12701: 1996
5	Raipur	Rotational moulded polyethylene water storage tanks	IS 12701: 1996
6	Haridwar I	UPVC pipes for potable water supplies- specification	IS 4985: 2000
		Polypropylene-random co-polymers pipes for hot and cold water supplies	IS 15801: 2008
		UPVC pipes for soil and waste discharge systems inside buildings including ventilation and rainwater system	IS 13592: 2013
		Injection moulded PVC fittings with solvent cement joints for water supplies:	IS 7834 part 1: 1987

S. No.	Name of the Plant	Products	IS No.
		Part-1 general requirement	
7	Banmore -II	Rotational moulded polyethylene water storage tanks	IS 12701: 1996
8	Banmore – I	High density polyethylene pipes for water supplies	IS 4984: 1995
		Polyethylene/ Aluminium/ polyethylene composite pressure pipes for hot and cold water supplies- specification	IS 15450: 2004
		Unplasticized PVC pipes for potable water supplies	IS 4985 : 2000
		PVC-U pipes for soil and waste discharge systems	IS 13592 : 2013
		Unplasticized polyvinyl chloride injection moulded fittings	IS 14735 : 1999
		Injection moulded PVC socket fitting with solvent cement joints	IS 7834 (Part 1, 3 & 4) : 1987
		Unplasticised Polyvinyl Chloride (PVC-U) Screen and casing pipes for bore/tubewells	IS 12818:2010

Our Manufacturing Process

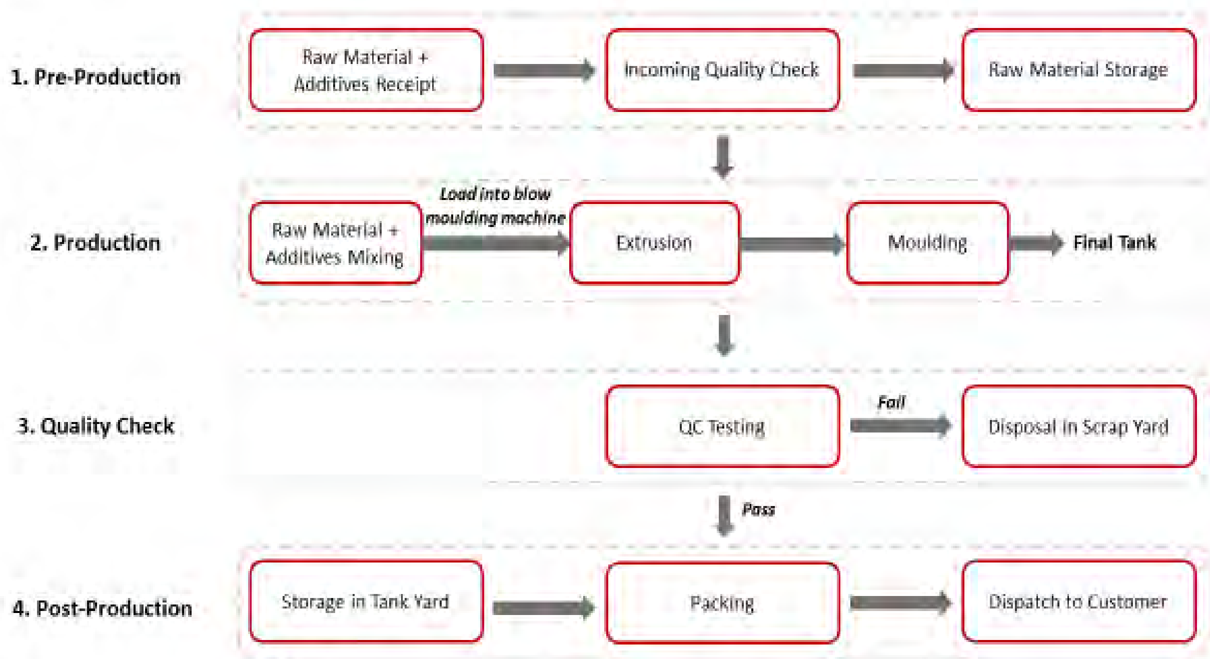
Our products are manufactured through several distinct processes as set out below.

Water tanks

Water tanks are manufactured either through the blow moulding process or through the rotational moulding process. The the steps under each manufacturing process is set forth below.

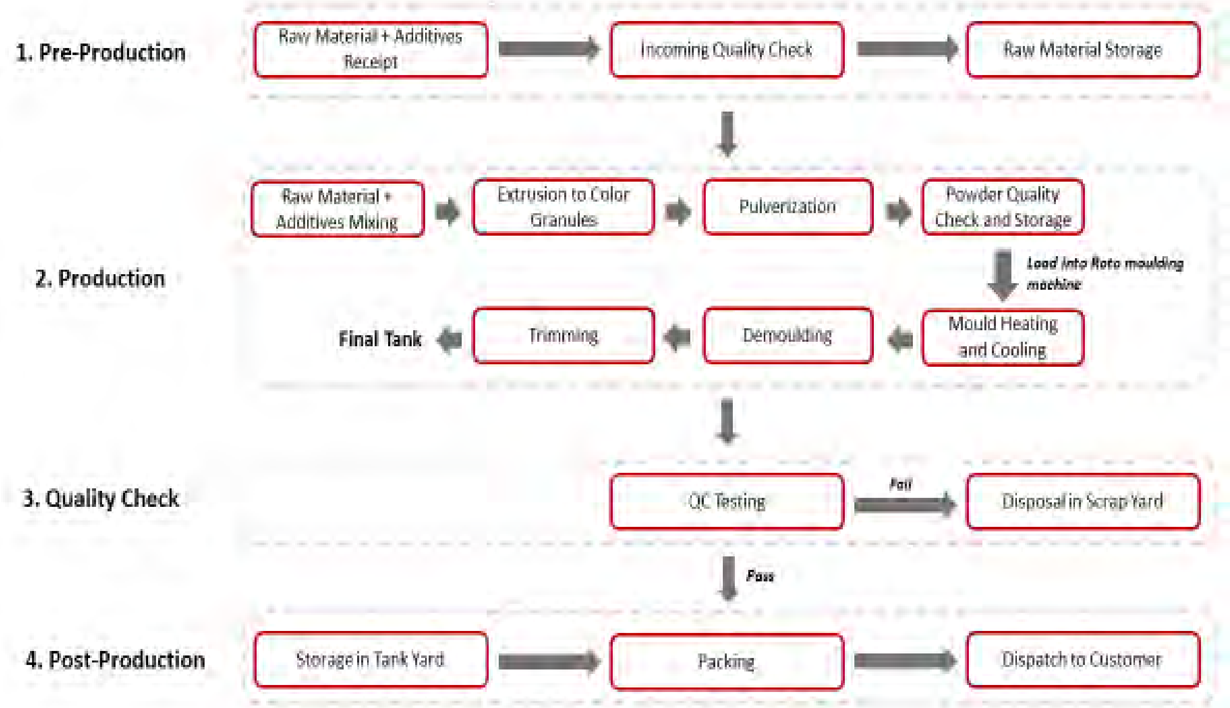
- Blow moulding

  In the blow moulding process, plastic granules are melted and extruded into a hollow tube (a parison). This parison is then captured by closing it into a cooled metal mould. Air is then blown into the parison, inflating it into the shape of the hollow bottle, container, or part. After the plastic has cooled sufficiently, the mould is opened and the part is ejected.



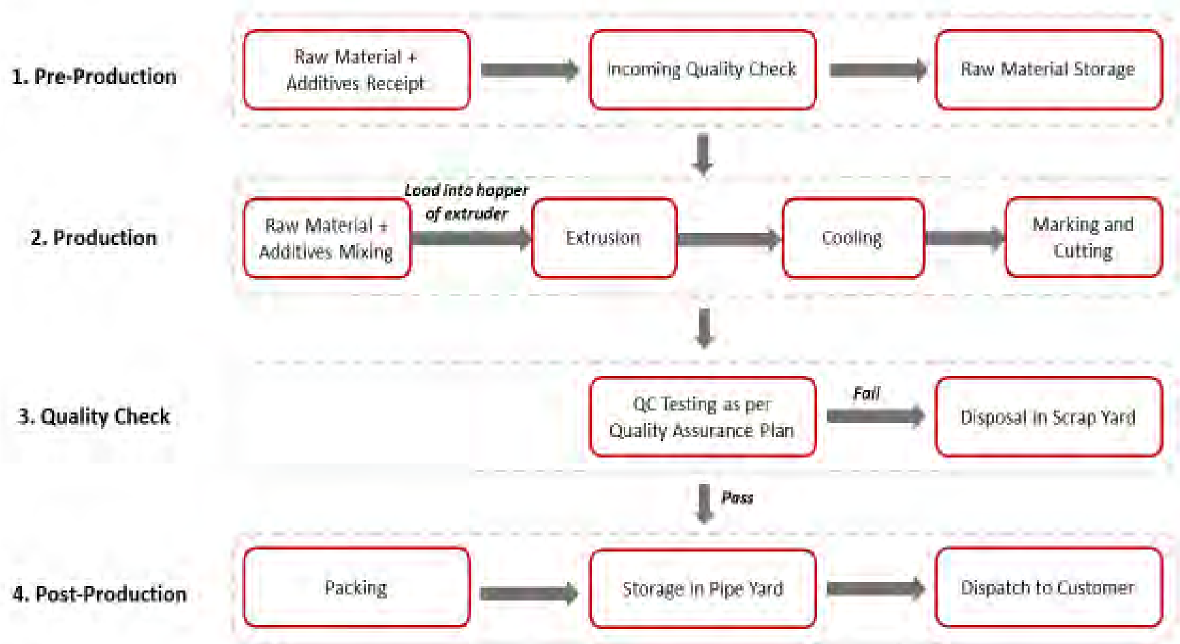
- <u>Rotational moulding</u>

  Rotational moulding manufacturing process involves high temperature and low pressure process for plastic formation. In this process, plastic in the form of powder is inserted in the closed split mould. The mould is heated until the powder melts. The molten powder sticks to the wall and forms a thin layer. The mould is rotated at variable speed in order to evenly spread the molten powder. After this step, the molten powder is cooled down with air in order to solidify it slowly.



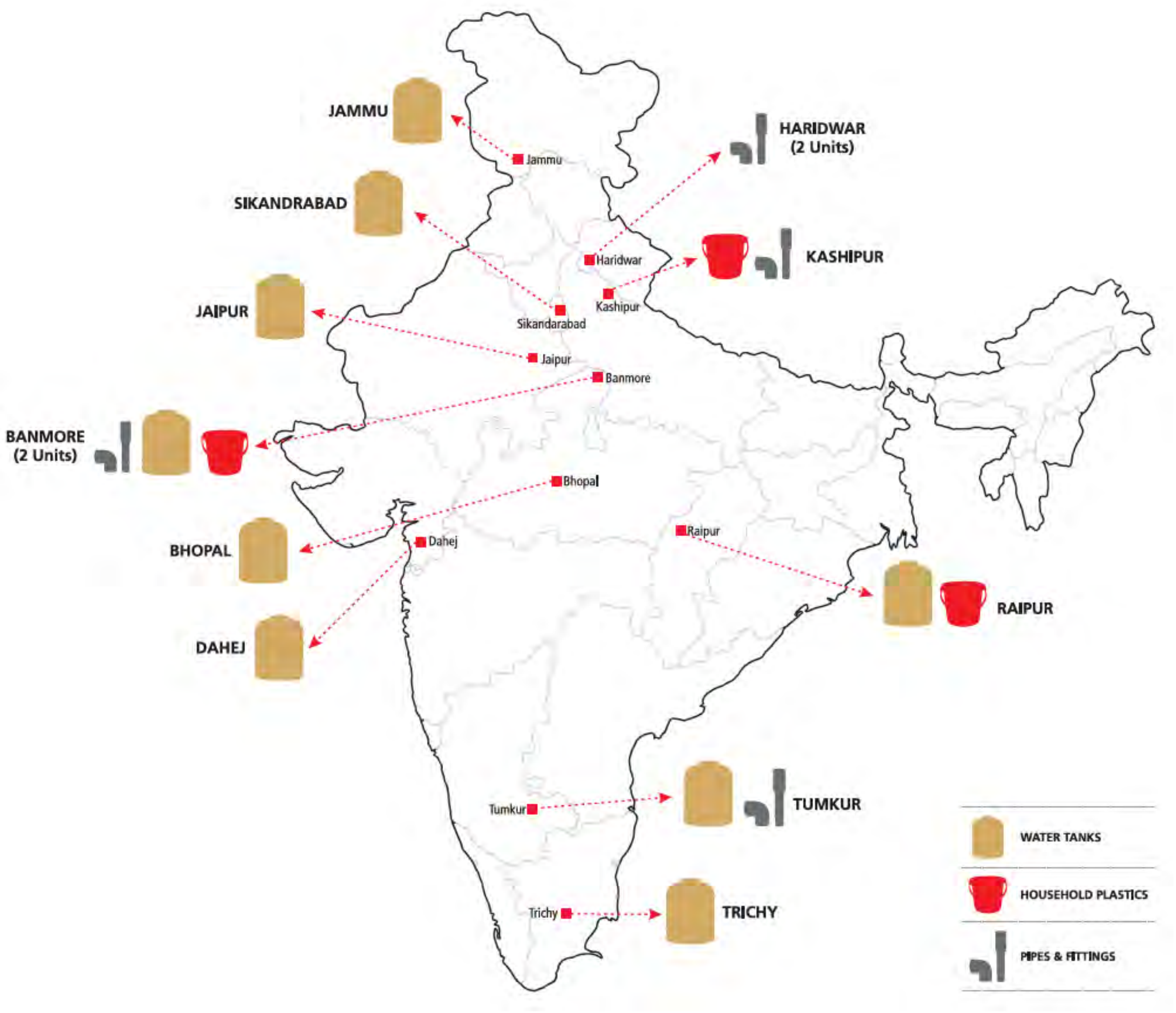
Pipes and fittings

The processes for the manufacturing process of pipes and fittings is set forth below.



Our Manufacturing Facilities

Our manufacturing facilities are spread across various locations in India, as set out below.



**Map not to scale*

The details of our installed capacity and capacity utilisation are provided below.

Product verticals	Installed capacity			Capacity utilisation (in %)[(1)]		
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2018	Fiscal 2017	Fiscal 2016
Water tanks (in litres'000)*	12,81,567	12,61,967	12,56,151	60%	56%	56%
Pipes and fittings (in MT)**	39,081	38,832	28,689	62%	55%	66%
Household plastics and others (in MT)***	5,930	5,220	4,725	65%	56%	75%

(1) *Capacity utilization (%): Actual Production during the relevant period * 100 / Installed capacity during the relevant period*

* *Includes capacity and capacity utilisation for Kashipur in Fiscal 2016. Presently manufactured at all our facilities except at both units at Haridwar, Kashipur and one unit at Banmore.*

** *Manufactured at our Banmore, both Haridwar, Kashipur and Tumkur facilities.*

*** *Manufactured at our Banmore, Kashipur and Raipur facilities.*

Raw Material Procurement and Inventory Management

Our primary raw materials include various polymers such as, LLDPE, HDPE, PVC, CPVC and PPR. In addition, we also use various other raw materials including other polymers, impact modifier, colouring pigments, brass inserts, adhesives, aluminium and packing items. We typically enter into yearly MoUs with our key raw material suppliers, to ensure consistent supply and volume based discounts. We do not have any long term agreements for purchase of primary raw materials. Under the terms of these MoUs, while the minimum contracted quantities of raw materials to be purchased from each key raw material supplier are fixed for availing volume discounts, the cost of procurement is determined by the prevailing market price at the time of placement of each purchase order, quantity and availability of raw material. Price of certain of our raw materials change periodically and are based on crude prices, demand-supply, exchange rates and availability of material in domestic and international market.

Our raw material procurement function is centralized at our Corporate Office which is managed through our SAP HANA system, from indenting, ordering, receipts, inventory and payment to suppliers. We seek to maintain uniformity of quality and to maximize discounts through volume procurement.

We have a robust system of inventory management which helps in optimum utilisation of organisation resources. To avoid excess or shortage of raw material, certain minimum and maximum levels of raw material, consumables and packing materials are defined in SAP system. Upon arrival of raw materials at our facilities, they pass through quality checks and are then moved to inventory.

In relation to utilities required for our business, we source primarily power from the State grids for our manufacturing facilities and use LPG for rotational moulded tanks, which we procure from LPG dealers. In addition, we source most of our water requirements from private parties.

Supply Chain Management

Except for import of certain raw materials, all our raw material as well as finished products are transported by road. We rely on third party transportation service providers at every stage of our business activity, including for procurement of raw materials from our suppliers and for transportation of our finished products from our manufacturing facilities to our depots and to our dealers and distributors. We engage and hire transportation service providers through the process of electronic bidding on our Ariba (SAP) platform through which the rates are finalised for each quarter subject to terms and conditions including with respect to credit and payment structure, contract validity, fleet requirements and frequency and scope of services. We do not have any long term contracts with transport vendors.

Further we also have a standard operating procedure defined in SAP HANA for production, packaging, transfer to storage and invoicing.

We supply our products to our dealers and distributors, directly from our manufacturing facilities and depots. As at March 31, 2018, we had 13 manufacturing facilities and eight depots.

Our distribution network comprises over 4,300 dealers and distributors, as at March 31, 2018 across 24 States/Union Territories. Our dealers and distributors are primarily responsible for selling our products to retailers, wholesalers and end-users.

Information Technology

Our Company is digitally driven and has a comprehensive information technology policy.

We have entered into an arrangement whereby our data servers are hosted at a third party location. Further, to keep our data secure, we have a disaster recovery site at a separate location to keep back up of critical servers and ensure business continuity. We also operate over a multiprotocol label switching network ("**MPLS**") and internet network through a dedicated lease line connectivity.

We also operate on the SAP HANA system which has integrated functions of finance and controlling, material management, sales and distribution, human resources, procurement and planning, and quality control systems. In addition, we have implemented C4C (SAP based CRM solution) which allows us to track our sales team and provides a platform for online ordering by our sales team. Further, SAP also acts as an Application Service Provider ("**ASP**") which is integrated with our accounting system for efficient GST filings.

We also use the Ariba (SAP) online e-bidding platform to improve processes and efficiencies with respect to sourcing materials and services, including logistics.

Additionally, we also have an android based mobile application which provides information about our Company and our products. It also provides a platform for dealership queries and complaints. The mobile application is further integrated with a separate CRM software (Vtiger CRM) through which all query and complaints are transferred to our CRM team.

Human Resources

Our employees include sales, IT, accounts and finance, marketing, procurement, production, CRM, human resources and dispatch personnel. As at March 31, 2018, we had 1,176 full-time employees. We also employed 1,080 personnel at our manufacturing facilities, on a contract basis. We have a young work force with approximately 62% of our employees being below the age of 35 as of March 31, 2018.

We believe in developing a strong relationship with our employees. We provide performance-linked incentives for our sales team based on targets achieved, in addition to their fixed salary. Our Company has also adopted the ESOP 2018 to provide stock options to eligible employees.

Competition

We believe that we are one of the few companies with a comprehensive business model manufacturing the entire range of water storage and piping solutions across India. Though we have a comprehensive business model we compete with various other companies that operate in each of our product verticals including with a large number of unorganised players in each product vertical.

Insurance

We maintain insurance policies customary for our industry to cover certain risks, including fire and other natural and accidental risks at our facilities, money insurance, equipment insurance and stock insurance. Additionally, we have taken insurance for our manufacturing facilities and depots. Our Company also maintains vehicular insurance, marine insurance and transit insurance policies. Further, we have taken directors and officers' liability insurance and key man insurance for managing directors of our Company. Our insurance policies have standard exclusions. We believe that our insurance policies and coverage is sufficient for our business and operational needs as per industry standards. Our Company also has accidental insurance coverage for our employees.

CSR Initiatives

Our Company has set up the Vectus Foundation Trust for carrying out CSR initiatives and has donated dustbins to municipalities under the Swachh Bharat Abhiyaan policy and have made contributions for animal welfare.

Property

As at March 31, 2018, we have entered into long-term lease or lease cum sale agreements for nine manufacturing facilities and lease deeds for seven depots. Further, we own two manufacturing facilities. As at March, 31, 2018, our Subsidiary Sunrise Tanks Private Limited has entered into long-term lease for one manufacturing facility and our Subsidiary Gangotri Polymers Private Limited has entered into long-term leases for one manufacturing facility and one depot.

We have entered into a lease for each of our Registered Office at Gwalior, Madhya Pradesh and our Corporate Office at Noida, Uttar Pradesh. Further, we have five marketing offices on a leasehold basis.

Intellectual Property

We operate our business under the name and brand '*Vectus*', which is registered as a trademark of our Company as a word mark and label, under various classes. Within the territory of India we also own registered trademarks under various classes for our products names, including '*Waterwell*' and '*Ganga*'. We have further filed an application for the invention of *'a pipe and coupler system- locking system for Column Pipe'* under the Patents Cooperation Treaty.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws currently in force in India, which are applicable to our Company. The information detailed in this section has been obtained from publications available in the public domain. The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian Law, and the judicial and administrative interpretation thereof, which are subject to change or modifications by subsequent legislative, regulatory, administrative or judicial decisions.

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act provides for the establishment of the Bureau of Indian Standards (**"BIS"**) for the development of activities of standardisation, conformity assessment and quality certification of goods, articles, processes, systems and services. The BIS Act provides for the functions of the BIS which includes, among others (a) to publish, establish, promote and review Indian standards; (b) to adopt as Indian standard, any standard, established by any other institution in India or elsewhere, in relation to goods, articles, processes, systems or services; (c) to carry out functions necessary for promotion, monitoring and management of the quality of goods, articles, processes, systems and services and to protect the interests of consumers and other stake holders; and (d) undertake, support and promote research necessary for formulation of Indian standards. The BIS Act empowers the Central Government to notify essential requirements to which goods or articles must conform and order compulsory use of standard mark or make it compulsory to obtain a certificate of conformity for goods or articles if it finds it expedient to do so in public interest, or for the protection of national security, protection of human, animal or plant health, safety of environment or prevention of unfair trade practices. The BIS Act also provides for penalties or imprisonment in case there is a contravention of the provisions of the BIS Act.

Consumer Protection Act, 1986 ("Consumer Protection Act")

The Consumer Protection Act was designed and enacted to provide simpler and quicker access to redress consumer grievances. It seeks, *inter alia* to promote and protect the interest of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. It establishes consumer disputes redressal agencies at the district. State and central levels for the purposes of redressal of consumer grievances. The Consumer Protection Act confers powers on forums and commissions to award compensation and/or corrective orders. The forums and commissions under the Consumer Protection Act are empowered to impose imprisonment of not less than a month, but not exceeding three years, or a fine of not less than ₹2,000, but not more than ₹10,000, or both in case of a failure to comply with the order of the commission or forum.

The Legal Metrology Act, 2009 ("Metrology Act") and Legal Metrology, (Packaged Commodities) Rules, 2011 ("Metrology Rules")

The Metrology Act provides for establishment and enforcement of standards of weights and measures and for regulation of trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The Metrology Act requires every person having a weight or measure in his possession, custody or control to have the same verified and also provides for the forfeiture of unverified weights and measures. The key features of the Metrology Act are (a) appointment of government-approved test centres for verification of weights and measures, (b) allowing companies to authorize any of its directors to be responsible to ensure that no offence is committed by a company under the Metrology Act, and (c) penalties for violation of the provisions of the Metrology Act. The Metrology rules were framed under Section 52(2) (j) and (q) of the Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import.

The Environment Protection Act, 1986 ("Environment Protection Act")

The Environment Protection Act was enacted as an "umbrella" legislation designed to provide a frame work for co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorises the central government to protect take such measures as it deems necessary and expedient to improve environment quality, control and reduce pollution and make rules in this regard.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act was enacted and designed for the prevention, control and abatement of air pollution and establishes central and state boards for the aforesaid purposes. In accordance with the provisions of the Air Act, a State Government, in consultation with state boards constituted under the Air Act, may declare any area within the state as an 'air pollution control area'. No person may operate an industrial plant in such an area without the previous consent of the state board, which may specify conditions to be followed under such consent.

The Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") ***and Water (Prevention and Control of Pollution) Cess Act, 1977*** ("**Water Cess Act**")

The Water Act was enacted to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water. Further, the Water Act also provides for the establishment of boards with a view to carrying out the aforesaid purposes for conferring on and assigning to such boards powers and functions relating thereto.

In addition, the Water Cess Act was enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the central board and state boards for the prevention and control of water pollution constituted under the Water Act.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“**Hazardous Waste Rules**”)

The Hazardous Waste Rules place several responsibilities on the occupier of a factory or premises *inter alia* in relation to the management, storage and utilisation of hazardous and other wastes. The Hazardous Waste Rules prescribes that every occupier of a factory or premises which is engaged in generation, treatment, processing, package, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, import, export, transfer or the like of the hazardous and other wastes shall obtain an authorisation from the relevant state pollution control board.

Laws related to employment

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of us.

In respect of our manufacturing facilities, we use the services of certain licensed contractors who in turn employ 20 or more workmen as contract labour in respect of certain facilities. Accordingly, we are regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended (“**CLRA Act**”), and the rules framed thereunder which requires us to be registered as a principal employer and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA Act imposes certain obligations on contractors in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities, and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

The Industrial Disputes Act, 1947, as amended, provides for statutory mechanism of settlement of all industrial disputes, a term which primarily refers to a dispute or difference between employers and workmen concerning employment or the terms of employment or with the conditions of labour of any person.

The Workmen’s Compensation Act, 1923 (“**Workmen’s Compensation Act**”) aims at providing financial protection to workmen and their dependents in case of accidental injury by means of payment of compensation by the employers. The Workmen’s Compensation Act prescribes that if personal injury is caused to a workman by accident arising out of and in the course of employment, his employer would be liable to pay him compensation. Such compensation is also payable for some occupational diseases contracted by workmen during the course of their employment.

We are subject to other laws concerning condition of working, benefit and welfare of our labourers and employees such as the Industrial Employment (Standing Orders) Act, 1946, the Public Liability Insurance Act, 1991, the Employees State Insurance Act 1948, the Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, the Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Equal Remuneration Act, 1976, the Child Labour (Protection Regulation) act, 1986, the Maternity Benefit Act, 1961, Apprentices Act, 1961, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Interstate Migrant Workmen Act, 1979 and Trade Unions Act, 1926.

Intellectual Property Laws

Certain laws relating to intellectual property rights such as copyright protection under the Copyright Act, 1957, (“**Copyright Act**”) trademark protection under the Trade Marks Act, 1999, (“**Trademarks Act**”), patent protection under the Patents Act, 1970 (“**Patents Act**”) and design protection under the Designs Act, 2000 (“**Designs Act**”) are applicable to us. The Copyright Act, 1957 (“**Copyright Act**”) governs copyright protection in India. Even while copyright registration is not a pre-requisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Act acts as a *prima facie* evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Trademarks Act provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to use marks such as a brand, label, and heading and to provide for relief in case of infringement of registered trademarks in the course of trade or on the application of a false trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks. The Designs Act provides for registration of designs. The Designs Act specifically lays down the essentials of a design to be registered and *inter alia*, provides for application for registration of designs, copyright in registered designs etc. The Patents Act governs the protection of patents in India. The Patents Act prevents the registration of inventions as patents which are frivolous, contrary to well established natural laws, methods of agriculture or horticulture, among others.

The Factories Act, 1948 ("Factories Act")

The Factories Act seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of workers. It applies to industries in which 10 or more workers are employed on any day of the preceding 12 months in any manufacturing process carried on with the aid of power, or 20 or more workers are employed in the manufacturing process on any day in the preceding 12 months being carried out without the aid of power. Each state government may enact rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act requires that the occupier of a factory, *i.e.*, the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory, such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment of the occupier and manager of the factory in case of any contravention of the provisions of the Factories Act.

Other Indian laws

In addition to the above, we are also governed by the provisions of the Companies Act and rules framed thereunder, goods & service tax, relevant central and state tax laws, foreign exchange and investment laws and foreign trade laws and other applicable laws and regulation imposed by the central and state government and other authorities for over day to day business, operations and administration.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was incorporated as "Vectus Industries Limited", pursuant to a certificate of incorporation issued by the RoC dated August 30, 2007, upon the conversion of "M/s. Vector Polymers", a partnership firm, into a public limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Our Company received a certificate of commencement of business on July 14, 2008 from the RoC.

Conversion from a partnership firm to a public limited company

Our Company was initially constituted as a partnership firm under the name 'M/s. Vector Polymers' (the "**Partnership Firm**") with effect from September 1, 2004, pursuant to a partnership deed dated September 11, 2004 between Atul Ladha and Ashish Baheti, *inter alia* for the purpose of manufacturing, buying, selling and otherwise dealing in all plastic pipes and fittings. The Partnership Firm was registered with the Assistant Registrar of Firms, Gwalior in accordance with the provisions of the Indian Partnership Act, 1932, pursuant to a certificate of registration dated October 18, 2004.

Due to changes in its constitution, the Partnership Firm was reconstituted in accordance with a partnership deed dated April 1, 2007 between Atul Ladha, Ashish Baheti, Sunita Ladha, Sarika Baheti, Atul Ladha (HUF), Ashish Baheti (HUF) and Shanti Devi Ladha ("**Reconstitution Deed**"). Upon conversion of the Partnership Firm into a public limited company in accordance with Part IX of the Companies Act, 1956, the erstwhile partners were issued Equity Shares in our Company in accordance with the provisions of the Reconstitution Deed, and the assets and liabilities of the Partnership Firm were taken over by our Company on book value. For details, see "*Capital Structure*" on page 65.

Corporate profile of our Company

For information on our Company's corporate profile, including details of our history, activities, services, products, technology used, growth, standing with reference to prominent competitors with reference to our products, management and managerial competence, capacity build up, major suppliers and customers, environmental issues etc. please see the sections entitled "*Our Management*", "*Our Business*", "*Industry Overview*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" beginning on pages 147, 121, 90, 325, 174 and 16, respectively.

Changes in the Registered Office of our Company

The details of changes in the registered office of our Company are set forth below.

Date of Change of Registered Office	Details of the Address of Registered Office	Reason(s) for Change
April 1, 2017	Registered office of our Company was changed from "Kanchan" Roshni Ghar Road, Near Achaleshwar Temple, Gwalior 474 011, Madhya Pradesh, India to 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh	Operational convenience

Main Objects of the Company

The main objects of our Company in terms of the Memorandum of Association are set forth below.

1. *To carry on the business of manufacturers, exporters, importers, buyers, sellers, distributors and dealers in polyethylene containers, water storage tanks, rotomoulded containers, containers, plastic pipes and fittings & other articles made from plastics, polyethylene, polyfilm, polyvinyal chloride and co-polymers acrylics and polyesters, polycarbonates and polyethers silicon resins and compositions, collapse, plastics and other thermo selling and thermoplastic materials.*

2. *To manufacture, prepare, process, buy, sell, import, export and trade in plastics and plastic goods made from high density polyethylene polypropylene, low density, polythelene, polyvinyl chloride and all other polymers including sheets, welds, sacks, synthetic resign and compound and oxillary material derivatives, intermediate and composition.*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out and proposed to be carried out from the use of Net Proceeds as disclosed in "*Objects of the Offer*" on page 76.

Amendments to our Memorandum of Association

The amendments to our Memorandum of Association since the incorporation of our Company are set out below.

Date of shareholders' resolution / Date of amendment	Particulars
August 31, 2007	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹ 50 million divided into 5,000,000 equity shares of ₹ 10 each to ₹ 100 million divided into 10,000,000 equity shares of ₹10 each.
March 31, 2014	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹ 100 million divided into 10,000,000 equity shares of ₹10 each to ₹ 102.50 million divided into 10,250,000 equity shares of ₹10 each.
May 2, 2014	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹ 102.50 million divided into 10,250,000 equity shares of ₹10 each to ₹ 150.00 million divided into 15,000,000 equity shares of ₹10 each.
January 11, 2018(1)	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 150.00 million divided into 15,000,000 equity shares of ₹ 10 each to ₹ 152.00 million divided into 15,200,000 equity shares of ₹ 10 each, pursuant to amalgamation of Waterwell Containers Private Limited with our Company pursuant to an order dated December 15, 2017 passed by the National Company Law Tribunal (Ahmedabad bench)

(1) *Date of filing the Form INC-28 with the RoC for amalgamation of Waterwell Containers Private Limited with our Company*

Major Events and Milestones of our Company

The table below sets forth the key events in the history of our Company.

Calendar Year	Particulars
2007	Incorporation as a public limited company
2009	Introduced blow moulded water storage tanks in the country
2009	Set up manufacturing facility at Kashipur, Uttarakhand
2010	Added chlorinated polyvinyl chloride ("**CPVC**") pipes and fittings to the product portfolio
2010	Set up manufacturing facility at Haridwar, Uttarakhand
2012	License and technical assistance agreement with Floteks Plastik Sanayi Ve Ticaret Anonim Sirketi for manufacturing PE manholes
2012	Set up manufacturing facility at Tumkur, Karnataka
2013	Set up manufacturing facility at Banmore, Madhya Pradesh
2013	Amalgamation of Sintir Plast Containers Private Limited into our Company
2014	Set up manufacturing facility at Jammu, Jammu & Kashmir
2014	Amalgamation of Baheti Rotoplast Private Limited into our Company
2014	Investment in our Company by Latinia Limited
2015	Set up manufacturing facility at Tiruchirapalli, Tamil Nadu
2016	Set up manufacturing facility at Jaipur, Rajasthan
2017	Amalgamation of Waterwell Containers Private Limited into our Company
2018	Set up manufacturing facility at Dahej, Gujarat

Awards and Accreditations received by our Company

The table below sets forth the key awards, accreditations and accolades received by our Company:

Calendar Year	Awards and Accreditations
2015	Our Company was recognised as being amongst 'The World's Greatest Brands 2015 Asia and GCC' by URS International (Asia One)
2016	Our Company was recognised as the first company in the Indian plastic industry to implement SAP S/4/HANA 1511 Digital Core Enterprise Management Solutions
2017	Vectus group was awarded the 'SAP HANA Innovation Award' for securing 2nd place in the social hero category.

Holding company

As on the date of this Draft Red Herring Prospectus, our Company has no holding company.

Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company has three subsidiaries, Gangotri Polymers Private Limited, Sunrise Tanks Private Limited and Vectus Containers Private Limited. Unless stated otherwise, information in relation to our Subsidiaries is as on the date of this Draft Red Herring Prospectus.

1. ***Gangotri Polymers Private Limited***

Corporate Information

Gangotri Polymers Private Limited ("**GPPL**") was incorporated on May 29, 1998 under the Companies Act, 1956 at Gwalior and has its registered office at 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh.

GPPL is authorized under its constitutional documents to carry on the business of manufacturing, exporting, importing, buying, selling, distributing and dealing in polythene containers, water storage tanks and containers, among others.

Capital Structure

Particulars	No. of equity shares of ₹ 10 each
Authorised share capital	1,000,000
Issued, subscribed and paid-up share capital	299,866

Shareholding Pattern

The shareholding pattern of GPPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Vectus Industries Limited	227,896	76.00
2.	Ashish Ladha	36,487	12.17
3.	Shyam Sunder Ladha	23,948	7.99
4.	Aruna Ladha	9,035	3.01
5.	Satya Narayan Ladha	2,500	0.83
Total		**299,866**	**100.00**

2. ***Sunrise Tanks Private Limited***

Corporate Information

Sunrise Tanks Private Limited ("**STPL**") was incorporated on May 1, 1997 under the Companies Act, 1956 at Gwalior and has its registered office at 262, Jiwaji Nagar, Thatipur, Gwalior 474 011, Madhya Pradesh.

STPL is authorized under its constitutional documents to carry on the business of manufacturing, exporting, importing, buying, selling, distributing and dealing in polythene containers, water storage tanks and containers, among others.

Capital Structure

Particulars	No. of equity shares of ₹ 10 each
Authorised share capital	1,500,000
Issued, subscribed and paid-up share capital	1,431,699

Shareholding Pattern

The shareholding pattern of STPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Vectus Industries Limited	1,088,092	76.00
2.	Ashish Ladha	300,438	20.98
3.	Nidhi Ladha	15,109	1.06
4.	Satyanarayan Ladha	28,060	1.96

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
Total		**1,431,699**	**100.00**

3. ***Vectus Containers Private Limited***

Corporate Information

Vectus Containers Private Limited ("**VCPL**") was incorporated on October 7, 2011 under the Companies Act, 1956 at Gwalior and has its registered office at Kanchan, MPEB Lane, Near Achleshwar Temple, Gwalior 474 009, Madhya Pradesh.

VCPL is authorized under its constitutional documents to carry on the business of manufacturing, exporting, importing, buying, selling, distributing and dealing in polythene containers, water storage tanks and rotomoulded containers, among others. It is currently not engaged in any business activity.

Capital Structure

Particulars	No. of equity shares of ₹ 10 each
Authorised share capital	1,250,000
Issued, subscribed and paid-up share capital	650,000

Shareholding Pattern

The shareholding pattern of VCPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Vectus Industries Limited	649,800	99.97
2.	Ashish Baheti, nominee of Vectus Industries Limited	100	0.015
3.	Atul Ladha, nominee of Vectus Industries Limited	100	0.015
Total		**650,000**	**100.00**

Other Confirmations

1. None of our Subsidiaries have made any public or rights issue in the last three years.

2. None of our Subsidiaries are listed on any stock exchange in India or abroad and nor have our Subsidiaries been refused listing by any stock exchange in India or abroad.

3. None of our Subsidiaries have become sick companies under the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, nor have they been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016.

4. There are no accumulated profits or losses of our Subsidiaries not accounted for by our Company.

Interest of our Subsidiaries in our Company

Other than Gangotri Polymers Private Limited and Sunrise Tanks Private Limited, none of our Subsidiaries have any business interest in our Company. For further details of the transactions between our Company and our Subsidiaries, see "*Related Party Transactions*" beginning on page 173.

Material Transactions

Other than as disclosed in "*Related Party Transactions*" on page 173, there are no sales or purchase between our Company and any of our Subsidiaries where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common Pursuits

Our Subsidiaries are engaged in activities similar to that of our Company and our Company ensures necessary procedure and practices as permitted by laws and regulatory guidelines to address any conflict situations as and when they arise.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profit and loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Capital-raising activities through equity and debt

For details regarding our Company's capital-raising activities through equity and debt, as applicable, please see the sections entitled "*Capital Structure*", "*Financial Indebtedness*", and "*Financial Statements*" beginning on pages 65, 322 and 174, respectively.

Time/Cost Over-runs

We have not experienced any instances of time / cost overrun in the business operations.

Defaults or rescheduling of borrowings and conversions of loans into equity

There have been no defaults or rescheduling of the borrowings of our Company with financial institutions/banks. For details of our financing arrangements, see *"Financial Indebtedness"* on page 322. Further, none of the outstanding loans have been rescheduled or been converted into Equity Shares.

Lock-outs or strikes

We have not experienced any lock-outs or strikes since the incorporation of our Company.

Injunctions or restraining order

As on the date of this Draft Red Herring Prospectus, our Company is not presently operating under any injunction or restraining order.

Details regarding acquisition of business/undertakings/mergers and amalgamations

Except as stated below, our Company has not acquired any business or undertaking, and has not undertaken any mergers, amalgamation or revaluation of assets.

Scheme of Amalgamation between Sintir Plast Containers Private Limited and our Company

Pursuant to a resolution dated April 30, 2012 passed by the board of directors of Sintir Plast Containers Private Limited, ("**Sintir**"), and resolution dated April 30, 2012 passed by our Board, Sintir filed a scheme of amalgamation ("**Scheme I**") under Sections 391 and 394 of the Companies Act, 1956, before the Hon'ble High Court of Madhya Pradesh at Gwalior (the "**Madhya Pradesh High Court**") for amalgamation of Sintir with our Company. The rationale of Scheme I was, *inter alia*, to optimise utilisation and integration of financial and non-financial resources including organisational and managerial resources, for better exploitation and realisation of the potential for the growth of the combined business and enhancement of shareholder value. Pursuant to Scheme I, the entire undertaking of Sintir, along with *inter alia* all its assets and liabilities, were transferred to our Company and our Company allotted 172 Equity Shares to the then shareholders of Sintir for every 10 equity shares of ₹ 100 each held by them in Sintir. The Madhya Pradesh High Court approved the Scheme I on November 1, 2013 which came into effect from November 18, 2013.

Scheme of Amalgamation between Baheti Rotoplast Private Limited and our Company

Pursuant to the resolutions dated April 30, 2012 each passed by the board of directors of Baheti Rotoplast Private Limited ("**Baheti**") and the Board of our Company, a scheme of amalgamation ("**Scheme II**") under Sections 391 and 394 of the Companies Act, 1956, was filed by our Company and Baheti before the High Court of Madhya Pradesh, Jabalpur Bench at Gwalior and the High Court of Delhi at New Delhi respectively for amalgamation of Baheti with our Company. The rationale of Scheme II was, *inter alia*, to optimise utilisation and integration of financial and non-financial resources including organisational and managerial resources, for better exploitation and realisation of the potential for the growth of the combined business and enhancement of shareholder value. Pursuant to Scheme II, the entire undertaking of Baheti, along with *inter alia* all its assets and liabilities, were transferred to our Company and our Company allotted 53 Equity Shares to the then shareholders of Baheti for every 10 equity shares of ₹ 10 each held by them in Baheti; and (b) the fraction shares, pursuant to an affidavit dated January 23, 2014 filed by Baheti, were entrusted in favour of Sourav Somani, who acted as the trustee and custodian for the beneficial holders of such fraction shares. The High Court of Delhi and the High Court of Madhya Pradesh approved the Scheme II on January 28, 2014 and March 11, 2014 respectively which came into effect from March 28, 2014.

Scheme of Amalgamation between Waterwell Containers Private Limited and our Company

Pursuant to the resolutions dated November 19, 2014 each passed by the board of directors of Waterwell Containers Private Limited and the Board of our Company ("**Petitioners**"), a scheme of amalgamation ("**Scheme III**") under Sections 391 to

394 of the Companies Act, 1956, before the High Court of Madhya Pradesh, at Gwalior ("**Madhya Pradesh High Court**") for amalgamation of Waterwell Containers Private Limited ("**Waterwell**") with our Company was filed by the Petitioners. The Madhya Pradesh High Court in view of the Rule 3 of the Companies (Transfer of Pending Proceedings) Rules, 2016 *vide* order dated April 28, 2017 transferred the application of Petitioners to the National Company Law Tribunal, Ahmedabad Bench ("**Tribunal**"). The rationale of Scheme III was, *inter alia*, to optimize utilization and integration of financial and non-financial resources of our Company and Waterwell and enhancement of shareholder value. Pursuant to Scheme III, authorised share capital of our Company was increased from ₹ 150.00 million divided into 15,000,000 Equity Shares of ₹ 10 each to ₹ 152.00 million divided into 15,200,000 equity shares of ₹ 10 each. Pursuant to Scheme III, the entire undertaking of Waterwell, along with *inter alia* all its assets and liabilities, were transferred to our Company. The Tribunal approved the Scheme III on December 15, 2017 which came into effect from January 11, 2018.

Equity Shareholders of our Company

As on the date of this Draft Red Herring Prospectus, our Company has 11 Equity Shareholders. For further details, see "*Capital Structure*" on page 65.

Strategic or financial partners

Our Company does not have any strategic or financial partners.

Shareholders' agreements/Investment agreements

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any investment agreement or shareholders' agreements that are subsisting except as set forth below.

*Investment agreement dated June 12, 2014 between the Company, Ashish Baheti, Atul Ladha, Sarika Baheti, Ashish Baheti (HUF), Pure Ganga Water Systems Private Limited, Misha Baheti, Divian Baheti, Sunita Ladha, Shanti Devi Ladha, Atul Ladha and Sons (HUF), Shivangi Polymers Private Limited, G.D. Ladha, Manorama Ladha and Latinia Limited (collectively, the "**Parties**") (the "**Investment Agreement**") as amended on June 18, 2015 and May 30, 2018 entered into among the Parties*

Pursuant to the Investment Agreement, Latinia Limited subscribed to and the Company allotted 1,000 Equity Shares at a price of ₹ 355 each and 999,645 CCDs at a subscription price of ₹ 1,000 each. The Parties entered into the Investment Agreement to set out the mutual rights and obligations of certain shareholders of our Company. As on the date of this Draft Red Herring Prospectus, all CCDs of our Company have been converted into Equity Shares, and there are no outstanding CCDs of the Company. Pursuant to the Investment Agreement, Latinia Limited has certain special rights including but not limited to:

(i) right to appoint a nominee director and an observer on our Board, board of directors of each of our subsidiaries and committees of our Board as long as Latinia Limited holds 5% of the share capital of our Company on a fully diluted basis;

(ii) right to receive information including financial information and business plan of our Company; and

(iii) affirmative voting rights in relation to the reserved matters proposed to be passed at the meetings of our Board (including committees) and/ or meetings of our shareholders, including, among others:

- any change to the share capital, including, issuance, redemption, transfer, conversion, retirement or buyback or acquisition of shares, securities, bonds, debentures, business, alliances, mergers, appointment of investment or merchant bankers and other advisors in relation to the foregoing;

- any action which would lead to and any decision with respect to the listing/de-listing of the shares of our Company;

- creation, approval, adoption and issuance thereunder of any employee stock option scheme or employee stock purchase scheme;

- changes in the constitution of the Board, including without any limitation, any increase or decrease in the size of the Board;

- any change in accounting methods or policies or any change in tax policies; and

- any declaration or payment of dividends, distribution of profits;

The Investment Agreement shall be terminated and cease to have any force and effect , without any further act or deed, with effect from the earlier of (a) the mutual agreement of the Parties to the Investment Agreement to terminate the Investment Agreement, as amended; or (b) upon receipt of final listing and trading approvals for listing of the Equity Shares on a recognised stock exchange pursuant to the initial public offering of the Equity Shares. All rights of Latinia Limited under the Investment Agreement shall stand terminated immediately upon the shareholding of Latinia Limited in the Company falling below 5% of the share capital of the Company on a fully diluted basis.

Other Material Agreements

Our Company has not entered into any material agreements other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding this Draft Red Herring Prospectus.

Guarantees

Other than as disclosed in the sections entitled "*Financial Indebtedness*" and "*Financial Statements*" on pages 322 and 174, respectively, our Promoter Selling Shareholders have not given any guarantee to any third parties.

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of six Directors including two executive Directors, one non-executive nominee Director and three independent Directors (including one woman director).

The following table sets forth details regarding our Board of Directors as of the date of this Draft Red Herring Prospectus:

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	***Name***: Ashish Baheti ***Designation***: Managing Director ***Address:*** 502, Tennessee Tower, The Forest, Sector 92, Noida 201 304, Uttar Pradesh ***Occupation:*** Business ***Nationality:*** Indian ***Term:*** For a period of five years with effect from April 1, 2015 and liable to retire by rotation ***DIN:*** 01162605	49	• Sunrise Tanks Private Limited; • Gangotri Polymers Private Limited; • Pure Ganga Water Systems Private Limited; and • Vectus Containers Private Limited;
2.	***Name***: Atul Ladha ***Designation:*** Managing Director ***Address:*** GF-2, Pearls Gateway Towers, Sector 44, Noida 201 301, Uttar Pradesh ***Occupation:*** Business ***Nationality:*** Indian ***Term:*** For a period of five years with effect from April 1, 2015 and liable to retire by rotation ***DIN:*** 00978072	51	• Shivangi Polymers Private Limited; • Sunrise Tanks Private Limited; • Gangotri Polymers Private Limited; • Vidhya Sagar Dhody Marketing Private Limited; • Ladha Real Estate Private Limited; • Vectus Containers Private Limited; and • Gwalior Chambal Federation of Industries.
3.	***Name:*** Anand Narayan ***Designation***: Nominee Director* ***Address:*** D-03, Palacio, Old No. 216, New No. 408, TTK Road, Alwarpet, Chennai 600 018, Tamil Nadu ***Occupation:*** Service ***Nationality:*** Indian ***Term:*** Appointed on June 20, 2014 and not liable to retire by rotation ***DIN:*** 02110727	54	• Paras Healthcare Private Limited; • Ashiana Housing Limited; and • Redrock (India) Offshore Consultants Private Limited.
4.	***Name:*** Santosh Kumar Maheshwari ***Designation:*** Independent Director ***Address:*** Flat No. K-301, Pearl Gateway Towers, Sector 44, Noida 201 301, Uttar Pradesh ***Occupation:*** Service	71	• Eco Promoters Private Limited; • Focus Projects Private Limited; • Glitter Commerce Private Limited; • Honest Promoters Private Limited; • Rachna Realty Private Limited; and

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	***Nationality**:* Indian ***Term**:* Appointed on September 30, 2014 for a period of five years ***DIN**:* 01956866		• Theta Cement Private Limited.
5.	***Name**:* Geeta Dhingra ***Designation***: Independent Director ***Address***: 104, Pan In Plaza, Shinde ki Chawani, Lashkar, Gwalior 474 009, Madhya Pradesh ***Occupation**:* Professional ***Nationality**:* Indian ***Term**:* Appointed on May 30, 2018 for a period of five years ***DIN**:* 08141565	48	NIL
6.	***Name**:* Kapilesh Manglik ***Designation***: Independent Director ***Address***: A-101, Pearls Gateway Towers, Sector 44, Near Amity School, Noida 201 303, Uttar Pradesh ***Occupation**:* Professional ***Nationality**:* Indian ***Term**:* Appointed on March 31, 2015 for a period of five years ***DIN**:* 00529564	69	NIL

* *Nominee of Latinia Limited*

Relationship between our Directors

None of our Directors are related to each other.

Brief biographies of Directors

Ashish Baheti, aged 49 years, is a Managing Director of our Company. He holds a bachelor's degree in technology in mechanical engineering from the Indian Institute of Technology, Kanpur. He is jointly responsible for overall supervision and handling day to day affairs of our Company. He has been associated with our Company since its incorporation and was re-appointed as a Managing Director with effect from April 1, 2015 for a period of five years. He has more than 28 years of experience in the plastic industry. He has served as the president of the Society of Asian Rotomoulders.

Atul Ladha, aged 51 years, is a Managing Director of our Company. He holds a bachelor's degree in commerce from the Jiwaji University, Gwalior. He is jointly responsible for overall supervision and handling day to day affairs of our Company. He has been associated with our Company since its incorporation and was last re-appointed as a Managing Director with effect from April 1, 2015 for a period of five years. He has more than 27 years of experience in the plastic industry.

Anand Narayan, aged 54 years is the Nominee Director of our Company and was appointed to our Board on June 20, 2014. He holds a bachelor's degree in mechanical engineering from the Rajasthan University. He also holds a post graduate diploma in management from the Indian Institute of Management, Bangalore. He has more than 27 years of experience. He has previously been associated with Chambal Fertilisers and Chemicals Limited, Eicher Span Financial Services Limited, Infrastructure Leasing and Financial Services Limited and Veda Corporate Advisors Pvt. Ltd.

Santosh Kumar Maheshwari, aged 71 years, is an Independent Director of our Company and was appointed to our Board on September 30, 2014. He holds a bachelor's degree in science from the Agra University and a master's degree in science in chemistry from the Meerut University. He also holds a master's degree of arts from the University of Leeds and associateship of National College of Rubber Technology from the University of London. He has several years of experience in the industry.

He has previously worked with Bata Shoe Company Private Limited, Willard India Limited, Indian Petrochemicals Corporation Limited, Usha Beltron Limited, Indian Rayon and Industries Limited, Grasim Industries Limited and Shree Renuka Sugars Limited, among others.

Geeta Dhingra, aged 48 years, is an Independent Director of our Company and was appointed to our Board on May 30, 2018. She attended a bachelor's course in commerce from the Jiwaji University, Gwalior and is a fellow member of the Institute of Chartered Accountants of India. She has more than 21 years of experience. She was awarded the 'Outstanding Young Women of Gwalior Award' by JCI Gwalior Priyadarshini and 'Spandan – Special Performance Award' by The National Trust for the welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities in the year 2009 and 2013 respectively. She is the founding partner of M/s. Geeta Dhingra & Associates.

Kapilesh Manglik, aged 69 years, is an Independent Director of our Company and was appointed to our Board on March 31, 2015. He holds a bachelor's degree in commerce from the University of Allahabad and is a fellow member of the Institute of Chartered Accountants of India. He has more than 37 years of experience. He has previously has worked with Thakur, Vaidyanath Aiyer & Co., S. Vaish & Co. and S.R. Batliboi & Associates LLP and is presently associated with Ernst & Young LLP as a consultant.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on the Stock Exchanges.

None of our Directors is, or was a director or a promoter of any listed company which has been, or was delisted from any stock exchange and where they were directors during the term of their directorship in such company.

None of our Directors has been or was identified as a Wilful Defaulter.

No consideration in cash or shares or otherwise or in any other form has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested, 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

Ashish Baheti

Ashish Baheti was appointed as our Managing Director, pursuant to a Board resolution dated September 1, 2007 and appointment agreement dated April 21, 2014. He was re-appointed as the Managing Director of our Company with effect from April 1, 2015 pursuant to a Board resolution dated July 28, 2015 for a period of five years. The details of remuneration governing his appointment as set out in the Board and Shareholders' resolution dated May 30, 2018 and June 5, 2018 respectively are stated below:

Particulars	Remuneration
Salary	₹ 12.00 million per annum
Perquisites and Benefits	• Car shall be provided by the Company and payment of running and maintenance including insurance expenses and chauffeur's salary on actual basis; • Reimbursement of mobile bill on actual basis; • Reimbursement of business travel expenses on actual basis; • Paid holidays in addition to general office and/or public holidays as per the Company's HR policy in force; • Provident fund, gratuity as per the rules of the Company; • Medical and sickness benefits in accordance with Company's HR policy; and • Reimbursement of out of pocket expenses incurred in undertaking the duties on actual basis
Performance linked incentive	₹ 3.00 million per annum

Atul Ladha

Atul Ladha was appointed as our Managing Director, pursuant to a Board resolution dated September 1, 2007 and appointment agreement dated April 21, 2014. He was re-appointed as a Managing Director of our Company with effect from April 1, 2015 pursuant to a Board resolution dated July 28, 2015, for a period of five years. The details of remuneration governing his appointment as set out in the Board and Shareholders' resolution dated May 30, 2018 and June 5, 2018 respectively are stated below:

Particulars	Remuneration
Salary	₹ 12.00 million per annum
Perquisites and Benefits	• Car shall be provided by the Company and payment of running and maintenance including insurance expenses and chauffeur's salary on actual basis; • Reimbursement of mobile bill on actual basis; • Reimbursement of business travel expenses on actual basis; • Paid holidays in addition to general office and/or public holidays as per the Company's HR policy in force; • Provident fund, gratuity as per the rules of the Company; • Medical and sickness benefits in accordance with Company's HR policy; and • Reimbursement of out of pocket expenses incurred in undertaking the duties on actual basis
Performance linked incentive	₹ 3.00 million per annum

Payment or benefit to Directors of our Company

The sitting fees/other remuneration paid to our Directors in Fiscal 2018 are as follows:

1. **Remuneration to Executive Directors:**

Our Company has paid the following remuneration to our Executive Directors in Fiscal 2018:

Sl. No.	Name of Director	Total remuneration (in ₹million)
1.	Ashish Baheti	15.18
2.	Atul Ladha	15.18
	Total	30.36

2. **Remuneration to Non-Executive Directors:**

Each non-executive Director (except the nominee director) is entitled to receive sitting fees of ₹ 0.02 million and ₹ 5,000 respectively per meeting pursuant to a resolution of the Board dated August 31, 2017 for attending meetings of the Board and Audit Committee respectively within the limits prescribed under the Companies Act, 2013 as amended, and the rules made thereunder. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time. The details of the sitting fees paid to the non-executive Directors during Fiscal 2018 is as follows:

Sl. No.	Name of Director	Sitting fees paid (in ₹ million)
1.	Santosh Kumar Maheshwari	0.10
2.	Kapilesh Manglik	0.08
	Total	0.18

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for Anand Narayan who is a nominee director nominated by Latinia Limited, there is no arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification Equity Shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares	Percentage shareholding (%)
Ashish Baheti	4,129,475	31.41
Atul Ladha	3,837,204	29.19

Interest of Directors

Except as disclosed in this section, all Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and respective appointment letters, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Our Directors may also be interested to the extent of

Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives.

Interest in the promotion of the Company

Except for Ashish Baheti and Atul Ladha who are the Promoters of our Company, none of our Directors are interested in the promotion of our Company as of the date of this Draft Red Herring Prospectus. For details of interest of Ashish Baheti and Atul Ladha in our Company, see "*Our Promoter and Promoter Group*" on page 163.

Interest in property

Our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Red Herring Prospectus, or proposed to be acquired by our Company or in any transaction involving construction of building or supply of machinery etc.

Business or other interest

Except as stated in "*Related Party Transactions*" and *"Our Promoter and Promoter Group"* on page 163, respectively, and to the extent of shareholding in our Company, as disclosed, our Directors do not have any other interest in our business.

Payment of benefits (non-salary related)

No amount or benefit has been paid or given to our Directors within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors. For further details, see "*Related Party Transactions*" on page 173.

Loans to Directors

No loans have been availed by the Directors from our Company.

None of the beneficiaries of loans or advances and sundry debtors are related to the Directors of our Company.

Bonus or profit sharing plan for the Directors

Other than as disclosed under "-*Remuneration to Executive Directors*" on page 150, none of the Directors are party to any bonus or profit sharing plan of our Company.

Service contracts with Directors

Further, except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no Director has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment. For details see "-*Remuneration to Executive Directors*" on page 150.

Changes in the Board in the last three years

Name	Date of appointment/ change/cessation	Reason for change
Sunita Ladha	May 30, 2018	Cessation due to resignation
Sarika Baheti	May 30, 2018	Cessation due to resignation
Geeta Dhingra	May 30, 2018	Appointment as an Independent Director

Borrowing Powers of Board

Pursuant to our Articles of Association, subject to applicable laws and pursuant to the resolution of the shareholders of our Company passed at the AGM held on June 5, 2018, our Board has been authorised to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed (apart from the temporary loans obtained from our Company's bankers in the ordinary course of our business) together with monies, if any, already borrowed by our Company will or may exceed the aggregate of the paid up capital of our Company and our free reserves, provided further that the total amount upto which the money may be borrowed and outstanding at any point of time, shall not exceed the amount of ₹ 1,000 million, at any point of time.

Corporate Governance

The provisions relating to corporate governance prescribed under the 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 Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including the constitution of our Board and committees thereof, and formulation and adoption of various policies.

Our Board has been constituted in compliance with the Companies Act and the Listing Regulations. 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.

Committees of the Board

Audit Committee

The Audit Committee of the Board consists of three members. The members of the Audit Committee are:

1. Kapilesh Manglik *(Chairman)*;
2. Santosh Kumar Maheshwari; and
3. Anand Narayan.

The Audit Committee was originally constituted pursuant to a meeting of the Board of Directors held on March 30, 2015 and last re-constituted by a meeting of the Board of Directors held on May 18, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The terms of reference of the Audit Committee include:

(a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Reviewing and recommending for approval to the Board:

- Proposals on borrowings and proposals on non-fund based facilities from banks
- Business plan
- Corporate annual budget and revised estimates;

(c) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the internal auditor, cost auditor and statutory auditor and the fixation of audit fee;

(d) Review and monitor the auditor's independence and performance and the effectiveness of audit process;

(e) Approval of payments to the statutory, internal and cost auditors for any other services rendered by statutory auditors;

(f) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;

(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 management;

(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;

(vii) Qualifications and modified opinions in the draft audit report;

(viii) Compliance with accounting standards;

(ix) Contingent liabilities;

(x) Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013;

(g) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(h) Laying down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

(i) Scrutiny of inter-corporate loans and investments;

(j) Valuation of undertakings or assets of our Company, wherever it is necessary;

(k) Evaluation of internal financial controls and risk management systems;

(l) Approval or any subsequent modification of transactions of our Company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

(m) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(n) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(o) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

(p) 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;

(q) Discussion with internal auditors on any significant findings and follow up thereon;

(r) 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;

(s) Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(t) 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;

(u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(v) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

(w) Monitoring of a vigil mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the chairperson of the Audit Committee in exceptional cases where deemed necessary;

(x) Discretion to invite the finance director or head of the finance functions, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee: Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity.

(y) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and

(z) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time."

The powers of the Audit Committee include the following:

(a) To investigate activity within its terms of reference;

(b) To seek information from any employees;

(c) To obtain outside legal or other professional advice;

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and

(e) To have full access to the information contained in the records of the Company

The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and result of operations;

(b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

(c) Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on corporate governance;

(d) On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approval given;

(e) Whether the policy dealing with related party transactions is placed on the website of the Company;

(f) Management letters/letters of internal control weaknesses issued by the statutory auditors;

(g) Internal audit reports relating to internal control weaknesses;

(h) The appointment, removal and terms of remuneration of the chief internal auditor; and

(i) 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 Listing Regulations; and

  (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI ICDR Regulations

The Audit Committee is required to meet at least four times in a year, and not more than 120 days are permitted to elapse between two meetings in accordance with the terms of the Listing Regulations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board consists of three members. The members of the Nomination and Remuneration Committee are:

1. Santosh Kumar Maheshwari *(Chairman)*;

2. Kapilesh Manglik; and

3. Anand Narayan;

The Nomination and Remuneration Committee was constituted pursuant to a meeting of the Board of Directors held on March 30, 2015 and was last reconstituted by a meeting of the meeting of Board of Directors held on May 18, 2018. 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 Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

(a) Formulate 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) Formulation of criteria for evaluation of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(e) Analysing, monitoring and reviewing various human resource and compensation matters;

(f) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(i) 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) Regulations, 2014;

(j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

(k) Determine 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) Evaluating the current composition, organization and governance of the Board and its committees as well as determining future requirements and making recommendations to the Board for approval;

(m) Determining on an annual basis, desired qualifications along with the expertise, characteristics and conduct searches for potential Board members with corresponding attributes. Thereafter, evaluation and proposal of nominees for election to the Board. In performing these tasks, the committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates;

(n) Evaluation and recommendation of termination of membership of individual directors in accordance with the Board's governance principles for cause or for other appropriate reasons;

(o) Making recommendations to the Board in relation to the appointment, promotion and removal of the senior management personnel at such level(s);

(p) Reviewing, amending, modifying and approving all other human resources related policies of our Company from time to time;

(q) Reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;

(r) Reviewing and recommending to the Board, matters relating to revision of compensation/ salary and long term wage settlements;

(s) Consideration and approval of employee stock option schemes and to administer and supervise the same;

(t) Decision on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc;

(u) Periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;

(v) Authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;

(w) Ensuring proper induction program for new directors, key managerial personnel and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;

(x) Developing a succession plan for our Board and senior management and regularly reviewing the plan;

(y) Consideration and determination of the nomination and remuneration policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;

(z) Ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company; and

(aa) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee."

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board consists of three members. The members of the Stakeholders' Relationship Committee are:

1. Geeta Dhingra *(Chairperson)*;

2. Atul Ladha; and

3. Ashish Baheti.

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on May 30, 2018. The terms of reference of the Stakeholders' Relationship Committee was adopted pursuant to the Board resolution dated May 30, 2018. 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 of the Stakeholders' Relationship Committee include:

(a) Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;

(b) Collecting and analyzing reports received periodically from the Registrar and the Share Transfer Agent on the following:

- Complaints regarding non-receipt of the shares, debentures, deposit receipt, declared dividend or interest;

- Complaints of investors routed by the SEBI or Stock Exchanges and others;

- Transfer, sub-division, consolidation, split, exchange, endorsement, transmission of share certificates and transposition of share certificates;

- Issue of share certificates, debenture certificates, duplicate share or debenture certificates in lieu of lost/ torn/ mutilated/ defaced certificates;

- Requests relating to de-materialization and re-materialization of shares;

- Requests relating to modes of paying the dividend i.e. through electronic clearing service, RTGS and issue of dividend warrant for dividend payment/ interest etc.; and

- Complaints related to allotment of shares, transfer or transmission of shares, debentures or any other securities, non-receipt of annual report and non-receipt of declared dividends or any other document or information to be sent by our Company to its shareholders.

(c) Approval of transfer or transmission of shares, debentures or any other securities;

(d) Issue of duplicate certificates and new certificates on split/consolidation/renewal;

(e) Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders; and

(f) Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law."

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of our Board consists of four members. The members of the Corporate Social Responsibility Committee are:

1. Atul Ladha *(Chairman)*;

2. Ashish Baheti;

3. Santosh Kumar Maheshwari; and

4. Anand Narayan

The Corporate Social Responsibility Committee was originally constituted by our Board of Directors at their meeting held on January 21, 2015 and last reconstituted by the Board of Directors at their meeting held on May 18, 2018. The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. The terms of reference of the Corporate Social Responsibility Committee of our Company include:

(a) Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

(b) Ensuring that the corporate social responsibility policy shall include/ indicate the activities to be undertaken by the companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business;

(c) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

(d) Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(e) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;

(f) Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(g) Assistance to our Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;

(h) Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(i) Providing explanation to the Board if our Company fails to spend the prescribed amount within the financial year;

(j) Providing updates to our Board at regular intervals of six months on the corporate social responsibility activities;

(k) Regulation of its own proceedings subject to the terms of reference;

(l) Reviewing and recommending the corporate social responsibility plan for the ensuing Fiscal to our Board;

(m) Approval of any project that may come during the year and which is not covered in the corporate social responsibility plan up to such amount as may be prescribed by our Board from time to time; and

(n) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company."

Further, we have also constituted an IPO Committee.

IPO Committee

The IPO Committee was constituted by a meeting of the Board held on May 18, 2018.

The members of the IPO Committee are:

1. Anand Narayan *(Chairman)*;

2. Atul Ladha; and

3. Ashish Baheti.

The IPO Committee is authorized to undertake the following acts:

(a) To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the relevant registrar of companies and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus;

(b) To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

(c) To decide in consultation with the BRLMs and the Selling Shareholders (to the extent applicable) on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including issue price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;

(d) To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;

(e) To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the issue and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

(f) To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiaries, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

(g) To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(h) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(i) To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

(j) To accept and appropriate the proceeds of the Offer;

(k) To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

(l) To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

(m) To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required 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 authorize one or more officers of the Company to sign all or any of the aforestated documents;

(n) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

(o) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs and the Selling Shareholders;

(p) To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale;

(q) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;

(r) To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

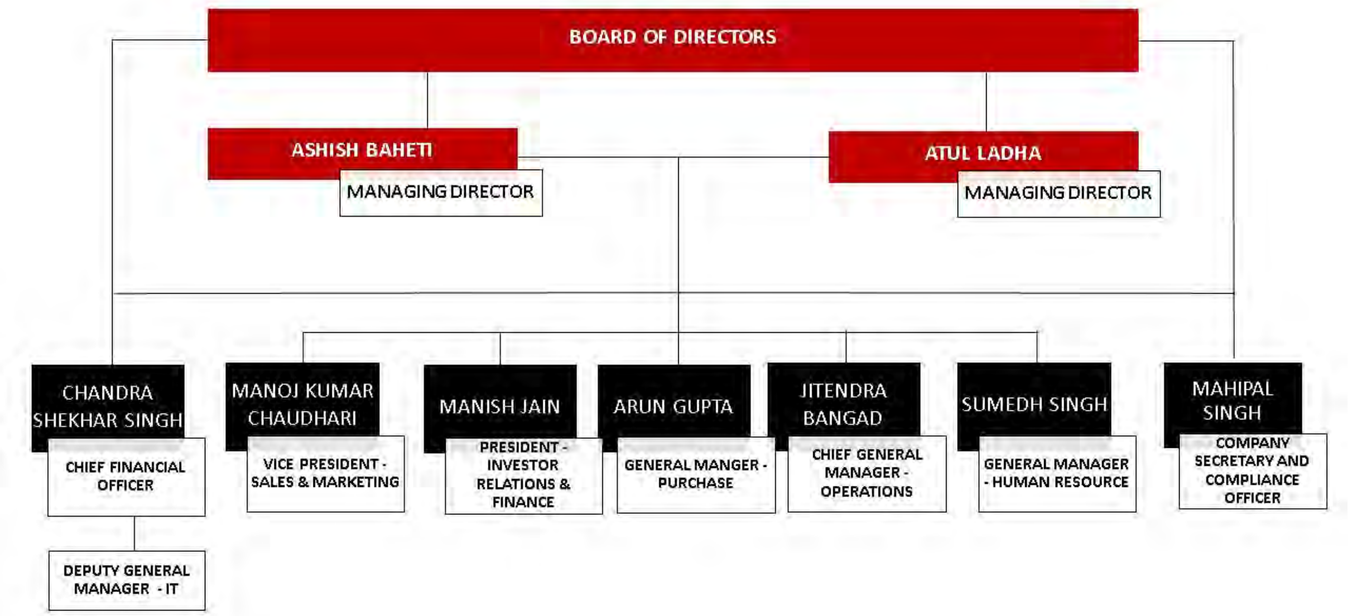
(s) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit;

(t) to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant stock exchange(s) where the Equity Shares are to be listed;

(u) To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution 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 shall be conclusive evidence of the authority of the IPO Committee in so doing; and

(v) to delegate any of its powers set out under (a) to (r) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;”

Management Organisation Chart



Key Management Personnel and Senior Management Personnel

The details of the Key Management Personnel are as follows:

Ashish Baheti is a Managing Director of our Company. For further details, see, "-*Brief biographies of Directors*" on page 148.

Atul Ladha is a Managing Director of our Company. For further details, see, "-*Brief biographies of Directors*" on page 148.

Chandra Shekhar Singh, aged 36 years, is the Chief Financial Officer of our Company. He joined our Company on August 23, 2014 and was appointed as our Chief Financial Officer with effect from January 21, 2015. He is responsible for the Company's finances, including financial planning, management of financial risk and financial reporting of the Company. He attended a bachelor's course in commerce at the University of Calcutta. He is an associate member of the Institute of Chartered Accountants of India. He was awarded Sparkle and EY Excellerator award by Ernst & Young. He has an experience of more than 13 years in finance, accounts and taxation. Prior to joining our Company, he was associated with Ernst & Young LLP, BSR & Co., Chartered Accountants and Mother Dairy. During Fiscal 2018, he received a remuneration of ₹ 4.51 million from our Company.

Mahipal Singh, aged 34 years, is the Company Secretary and Compliance Officer of our Company. He joined our Company on September 20, 2016. He is responsible for the secretarial and compliance matters of the Company. He attended a bachelor's and master's course in commerce from Mahatma Jyotibha Phule Rohilkhand University, Bareilly. He is an associate member of the Institute of Company Secretaries of India. He also holds a certification in financial markets for completing the derivatives market (dealers) module from the NSE Limited. He has an experience of more than nine years in secretarial and compliance matters. Prior to joining our Company, he was associated with FMS Securities Limited and PME Power Solutions (India) Limited. During Fiscal 2018, he received a remuneration of ₹ 0.79 million from our Company.

Further, the brief details of our senior management personnel, as on the date of this Draft Red Herring Prospectus are set forth hereunder.

Manish Jain, aged 49 years, is the President – Investor Relations & Finance of our Company. He joined our Company on June 1, 2018. He is responsible for the strategic finance, investor relations, providing strategic inputs and mentoring the finance team of the Company. He holds a bachelor's degree in commerce from the Maharshi Dayanand University. He is a fellow member of the Institute of Company Secretaries of India and a graduate member of the Institute of Cost and Works Accountants of India. He also holds a certificate from Achieve Global for completing Leadership 2000 programme in the year 2000. He has more than 20 years of experience in various industries including retail, digital media and e-commerce. Prior to joining our Company, he was running his own advisory services as management consultant and earlier he was associated with Ambience Projects & Infrastructure Limited, Archies Limited, Globus Infocom Limited and Times Internet Limited. Since he was appointed in Fiscal 2019, he was not paid any remuneration by our Company during Fiscal 2018.

Jitendra Bangad, aged 45 years, is the Chief General Manager - Operation of our Company. He joined our Company on September 1, 2009. He is responsible for the overall manufacturing operations of the Company. He holds a bachelor's degree in engineering in mechanical from Jiwaji University. He has an experience of more than 23 years in plastic processing, extrusion, moulding and fabrication, among others. Prior to joining our Company, he was associated with Supreme Industries Limited. During Fiscal 2018, he received a remuneration of ₹2.92 million from our Company.

Manoj Kumar Chaudhari, aged 47 years, is the Vice President-Sales & Marketing of our Company. He joined our Company on July 6, 2017. He is responsible for the sales revenue generation, business development and development of sales strategies of the Company. He attended a bachelor's course in science from Jiwaji University, Gwalior and also attended a master's course in science in physics from Jiwaji University, Gwalior. He also attended a master's course in business management from L.N. Mishra College of Business Management. He has an experience of more than 11 years in luggage and bathroom fittings. Prior to joining our Company, he was associated with Roca Bathroom Products Private Limited, among others. During Fiscal 2018, he received a remuneration of ₹ 2.99 million from our Company.

Arun Gupta, aged 45 years, is the General Manager – Purchase of our Company. He joined our Company on July 7, 2014. He is responsible for the purchase and procurement of material to the Company. He holds a bachelor's degree in engineering (mechanical) from North Maharashtra University and a master's degree in business administration from Indira Gandhi National Open University. He has an experience of more than 21 years in material management, plant operation and plant maintenance. Prior to joining our Company, he was associated with Fontus Water Private Limited, Bridgecon India, Abir Infrastructure Private Limited, Energy Infratech Private Limited, Welspun Gujarat Stahl Rohren Limited and Indo Rama Synthetics (I) Limited. During Fiscal 2018, he received a remuneration of ₹2.30 million from our Company.

Sumedh Singh, aged 41 years, is the General Manager – Human Resource of our Company. He joined our Company on December 8, 2014. He is responsible for the overall implementation of human resource policies and practices, talent acquisition and talent management of the Company. He holds a bachelor's degree in science with honours in mathematics from Ranchi University and a master's degree in personnel management and industrial relations from Banaras Hindu University. He has an experience of more than 13 years in human resources. Prior to joining our Company, he was associated with Amtek Auto Limited, Minda Management Services Limited, Hindustan Coca Cola Beverages Private Limited, Deccan Healthcare Limited and Delphi Automotive Systems Private Limited. During Fiscal 2018, he received a remuneration of ₹ 2.28 million from our Company.

Confirmations

None of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as set out below, none of our Key Management Personnel hold any Equity Shares in our Company.

Name of Key Management Personnel	Number of Equity Shares	Percentage shareholding (%)
Ashish Baheti	4,129,475	31.41
Atul Ladha	3,837,204	29.19

Bonus or profit sharing plans

Our Key Management Personnel may, from time to time, be entitled to certain bonus or incentives in accordance with the policies of our Company.

Interest of Key Management Personnel

Other than Ashish Baheti and Atul Ladha, our Managing Directors, none of our Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in the Company, if any.

Further, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Loans to Key Management Personnel

No loans have been availed by our Key Management Personnel from our Company.

Contingent and deferred compensation payable to our Director and Key Management Personnel

Other than performance linked incentives paid pursuant to terms of appointment of our Directors and the Key Management Personnel, there is no contingent or deferred compensation payable to our Directors and Key Management Personnel, which does not form a part of their remuneration.

Service Contracts

None of the Key Management Personnel of our Company has entered into a service contract with our Company, pursuant to which they are entitled to any benefits upon termination of employment.

Changes in the Key Management Personnel

Other than as disclosed in " - *Changes in the Board in the last three years"* on page 151, the changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Mahipal Singh	Company Secretary and Compliance Officer	September 20, 2016	Appointment
Mania Sarkar	Company Secretary	September 20, 2016	Resignation

Payment or Benefit to officers of our Company

Except as stated in this section, no non-salary amount or benefit has been paid or given to any of our Company's employees including the Key Management Personnel and our Directors within the two preceding years or is intended to be paid or given.

Employees Stock Options

For details of ESOP 2018, see "*Capital Structure*" on page 65.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are:

1. Ashish Baheti; and

2. Atul Ladha.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 7,966,679 Equity Shares in aggregate, representing 60.60 % of the issued, subscribed and paid-up Equity Share Capital of our Company.

Details of our Promoters are as follows:

1. Ashish Baheti

Ashish Baheti, aged 49 years, is a resident Indian national. For further details, see "*Our Management*" on page 147.

The voter identification number of Ashish Baheti is FJF3813540 and his driving license number is UP16 20110026724.

2. Atul Ladha

Atul Ladha, aged 51 years, is a resident Indian national. For further details, see "*Our Management*" on page 147.

The voter identification number of Atul Ladha is ZYH4420691 and his driving license number is UP16 20110026301.

Our Company confirms that the permanent account numbers, bank account numbers and passport numbers of Ashish Baheti and Atul Ladha shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company, their Directorship in our Company and the dividends payable, if any, and any other distributions in respect of their respective shareholding in our Company. For details of the shareholding of our Promoters in our Company, see "*Capital Structure*" on page 65.

Our Promoters may be deemed to be interested to the extent of remuneration, benefits and reimbursement of expenses payable to them as per the terms of their appointments as Managing Directors of our Company. For further details, see "*Our Management*" on page 147.

Except as stated in "*Related Party Transactions*" on page 173, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus or proposes to enter into any such contract, arrangements or agreements in which our Promoters are directly or indirectly interested and no payments or benefits are intended to be made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them. For further details of related party transactions, as per Ind AS 24, see "*Related Party Transactions*" on page 173.

Our Promoters have no interest, whether direct or indirect, in any property acquired by our Company within the preceding two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by it as on the date of filing of this Draft Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Except to the extent of their directorship and shareholding in our Subsidiaries and Group Companies, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. For further details, please see "*Our Management*" on page 147 and "*History and Certain Corporate Matters*" on page 140.

Our Promoters are not related to any sundry debtors or beneficiaries of loans and advances of our Company.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person either to induce the individual promoter to become, or qualify him as a director, or otherwise for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Payment or Benefits to Promoters or Promoter Group

Except as disclosed in this section and stated otherwise in "*Related Party Transactions*" on page 173 about the related party transactions entered into during the last five Financial Years and in "*Our Management*" on page 147, there has been no payment or benefit to our Promoters or Promoter Group during the two years prior to the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or members of the Promoter Group as on the date of this Draft Red Herring Prospectus.

Disassociation by Promoters in the last three years

Our Promoters have not disassociated themselves from any companies or firms during the preceding three years from the date of filing of this Draft Red Herring Prospectus.

Change in control of our Company

Our Promoters are original promoters of our Company and there has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Confirmations

Our Promoters and members of the Promoter Group have not been declared as Wilful Defaulters.

Our Promoters and members of the Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, there are no violations of securities laws committed by our Promoters and members of the Promoter Group in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company. For details see "*Our Business*" on page 121.

Our Promoters have not taken any unsecured loans from our Company.

Guarantees

Except as stated in the "*Financial Indebtedness*" and "*Financial Statements*" on pages 322 and 174, respectively, our Promoters have not given any guarantee to any third party as of the date of this Draft Red Herring Prospectus.

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)(zb) of the SEBI ICDR Regulations are set out below:

Natural persons who are part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with our Promoters), other than our Promoters, are as follows:

1. Ashish Kabra;

2. Divian Baheti;

3. Gopal Das Ladha;

4. Kamla Devi Tawari;

5. Kartikeya Ladha;

6. Madan Mohan Baheti;

7. Mahavir Prasad Kabra;

8. Mamta Jajoo;

9. Manish Tawari;

10. Manorama Ladha;

11. Misha Baheti;

12. Pavan Taori;

13. Rajesh Tawari;

14. Sanjay Tawari;

15. Santosh Kabra;

16. Sarika Baheti;

17. Seema Lakhotia;

18. Shivangi Ladha;

19. Shweta Tayal;

20. Sunita Ladha; and

21. Tara Baheti.

Entities forming part of the Promoter Group

The entities forming part of our Promoter Group are as follows:

1. A Baheti Family Private Trust;

2. Ashish Baheti Family Private Trust;

3. Atul Ladha (HUF);

4. Dinesh Garments;

5. Dinesh Vashtra Bhandar;

6. Ivory Destinations Private Limited;

7. Ladha GD & Co.;

8. Ladha Real Estate Private Limited;

9. Madan Mohan Baheti (HUF);

10. Mahavir Prasad Kabra (HUF);

11. Manish Tawari & Associates;

12. Neeranjali Trust;

13. Pure Ganga Water Systems Private Limited;

14. Raghusha Agrotech Private Limited;

15. S Baheti Family Private Trust;
16. Sanjay Lakotia (HUF);
17. Sarika Baheti Family Private Trust;
18. Satya Sagar;
19. Shivangi Polymers Private Limited;
20. SOP Technology Services Private Limited;
21. Urban Ventures;
22. Vectus Foundation;
23. Vedic Biotechnologies Private Limited.;
24. Vidhya Sagar Dhody Marketing Private Limited; and
25. Vriddhi Farms Private Limited.

OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations, for the purpose of identification of group companies, the Company has considered companies covered under the applicable accounting standard, i.e., Accounting Standard 24 issued by the Institute of Chartered Accountants of India ("**Ind AS 24**") as per the Restated Consolidated Financial Information, and other companies as per the materiality policy adopted by the Board through its resolution dated May 30, 2018. In terms of the materiality policy adopted by the Board, a company is considered to be a material Group Company if: (i) such company forms part of the Promoter Group and our Company has entered into one or more transactions with such company during the period of the latest restated Consolidated Financial Information, for the last completed financial year as well as any stub period (in respect of which restated financial statements are included in the offer documents), which individually or cumulatively in value exceeds 5% of the total revenue of the Company on standalone basis for that period; or (ii) such company, would be considered as a related party in terms of Ind AS 24, in the financial statements of the Company for periods subsequent to the date of the Restated Financial Statements. Accordingly, the Board has determined that there are no such other material group companies.

Based on the above, the following are our Group Companies:

1. Shivangi Polymers Private Limited

2. Ladha Real Estate Private Limited

3. Pure Ganga Water Systems Private Limited

4. Vidhya Sagar Dhody Marketing Private Limited

The Details of our Group Companies

The details of our Group Companies, are provided below:

1. **Shivangi Polymers Private Limited ("SPPL")**

Corporate Information

SPPL was incorporated on July 28, 1995 under the Companies Act, 1956 having CIN U28122MP1995PTC009786. Its registered office is situated at 262, Jiwaji Nagar, Thatipur, Gwalior, Madhya Pradesh 474 011, India.

SPPL was incorporated with the object to carry on the business of manufacturing, preparing, processing, buying, selling, importing, exporting and trading in plastics and plastics goods made from high density, polythelene, polypropylene, low density polyethylene, polyvinyl chloride and all other polymers including sheets, weres, liners, sacks, synthetic resin and compounds and auxiliary materials, derivatives, intermediates and compositions. SPPL is currently not engaged in any business activity.

Interest of Promoters

Except to the extent of shareholding and directorship of Atul Ladha, our Promoters have no other interest in SPPL. For further details, see "*Our Management*" on page 147.

Financial Performance

The financial information derived from the audited financial results of SPPL for the Financial Years 2018, 2017 and 2016 are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2018	2017	2016
Equity capital	1.00	1.00	1.00
Reserves and surplus (excluding revaluation reserve)	6.62	6.52	6.42
Net asset value per share	761.97	752.49	742.08

There are no significant notes by the auditors in relation to the above mentioned financial statements for the specified last three financial years.

2. **Ladha Real Estate Private Limited ("LREPL")**

Corporate Information

LREPL was incorporated on February 5, 2008 under the Companies Act, 1956 having CIN U70100MP2008PTC020293. Its registered office is situated at "Kanchan", Roshini Ghar Road, Near Achleshwar Temple, Gwalior, Madhya Pradesh 474 009, India.

LREPL was incorporated with the object to carry on the business of building, erecting, developing, promoting and contracting of civil, electrical, mechanical and other works and to act as colonizers, real estate owners, to acquire, through purchase, lease, exchange, rent, auction, or otherwise lands, buildings, and hereditaments of any size, tenure or description and any interest or estate therein and any rights connected with lands so situated and to turn the same to account as may be deemed expedient and in particular by laying out, developing or assisting in developing and preparing land by constructing, decorating, furnishing and maintaining offices, flats, service flats, houses, hotels, restaurants, guest houses, bungalows, chawls, factories, warehouses, shops, cinema houses, buildings, works and conveniences and by consolidating or connecting or subdividing properties for leasing, letting or renting, selling outright or by installments on ownership, hire purchase basis or otherwise and/or disposing of the same on any other terms and conditions, to construct house, buildings, workshop, railway roads, docks, harbors, canals, water course, reservoir, embankments, irrigation, reclamation, sewage, drainage, sanitary works water gas and other supply works and allied activities either in India or elsewhere. LREPL is currently not engaged in any business activity.

Interest of Promoters

Except to the extent of shareholding and directorship of Atul Ladha, our Promoters have no other interest in LREPL For further details, see "*Our Management*" on page 147.

Financial Performance

The financial information derived from the audited financial results of LREPL for the Financial Years ended 2017, 2016 and 2015, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	2.50	2.50	2.50
Reserves and surplus (excluding revaluation reserve)	0.06	0.07	0.09
Net asset value per share	10.24	10.28	10.36

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

3. **Pure Ganga Water Systems Private Limited ("PGWSPL")**

Corporate Information

PGWSPL was incorporated on August 11, 1986 under the Companies Act, 1956 having CIN U74899DL1986PTC025064 under the name and style of M/s Hindon Properties Private Limited. Its registered office is situated at 302, Channa Complex 2215, Gurudwara Road, Karol Bagh, New Delhi, Central Delhi 110005, India. The name of the Company was changed from "Hindon Properties Private Limited" to "Pure Ganga Water Systems Private Limited" in 2002.

PGWSPL was incorporated with the object to establish carry on the business of manufacturing, importing, exporting, processing, fabricating, distributing, purchasing, selling, acting as commission agents and dealing in all kinds and forms of systems, equipments, machines, technology, components to treat, purify, soften, depollute, mineralize, demineralize and store water and to provide services for maintenance/repair/refurbishment of such systems and to establish and to carry on the business of manufacturers, importers, exporters, processors, distributors, purchasers, sellers and dealers in all kinds and forms of plastic moulded items including for storage of water. PGWSPL is currently not engaged in any business activity.

Interest of Promoters

Except to the extent of shareholding and directorship of Ashish Baheti, our Promoters have no other interest in PGWSPL. For further details, please see "*Our Management*" on page 147.

Financial Performance

The financial information derived from the audited financial results of PGWSPL for the Financial Years ended 2017, 2016 and 2015 are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	1.70	1.70	1.70
Reserves and surplus (excluding revaluation reserve)	9.38	9.48	9.49
Net asset value per share	65.17	65.75	65.80

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

4. **Vidhya Sagar Dhody Marketing Private Limited ("VSDMPL")**

Corporate Information

VSDMPL was incorporated on March 2, 2006 under the Companies Act, 1956 having CIN U51494MP2006PTC018473. Its registered office is situated at Chhote Shitole Ka Badajayendraganj, Jayendraganj, Gwalior, Madhya Pradesh 474 001, India with the following objects:

a. To carry on the business of importers and exporters, wholesaler and retail dealers, marketing agents of and in all kinds of clothes, cosmetics, police public dresses, military goods, daily used consumables durables, automobiles. The clothes include wide range of men's, women's and children's clothing and kids garments and other items and music gallery, domestic items and daily uses items, gifts items, food bazaar restaurant & wearing apparel of every kind, nature and description including shirts, bush shirts, pajama suits, vests, underwear's, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, panties, nighties and so on.

b. To carry on the business of importers & exporters, wholesale and retail dealers and marketing agent of and in hosiery goods of every kind, nature and description for men, women and children including vests, underwear's socks, sweaters, laces and so on and of all or anything which is used in hosiery goods.

c. To open, establish, manage and run general provisions stores or departmental stores for the purpose of dealing in all sorts of consumers goods and merchandise and commodities of all sorts whether wholesale or in retail or both and to establish, equip, manage, and run chain stores offices, shops and branches for the supply of provisions and all other articles of domestic and commercial use and to carry on the business of carters, importers and exporters agents and dealers in general merchandise.

VSDMPL is currently engaged in the business of manufacturing of garments on job work.

Interest of Promoters

Except to the extent of shareholding and directorship of Atul Ladha, our Promoters have no other interest in VSDMPL. For further details, see "*Our Management*" on page 147.

Financial Performance

The financial information derived from the audited financial results of VSDMPL for the Financial Years ended 2017, 2016 and 2015 are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	0.80	0.80	0.80
Reserves and surplus (excluding revaluation reserve)	0.01	0.01	0.01
Net asset value per share	10.12	10.09	10.07

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

Group Companies having negative net-worth

None of our Group Companies have negative worth.

Group Companies under winding up

None of our Group Companies are under winding up.

Group Companies which are sick industrial companies

During the five years preceding the date of this Draft Red Herring Prospectus, none of our Group Companies have become sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

Defunct Group Companies

During the five years preceding the date of this Draft Red Herring Prospectus, no Group Company has remained defunct and no application has been made to the relevant registrar of companies for striking off the name of the Group Company.

Loss making Group Companies

The following tables set forth the details of our Group Companies which have incurred loss in the last Fiscal and profit/(loss) made by them in the last three Fiscals, on the basis of latest audited financial statements available:

Name of the company	Profit/(loss) [(1)] for Fiscal (amount in ₹ million unless stated otherwise)		
	2017	2016	2015
Ladha Real Estate Private Limited	(0.01)	(0.02)	(0.11)
Pure Ganga Water System Private Limited	(0.10)	(0.01)	0.05

(1) *The financial information of our Group Companies has been prepared in accordance with Indian GAAP.*

Nature and extent of interest of Group Companies in our Company

(a) In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

(b) In the properties acquired by our Company in the past two years before filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company

None of our Group Companies is interested in the properties acquired by our Company in the two years preceding the date of filing of this Draft Red Herring Prospectus or proposed to be acquired by it as on the date of this Draft Red Herring Prospectus.

(c) In transactions for acquisitions of land, construction of building and supply of machinery etc.

None of our Group Companies is interested in any transactions by our Company for the acquisition of land, construction of building or supply of machinery.

(d) Business interests or other interests

Except as disclosed in "*Related Party Transactions*" on page 173, none of our Group Companies have any business interest in our Company.

Except for the shareholding of SPPL in our Company, none of the Group Companies have any other interest in our Company. For further details, please see "*Capital Structure*" on page 65.

Common pursuits among the Group Companies and our Company

There are no common pursuits between any of our Group Companies and our Company.

Sale/purchase between Group Companies and our Company

None of our Group Companies is involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Related Business Transactions within the Group Companies and significance on the financial performance of our Company

For more information, see "*Related Party Transactions*" on page 173.

Litigation

For details relating to the legal proceedings involving the Group Companies see "*Outstanding Litigation and Material Developments*" on page 347.

Other Confirmations

None of our Group Companies are listed on any stock exchange or have made any public or rights issue of securities in preceding three years.

None of our Group Companies have been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

None of our Group Companies have been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or other authorities.

DIVIDEND POLICY

Our Company has not declared any dividend on its Equity Shares in the last five financial years. The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our AoA, the applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company.

Our Company does not have a formal dividend policy. Upon the listing of the Equity Shares of our Company and subject to the SEBI Listing Regulations, we may be required to formulate a dividend distribution policy which shall be required to include, among others, details of circumstances under which the Shareholders may or may not expect dividend, the financial parameters that shall be considered while declaring dividend, internal and external factors that shall be considered for declaration of dividend, policy as to how the retained earnings will be utilized and parameters that shall be adopted with regard to various classes of shares, as applicable.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under the loan or financing documents, our Company is currently a party to or may enter into from time to time. For more information on restrictive covenants under our loan agreements, see *"Financial Indebtedness"* on page 322.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under Ind AS 24 '*Related Party Disclosures'* issued by the Institute of Chartered Accountants of India and as reported in the Restated Financial Statements, see *"Financial Statements"* on page 174.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Restated Standalone Financial Information

To
The Board of Directors,
Vectus Industries Limited
A-36, Sector- 83,
Noida- 201305,
Uttar Pradesh, India

Dear Sirs,

1) We have examined the attached Restated Standalone Financial Information of Vectus Industries Limited (the "Company'), which comprise the Restated Standalone Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for each of the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and the Restated Standalone Statement of Significant Accounting Policies as approved by the Board of Directors at their meeting held on 30 May 2018 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed offer of equity shares of the Company, prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act") read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

   The preparation of the Restated Standalone Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and ICDR Regulations.

2) We have examined such Restated Standalone 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 17 April 2018 in connection with the proposed issue of equity shares of the Company; and

   b. The Guidance Note on Reports in Company Prospectuses (Revised 2016) ("The Guidance Note") issued by the Institute of Chartered Accountants of India.

3) The Restated Standalone Financial Information have been compiled by the management from:

   a. the audited standalone financial statements of the Company as at and for the year ended 31 March 2018 prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their Board meeting held on 18 May 2018;

   b. the audited standalone financial statements of the Company as at and for the year ended 31 March 2017, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 31 August 2017. These audited standalone financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us;

   c. the audited standalone financial statements of the Company as at and for the years ended 31 March 2016 and 31 March 2015, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 20 September 2016 and 28 July 2015 respectively. These audited standalone financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been examined by us; and

d. the audited standalone financial statements of the Company as at and for the year ended 31 March 2014, prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956, which have been approved by the Board of Directors at their Board meetings held on 15 May 2014. These audited standalone financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been examined by us.

The Restated Standalone Financial Information as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 are referred to as "the Proforma Ind AS Restated Standalone Financial Information" as per the Guidance note.

We did not audit the Standalone Financial Statements of the Company as at and for the year ended 31 March 2014 (details furnished in Appendix I). These Standalone Financial Statements have been audited by the previous auditors M/s A.K. Agrawal & Associates, Chartered Accountants, whose reports have been furnished to us by the Company, and our opinion on the examination of the restated financial information in so far as it relates to the amounts included in the Restated Standalone Financial Information on the basis of these Standalone Financial Statements is based solely on the audit report of such previous auditor.

4) In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with ICDR Regulations and the Guidance Note, we report that:

a. The Restated Standalone Statement of Assets and Liabilities of the Company as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure I to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements.

b. The Restated Standalone Statement of Profit and Loss (including other comprehensive income) of the Company, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure II to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements.

c. The Restated Standalone Statement of Cash Flows of the Company, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure III to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements.

d. The Restated Standalone Statement of Changes in Equity of the Company, for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure IV to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements.

5) Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the financial statements audited by the previous auditors, M/s A.K. Agrawal & Associates, Chartered Accountants for the year ended 31 March 2014 and their audit report which has been furnished to us by the Company, we further report that the Restated Standalone Financial Information:

a. have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

b. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

c. do not contain any extraordinary items that need to be disclosed separately in the Restated Standalone Financial Information and do not contain any qualification requiring adjustments.

6) We have also examined the following restated standalone financial information of the Company set out in the Annexures prepared by the management and approved by the Board of Directors on 30 May 2018 for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. In respect of the year ended 31 March 2014, our examination was based upon the financial statements audited and reported by M/s A.K. Agrawal & Associates, Chartered Accountants and relied upon by us:

a. Annexure V : Restated Standalone Statement of Significant Accounting Policies;

b. Annexure VI : Notes to Restated Standalone Financial Information;

c. Annexure VII : Statement on Adjustments to Audited Standalone Financial Statements;

d. Annexure VIII : Restated Standalone Statement of Accounting Ratios;

e. Annexure IX : Restated Standalone Statement of Capitalization;

f. Annexure X : Restated Standalone Statement of Dividend; and

g. Annexure XI : Restated Statement of Tax Shelter

According to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the previous auditors M/s A.K. Agrawal & Associates, Chartered Accountants, in our opinion, the Restated Standalone Financial Information and the above restated financial information contained in Annexures VI to XI accompanying this report, read with Restated Standalone Statement of Significant Accounting Policies disclosed in Annexure V, are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act, ICDR Regulations and the Guidance Note.

7) 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 by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the audited standalone financial statements referred to herein.

8) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9) Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, the stock exchanges where the equity shares are proposed to be listed and Registrar of Companies, Gwalior in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Sumit Mahajan
Partner
Membership Number: 504822

Place: Noida
Date: 30 May 2018

Appendix I

Financial Information of the Standalone Financial Statements for the year ended 31 March 2014 audited by the previous auditor, as considered in the Restated Standalone Financial Information:

Particulars as at/for the year ended 31 March 2014	Amount (Rs' in million)
Total assets as at 31 March 2014	1944.51
Revenue (net of excise) from Operations	3465.08
Net Cash Inflows for the year ended 31 March 2014	0.72

Vectus Industries Limited
Annexure I : Restated Standalone Statement of Assets and Liabilities
(All amounts in millions of INR, unless stated otherwise)

	Notes	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	1	1,595.96	1,437.64	1,203.49	755.52	611.03
Capital work-in-progress	2	40.65	21.72	2.39	101.13	37.77
Intangible assets	3	49.91	68.01	10.82	11.69	15.79
Intangible assets under development	4	-	1.04	46.22	-	-
Financial assets						
Investments	5	26.71	26.71	26.71	34.86	34.25
Loans	6	39.87	30.38	24.62	42.05	32.96
Other financial assets	7	2.04	1.23	1.22	0.89	5.28
Deferred tax assets (net)	8	33.58	58.48	74.49	74.42	89.63
Income tax assets (net)	9	1.84	1.98	2.63	1.49	-
Other non-current assets	10	21.84	30.63	33.52	58.14	78.01
Total non-current assets		**1,812.40**	**1,677.82**	**1,426.11**	**1,080.19**	**904.72**
Current assets						
Inventories	11	893.73	837.44	877.35	671.92	529.83
Financial assets						
Investments	5	-	17.37	6.46	-	-
Trade receivables	12	813.01	633.10	557.14	502.03	330.11
Cash and cash equivalents	13	128.84	68.60	19.12	128.75	10.00
Other bank balances	14	6.41	5.44	89.87	6.61	14.47
Loans	15	6.36	10.05	7.52	11.70	8.86
Other financial assets	16	49.79	35.07	51.77	54.05	20.17
Other current assets	17	109.52	89.56	140.42	39.94	30.08
Total current assets		**2,007.66**	**1,696.63**	**1,749.65**	**1,415.00**	**943.52**
TOTAL ASSETS		**3,820.06**	**3,374.45**	**3,175.76**	**2,495.19**	**1,848.24**
EQUITY AND LIABILITIES						
Equity						
Equity share capital	18	131.47	131.47	103.01	103.01	102.50
Instrument entirely in the nature of equity	19	-	-	1,111.61	1,111.61	-
Other equity	20	2,641.52	2,330.20	992.00	790.28	655.90
Total equity		**2,772.99**	**2,461.67**	**2,206.62**	**2,004.90**	**758.40**
Liabilities						
Non-current liabilities						
Financial liabilities						
Non-current borrowings	21	0.41	0.42	0.43	0.47	119.45
Non-current Provision	22	15.46	15.94	18.08	17.60	14.97
Total non-current liabilities		**15.87**	**16.36**	**18.51**	**18.07**	**134.42**
Current liabilities						
Financial liabilities						
Current borrowings	23	428.90	357.29	416.00	250.51	414.39
Trade payables	24	304.65	219.38	300.31	83.40	327.48
Other financial liabilities	25	232.28	208.26	151.16	80.28	143.91
Other current liabilities	26	60.77	100.50	81.59	53.40	48.40
Current Provision	27	4.53	3.56	0.67	0.63	0.48
Current tax liabilities (net)	28	0.07	7.43	0.90	4.00	20.76
Total current liabilities		**1,031.20**	**896.42**	**950.63**	**472.22**	**955.42**
TOTAL EQUITY AND LIABILITIES		**3,820.06**	**3,374.45**	**3,175.76**	**2,495.19**	**1,848.24**

The accompanying Restated Standalone Statement of Significant Accounting Policies in Annexure V and Notes to Restated Standalone Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha	**Ashish Baheti**	**Mahipal Singh**	**Chandra Shekhar Singh**
Director	Director	Company Secretary	Chief Financial officer
DIN: 00078702	DIN: 01162605	Membership No.: A23697	

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure II : Restated Standalone Statement of Profit and Loss
(All amounts in millions of INR, unless stated otherwise)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Revenue						
Revenue from operations	29	5,788.97	5,648.14	5,148.45	4,393.20	3,569.18
Other income	30	20.39	12.43	11.14	12.74	39.33
		5,809.36	**5,660.57**	**5,159.59**	**4,405.94**	**3,608.51**
Expenses						
Cost of materials consumed	31	3,692.95	3,305.30	3,151.23	2,783.10	2,270.19
Purchase of traded goods	32	83.44	58.27	78.58	72.19	105.94
Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares	33	(109.09)	(33.48)	(92.53)	(87.04)	(51.11)
Excise duty	34	122.45	529.75	317.19	247.11	180.16
Employee benefits expense	35	554.24	487.23	412.75	305.97	209.73
Finance costs	36	39.51	46.45	37.89	182.95	100.78
Depreciation and amortisation expense	37	131.99	110.84	204.86	147.26	119.52
Other expenses	38	864.02	795.89	757.82	545.20	439.44
		5,379.51	**5,300.25**	**4,867.79**	**4,196.74**	**3,374.65**
Profit before tax and exceptional item		**429.85**	**360.32**	**291.80**	**209.20**	**233.86**
Exceptional item	39	-	15.31	31.66	-	-
Profit before tax		**429.85**	**345.01**	**260.14**	**209.20**	**233.86**
Tax expense						
Current tax		92.76	78.02	62.82	59.68	57.04
Deferred tax (Credit) / Charge	8	25.20	14.61	(1.57)	15.31	(27.78)
Total tax expense		**117.96**	**92.63**	**61.25**	**74.99**	**29.26**
Profit after tax		**311.89**	**252.38**	**198.89**	**134.21**	**204.60**
Other comprehensive income						
Items that will not be reclassified to restated standalone statement of profit and loss						
Remeasurements of post-employment benefit obligations		(0.87)	4.07	4.32	(0.28)	(2.74)
Income tax relating to items that will not be reclassified to profit or loss		0.30	(1.40)	(1.49)	0.10	0.93
Other comprehensive (expense)/ income, net of tax		**(0.57)**	**2.67**	**2.83**	**(0.18)**	**(1.81)**
Total comprehensive income		**311.32**	**255.05**	**201.72**	**134.03**	**202.79**
Earnings per share (face value of Rs. 10)	48					
- Basic		23.72	19.20	15.13	13.04	25.85
- Diluted		23.72	19.20	15.13	13.04	25.85

The accompanying Restated Standalone Statement of Significant Accounting Policies in Annexure V and Notes to Restated Standalone Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha	**Ashish Baheti**	**Mahipal Singh**	**Chandra Shekhar Singh**
Director	Director	Company Secretary	Chief Financial officer
DIN: 00078702	DIN: 01162605	Membership No.: A23697	

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure III : Restated Standalone Statement of Cash Flow
(All amounts in millions of INR, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
A CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	**429.85**	**345.01**	**260.14**	**209.20**	**233.86**
Adjustments for:					
Depreciation and amortisation expense	131.99	110.84	204.86	147.26	119.52
Liabilities written back	(2.38)	(0.73)	(0.96)	(1.64)	-
Interest expense	39.51	46.45	37.89	182.95	100.78
Interest income	(1.35)	(3.58)	(2.04)	(2.81)	(1.55)
Net gain on sale of investments	(0.09)	-	-	3.21	(7.58)
Loss/(Gain) on sale of fixed assets (net)	(1.16)	1.86	-	0.19	(24.54)
Gain on sale of current investments in mutual funds	(3.25)	(0.13)	-	(3.21)	-
Fair value of investments in mutual funds	-	(2.39)	(0.27)	-	-
Provision for warranty and warranty claims	0.74	2.50	-	-	-
Provision for doubtful debts and advances	1.27	1.13	0.72	1.43	9.28
Provision for impairment of investments	-	0.61	-	-	-
Advances written off	2.84	0.45	0.22	1.15	4.17
Payment towards financial guarantee given for associate	-	15.31	-	-	-
Provision for loans/advances given to subsidiary/associate	-	-	22.90	-	-
Provision for impairment of investment in subsidiary and associate	-	-	8.76	-	-
Operating profit before working capital changes	**597.97**	**517.33**	**532.22**	**534.52**	**433.94**
Movement in working capital					
(Increase)/decrease in current and non-current loans	(8.64)	(8.75)	21.39	(13.08)	(14.19)
(Increase)/decrease in inventories	(56.29)	39.91	(205.43)	(142.09)	(116.69)
(Increase)/decrease in other current and non-current financial assets	2.69	16.70	(20.62)	(33.88)	(13.26)
(Increase)/decrease in other current and non-current assets	(20.21)	50.98	(100.22)	(9.69)	4.02
(Increase)/decrease in trade receivables	(181.18)	(77.08)	(55.83)	(173.35)	(9.88)
Increase/(decrease) in other current and non-current financial liabilities	7.67	60.42	48.42	(4.54)	22.01
Increase/(decrease) in current and non-current provisions	(1.12)	2.32	4.84	2.50	3.94
Increase/(decrease) in other current and non-current liabilities	(39.73)	18.91	28.19	5.00	16.59
Increase/(decrease) in trade payables	87.65	(80.93)	216.91	(244.08)	120.62
Cash flow from/(utilised in) operating activities post working capital changes	**388.81**	**539.81**	**469.87**	**(78.69)**	**447.10**
Income tax paid (net)	(99.98)	(70.84)	(67.05)	(77.93)	(59.48)
Net cash flow from/(utilised in) operating activities (A)	**288.83**	**468.97**	**402.82**	**(156.62)**	**387.62**
B CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment (including intangible assets, capital work-in-progress, capital advances, capital creditors and intangible assets under development)	(280.59)	(390.53)	(556.20)	(334.93)	(215.40)
Interest received	1.35	3.58	2.04	2.81	1.55
Payment to bank on behalf of associate	-	(15.75)	-	-	-
Purchase of long-term investments	-	-	-	-	(11.40)
Proceeds from sale of long-term investments	-	-	-	-	14.58
Purchase of investments in mutual funds	(23.45)	(11.13)	(6.19)	(250.00)	-
Proceeds from sale of mutual funds	26.75	2.13	-	253.21	-
Sale of property, plant and equipment	17.04	12.99	4.22	1.34	47.96
Movement in other bank balances (net)	(1.78)	84.42	(83.59)	12.25	(15.59)
Net cash used in investing activities (B)	**(260.68)**	**(314.29)**	**(639.72)**	**(315.32)**	**(178.30)**
C CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital (including securities premium)	-	-	-	0.86	4.40
Proceeds from compulsorily convertible debenture received	-	-	-	999.65	-
Proceeds / (Repayment) of long term borrowings	(0.01)	(0.04)	(0.33)	(172.26)	(96.01)
Proceeds / (Repayment) of short term borrowings	71.61	(58.71)	165.49	(163.88)	(18.72)
Interest paid	(39.51)	(46.45)	(37.89)	(73.68)	(98.09)
Net cash flow from/(utilised in) financing activities (C)	**32.09**	**(105.20)**	**127.27**	**590.69**	**(208.42)**
Increase/(decrease) in cash and cash equivalents (A+B+C)	60.24	49.48	(109.63)	118.75	0.90
Cash and cash equivalents at the beginning of the year	68.60	19.12	128.75	10.00	9.10
Cash and cash equivalents at the end of the year	**128.84**	**68.60**	**19.12**	**128.75**	**10.00**

Vectus Industries Limited
Annexure III : Restated Standalone Statement of Cash Flow
(All amounts in millions of INR, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Notes to cash flow statement					
1 Components of cash and cash equivalents :					
- Cash in hand	2.31	2.58	2.07	2.22	1.21
- Balances with bank (Current Account)	126.53	66.02	17.05	126.53	8.79
	128.84	**68.60**	**19.12**	**128.75**	**10.00**

2 The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting standard 7 "Statement of Cash Flows".

The accompanying Restated Standalone Statement of Significant Accounting Policies in Annexure V and Notes to Restated Standalone Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha
Director
DIN: 00078702

Ashish Baheti
Director
DIN: 01162605

Mahipal Singh
Company Secretary
Membership No.: A23697

Chandra Shekhar Singh
Chief Financial officer

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure IV: Restated Standalone Statement of Changes in Equity
(All amounts in millions of INR, unless stated otherwise)

A Equity share capital

Particulars	As on 1 April 2013 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2014 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2015 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2016 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2017	Issue of equity share capital during the year	As at 31 March 2018
Equity share capital	**77.00**	25.50	**102.50**	0.51	**103.01**	-	**103.01**	28.46	**131.47**	-	**131.47**

B Instruments entirely in the nature of equity

Particulars	As on 1 April 2013 Proforma Ind AS	Change during the year	As at 31 March 2014 Proforma Ind AS	Addition during the year	As at 31 March 2015 Proforma Ind AS	Change during the year	As at 31 March 2016 Proforma Ind AS	Converted during the year	As at 31 March 2017	Change during the year	As at 31 March 2018
Compulsorily convertible debentures	**-**	-	**-**	1,111.61	**1,111.61**	-	**1,111.61**	(1,111.61)	**-**	-	**-**

C Other equity

Particulars	Reserves and surplus				Total other equity
	Capital reserve (Refer Note 51)	General reserve	Securities premium reserve	Retained earnings	
Balance as at 1 April 2013- Proforma Ind AS	**(0.29)**	**33.18**	**10.00**	**436.59**	**479.48**
Profit for the year	-		-	204.60	204.60
Other comprehensive income	-		-	(1.81)	(1.81)
Total comprehensive income	**-**	**-**	**-**	**202.79**	**202.79**
Transaction with owners:					
Business combination of entities under common control	(5.27)	(21.10)	-	-	(26.37)
Total transaction with owners	**(5.27)**	**(21.10)**	**-**	**-**	**(26.37)**
Balance as at 31 March 2014- Proforma Ind AS	**(5.56)**	**12.08**	**10.00**	**639.38**	**655.90**
Profit for the year	-		-	134.21	134.21
Other comprehensive income	-		-	(0.18)	(0.18)
Total comprehensive income	**-**	**-**	**-**	**134.03**	**134.03**
Transaction with owners:					
Issue of shares	-	-	0.35	-	0.35
Total transaction with owners	**-**	**-**	**0.35**	**-**	**0.35**
Balance as at 31 March 2015- Proforma Ind AS	**(5.56)**	**12.08**	**10.35**	**773.41**	**790.28**

Vectus Industries Limited
Annexure IV: Restated Standalone Statement of Changes in Equity
(All amounts in millions of INR, unless stated otherwise)

Particulars	Reserves and surplus				Total other equity
	Capital reserve	General reserve	Securities premium reserve	Retained earnings	
Balance as at 1 April 2015- Proforma Ind AS	**(5.56)**	**12.08**	**10.35**	**773.41**	**790.28**
Profit for the year	-		-	198.89	198.89
Other comprehensive income	-		-	2.83	2.83
Total comprehensive income	**-**	**-**	**-**	**201.72**	**201.72**
Balance as at 31 March 2016- Proforma Ind AS	**(5.56)**	**12.08**	**10.35**	**975.13**	**992.00**
Profit for the year	-		-	252.38	252.38
Other comprehensive income	-		-	2.67	2.67
Total comprehensive income	**-**	**-**	**-**	**255.05**	**255.05**
Transaction with owners:					
Issue of shares	-		1,083.15	-	1,083.15
Balance as at 31 March 2017	**(5.56)**	**12.08**	**1,093.50**	**1,230.18**	**2,330.20**
Profit for the year	-		-	311.89	311.89
Other comprehensive income	-		-	(0.57)	(0.57)
Total comprehensive income	**-**	**-**	**-**	**311.32**	**311.32**
Balance as at 31 March 2018	**(5.56)**	**12.08**	**1,093.50**	**1,541.50**	**2,641.52**

The accompanying Restated Standalone Statement of Significant Accounting Policies in Annexure V and Notes to Restated Standalone Financial Information in Annexure VI are an integral part of this statement

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha
Director
DIN: 00078702

Ashish Baheti
Director
DIN: 01162605

Mahipal Singh
Company Secretary
Membership No.: A23697

Chandra Shekhar Singh
Chief Financial officer

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure V: Restated Standalone Statement of Significant Accounting Policies

1 Corporate information

Vectus Industries Limited (the Company) is a Company domiciled in India, with its registered office situated at Gwalior, Madhya Pradesh. The Company was incorporated on 30 August 2007 under the provisions of Companies Act, 1956. The Company has been involved in the manufacturing of PPR Piping Systems, CPVC Piping Systems, PVC Pressure Piping, Multi-Layer Composite Piping System, SWR Piping Systems, Blow Moulded Tanks, Rotational Moulded Tanks and various kinds of Household plastics both for agricultural and household purposes.

2 Significant accounting policies

a. Basis of preparation

The Restated Standalone Statement of Assets and Liabilities of Vectus Industries Limited as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Standalone Statement of Profit and Loss, the Restated Standalone Statement of Cash flows and the Restated Standalone Statement of Changes in Equity for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and Restated Other Standalone Financial Information (together referred as 'Restated Standalone Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. The Restated Standalone Financial Information has been compiled by the Company from:

(i) The audited standalone financial statements of the Company as at and for the year ended 31 March 2018, prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their Board meeting held on 18 May 2018

(ii) The audited standalone financial statements of the Company (including erstwhile entities which have been merged with the Company pursuant to scheme of amalgamation) as at and for the year ended 31 March 2017, 31 March 2016 and 31 March 2015 prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 31 August 2017, 20 September 2016 and 28 July 2015 respectively.

(iii) The audited standalone financial statements of the Company (including erstwhile entities which have been merged with Company pursuant to scheme of amalgamation) as at and for the years ended 31 March 2014 , prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956, which have been approved by the Board of Directors at their Board meeting held on 15 May 2014.

(iv) Functional and presentation currency
The Restated Standalone Financial Information is prepared in Indian Rupees (Rs.), which is also the Company's functional Currency. Functional Currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity generates and spends cash.

v) Current and non current classification
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

vi) Historical Cost Convention
The Restated Standalone Financial Information has been prepared under historical cost convention except for certain financial assets and financial liabilities that are measured at fair value as required under relevant Ind AS.

The audited standalone financial statements of the Company , referred to above , as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 have been converted into Ind AS to align accounting policies, exemptions and disclosures (including accounting of certain erstwhile entities which have been merged with the Company pursuant to a scheme of amalgamation) as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2018. These Restated Standalone Financial Information as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 are referred to as "the Proforma Ind AS Restated Standalone Financial Information".

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows.

This Restated Standalone Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

(i) Sub-section (1) of Section 26 of Chapter III of the Act; and
(ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ('SEBI') , Registrar of Companies and the concerned stock exchange on 26 August 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

The significant accounting policies and measurement bases have been summarised below.

b. Property, plant and equipment ('PPE')

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. All other repair and maintenance costs are recognised in the restated standalone statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Depreciation and amortisation , estimated useful life and residual value

Depreciation on property, plant and equipment upto the year ended 31 March 2016 was provided on written down value method at rates specified under Schedule XIV of the Companies Act, 1956.

Depreciation on property, plant and equipment for year ended 31 March 2017 and onwards is provided using the straight line method as per the estimated useful life which corresponds to the rates prescribed under Schedule II of the Companies Act, 2013 :

Description of Asset Class	**Useful life as per Schedule II**
Buildings	30 years for factory building 60 years for office building
Plant and machinery	15 years
Office equipment's	5 years
Computers	3 years
Servers	6 years
Furniture and fixtures	10 years
Vehicles	8 years for motor cars and 10 years for scooters

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated standalone statement of profit and loss when the asset is derecognised.

c. Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increase the future economic benefits from the specific assets to which it states.

Subsequent measurement (depreciation and useful lives)

The Company amortises intangible assets with a finite useful life using the straight-line method over three to five years.

d. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of an asset’s fair value less costs of disposal and value in use. For this purpose, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the restated standalone statement of profit and loss. If at the restated standalone statement of assets and liabilities date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the restated standalone statement of profit and loss.

e. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity .

Financial assets

Initial recognition and measurement

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:
i. at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
ii. in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The effect of EIR amortisation is included as finance costs in the restated standalone of statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated standalone of statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the restated standalone statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

• All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
• Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

f. Investments in subsidiaries and associates

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associate, the difference between net disposal proceeds and the carrying amounts are recognized in the Restated Standalone Statement of Profit and Loss.

g. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the restated standalone statement of assets and liabilities date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

h. Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Stores and spares cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- In case of work in progress-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

Net realisable 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. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials 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.

i. Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities 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.

j. Foreign currency transactions

The restated standalone financial information are presented in Indian Rupee ('INR') which is also the functional currency of the Company, rounded off to million with two decimal places.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the restated standalone statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/expenses, as the case maybe.

k. Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

l. Revenue recognition

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.

Sale value is net of discounts, rebates and various promotional schemes but includes excise duty and are shown net of sales tax, value added tax and goods and service tax (w.e.f 1 July 2017) .

m. Other income

(a) Interest Income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

(b) Government grant

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

n. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19- Employee Benefits.

Defined benefit plans

Gratuity

The Company operates one defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gain and loss for the defined benefit plan is recognized in full in the period in which they occur in other comprehensive income.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the restated standalone statement of assets and liabilities date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the restated standalone statement of assets and liabilities date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Other long-term benefits

Accumulated leave expected to be carried forward beyond twelve months, is treated as long-term employee benefit. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit.

Liability under continuity linked key resource and deferred salary schemes is provided for on actuarial valuation basis, which is done as per the projected unit credit method at the end of each financial period.

Defined contribution plans

Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Provident fund and Employee State Insurance Scheme

Employee benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution plans and the contributions are charged to the restated standalone statement of profit and loss of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the funds.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

o. Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

p. Income taxes

Tax expense recognised in the restated standalone statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items is recognised outside statement of restated standalone statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside restated standalone statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax (‘MAT’) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the restated standalone statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each restated standalone statement of assets and liabilities date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income-tax during the specified period.

q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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 are adjusted for the effects of all dilutive potential equity shares.

r. Lease

Finance leases as a leasee

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating leases as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to restated standalone statement of profit or loss on a straight-line basis over the period of the lease, unless the increase in rent is to compensate the lessor for the effects of inflation.

s. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the Chief Operating Decision Maker. The Company operates in a single operating segment and geographical segment. The board of directors is collectively the company's 'Chief Operating Decision maker' or 'CODM' within the meaning of Ind AS 108.

t. Significant accounting judgements, estimates and assumptions

When preparing the restated standalone financial information management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Significant judgements:

(i) Evaluation of indicators for impairment of non-financial assets and investments in subsidiaries

The evaluation of applicability of indicators of impairment of non-financial assets and subsidiaries requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets and investments in subsidiaries.

(ii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

(iii) Contingent liabilities

The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

(iv) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(v) Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Sources of estimation uncertainty:

(i) Provisions

At each restated standalone statement of assets and liabilities date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

(ii) Recoverability of advances/receivables

At each restated standalone statement of assets and liabilities date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(iii) Provision for impairment of investments in subsidiaries and associates

At each restated standalone statement of assets and liabilities date, the Company assesses the requirement of provisions for impairment of investments in subsidiaries based on its expectation of successful implementation of proposed projects by those subsidiaries.

u. Business combination under common control

Business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and where that control is not transitory, is referred to as business combinations of entities under common control. The accounting policy of the Company is to account for the assets and liabilities of acquired entities at their book values in its restated standalone financial statements. The book value of the assets and liabilities of an acquired entity is the book value as reflected in the restated standalone financial information. The excess of the fair value of the consideration paid (in cash and in kind) over the acquirer's proportionate share of the net asset value acquired is adjusted in other equity.

v. Use of estimates

The preparation of restated standalone financial information in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these restated standalone financial information and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each restated standalone statement of assets and liabilities date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

w. Recent accounting pronouncement

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the restated standalone financial information and the impact is not material.

Ind AS 115- Revenue from Contract with Customers

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The Company is not expected to have any impact of this pronouncement on its restated standalone financial information.

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

1 Property, plant and equipments

Details of the Company's property, plant and equipments and their carrying amount as follows:

Particulars	Land (Freehold)	Land (Leasehold)	Buildings	Furniture and fixtures	Plant and machinery	Vehicles	Computers	Office equipment	Computers on lease line	Total
Gross block										
As at 1 April 2013- Proforma Ind AS*	**34.50**	**50.48**	**139.89**	**7.56**	**586.38**	**24.02**	**6.17**	**35.52**	**0.18**	**884.70**
Addition during the year	13.05	-	33.25	7.50	81.57	1.82	1.40	7.54	-	**146.13**
Disposals/ Adjustments	1.02	-	-	-	32.69	-	-	0.19	-	**33.90**
As at 31 March 2014- Proforma Ind AS	**46.53**	**50.48**	**173.14**	**15.06**	**635.26**	**25.84**	**7.57**	**42.87**	**0.18**	**996.93**
Addition during the year	2.28	-	80.41	4.44	187.77	2.41	2.41	9.24	-	**288.96**
Disposals/ Adjustments	-	-	-	0.01	2.24	0.04	-	0.62	-	**2.91**
As at 31 March 2015- Proforma Ind AS	**48.81**	**50.48**	**253.55**	**19.49**	**820.79**	**28.21**	**9.98**	**51.49**	**0.18**	**1,282.98**
Addition during the year	40.43	-	157.16	7.75	408.25	0.33	6.16	32.19	-	**652.27**
Disposals/ Adjustments	-	-	0.07	-	17.66	0.07	0.34	0.14	-	**18.28**
As at 31 March 2016- Proforma Ind AS	**89.24**	**50.48**	**410.64**	**27.24**	**1,211.38**	**28.47**	**15.80**	**83.54**	**0.18**	**1,916.97**
Addition during the year	71.35	-	54.81	6.07	186.79	5.93	4.44	14.95	-	**344.34**
Disposals/ Adjustments	-	-	-	0.05	34.13	1.72	0.31	0.08	-	**36.29**
As at 31 March 2017	**160.59**	**50.48**	**465.45**	**33.26**	**1,364.04**	**32.68**	**19.93**	**98.41**	**0.18**	**2,225.02**
Additions	4.03	-	85.35	3.62	172.20	1.07	9.35	11.86	-	**287.48**
Disposals/ Adjustments	-	-	0.54	0.27	40.31	0.36	0.26	0.64	-	**42.38**
As at 31 March 2018	**164.62**	**50.48**	**550.26**	**36.61**	**1,495.93**	**33.39**	**29.02**	**109.63**	**0.18**	**2,470.12**
Accumulated depreciation										
As at 1 April 2013- Proforma Ind AS*	**-**	**0.68**	**34.62**	**2.95**	**213.35**	**14.72**	**4.02**	**9.21**	**0.15**	**279.70**
Depreciation charge	-	0.32	12.07	1.39	94.03	2.97	1.07	4.82	0.01	**116.68**
Disposals/ Adjustments	-	-	-	-	10.38	-	-	0.10	-	**10.48**
As at 31 March 2014- Proforma Ind AS	**-**	**1.00**	**46.69**	**4.34**	**297.00**	**17.69**	**5.09**	**13.93**	**0.16**	**385.90**
Depreciation charge	-	0.32	14.86	3.17	107.24	2.94	2.12	12.35	0.01	**143.01**
Disposals/ Adjustments	-	-	-	0.01	1.04	0.04	-	0.36	-	**1.45**
As at 31 March 2015- Proforma Ind AS	**-**	**1.32**	**61.55**	**7.50**	**403.20**	**20.59**	**7.21**	**25.92**	**0.17**	**527.46**
Depreciation charge	-	0.32	24.98	4.04	151.61	2.48	3.49	13.16	-	**200.08**
Disposals/ Adjustments	-	-	0.01	-	13.54	0.07	0.31	0.13	-	**14.06**
As at 31 March 2016- Proforma Ind AS	**-**	**1.64**	**86.52**	**11.54**	**541.27**	**23.00**	**10.39**	**38.95**	**0.17**	**713.48**
Depreciation charge	-	0.32	11.20	1.82	69.33	1.26	2.68	8.73	-	**95.34**
Disposals/ Adjustments	-	-	-	0.03	19.89	1.21	0.26	0.05	-	**21.44**
As at 31 March 2017	**-**	**1.96**	**97.72**	**13.33**	**590.71**	**23.05**	**12.81**	**47.63**	**0.17**	**787.38**
Depreciation charge	-	0.31	12.77	2.50	81.31	1.49	4.28	10.62	-	**113.28**
Disposals/ Adjustments	-	-	0.01	0.23	25.14	0.29	0.25	0.58	-	**26.50**
As at 31 March 2018	**-**	**2.27**	**110.48**	**15.60**	**646.88**	**24.25**	**16.84**	**57.67**	**0.17**	**874.16**

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

1 Property, plant and equipments
Details of the Company's property, plant and equipments and their carrying amount as follows:

Particulars	Land (Freehold)	Land (Leasehold)	Buildings	Furniture and fixtures	Plant and machinery	Vehicles	Computers	Office equipment	Computers on lease line	Total
Net block										
As at 1 April 2013 - Proforma Ind AS*	**34.50**	**49.80**	**105.27**	**4.61**	**373.03**	**9.30**	**2.15**	**26.31**	**0.03**	**605.00**
As at 31 March 2014- Proforma Ind AS	**46.53**	**49.48**	**126.45**	**10.72**	**338.26**	**8.15**	**2.48**	**28.94**	**0.02**	**611.03**
As at 31 March 2015- Proforma Ind AS	**48.81**	**49.16**	**192.00**	**11.99**	**417.59**	**7.62**	**2.77**	**25.57**	**0.01**	**755.52**
As at 31 March 2016- Proforma Ind AS	**89.24**	**48.84**	**324.12**	**15.70**	**670.11**	**5.47**	**5.41**	**44.59**	**0.01**	**1,203.49**
As at 31 March 2017	**160.59**	**48.52**	**367.73**	**19.93**	**773.33**	**9.63**	**7.12**	**50.78**	**0.01**	**1,437.64**
As at 31 March 2018	**164.62**	**48.21**	**439.78**	**21.01**	**849.05**	**9.14**	**12.18**	**51.96**	**0.01**	**1,595.96**

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

1. During the year ended 31 March 2017, the management had reassessed and revised the depreciation method on the expected pattern of consumption of the future economic benefits embodied in the asset and has changed the method of depreciation from written down value method to straight line method for depreciation. Owing to such change in method, the Company has accounted this as a change in estimate. Accordingly, had the Company continued with previous method of charging depreciation, the charge for depreciation for the year ended 31 March 2017 would have been higher by Rs. 124.04 millions.

2. Block of land includes land located at Sikandrabad and Banmore having a gross block of Rs 37.85 Millons (31 March 2017: Rs 38.46 millions; 31 March 2016: 38.46 millions; 31 March 2015: 38.46 millions; 31 March 2014:38.46 millions), title deeds of which are not in the name of the Company. The Company is in the process of getting the registration transferred in its name. Subsequent to year end 31 March 2018, land situated at Sikandrabad and Banmore location amounting to Rs 30.78 millions have been transferred in the name of the Company.

3. Refer note 42 for details relating to capitalization of expenditure incidental to setting up of property, plant and equipment.

4. Refer note 44 for disclosure of contractual commitment for the acquisition of property, plant and equipment.

5. Leasehold land represents land taken on finance lease only, disclosures of which has been given under note 45.

6. Refer note 47 for details of assets pledged as security.

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Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

2 Capital work-in-progress

Particulars	Asset under constructions (A)			Expenditure incurred during construction/ development period (B)		
	Building under construction	Plant and machinery	Total (A)	Expenditure incurred during construction/ development period	Total (B)	Total (A+B)
As at 1 April 2013- Proforma Ind AS*	**23.62**	**-**	**23.62**	**-**	**-**	**23.62**
Movement during the year	14.15	-	14.15	-	-	14.15
As at 31 March 2014- Proforma Ind AS	**37.77**	**-**	**37.77**	**-**	**-**	**37.77**
Movement during the year	63.36	-	63.36	-	-	63.36
As at 31 March 2015- Proforma Ind AS	**101.13**	**-**	**101.13**	**-**	**-**	**101.13**
Movement during the year	(98.74)	-	(98.74)	-	-	(98.74)
As at 31 March 2016- Proforma Ind AS	**2.39**	**-**	**2.39**	**-**	**-**	**2.39**
Movement during the year	13.17	4.34	17.51	1.82	1.82	19.33
As at 31 March 2017	**15.56**	**4.34**	**19.90**	**1.82**	**1.82**	**21.72**
Movement during the year	18.93	-	18.93	-	-	18.93
As at 31 March 2018	**34.49**	**4.34**	**38.83**	**1.82**	**1.82**	**40.65**

* Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

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(All amounts in millions of INR, unless stated otherwise)

3 Intangible assets

Details of entity's intangible assets and their carrying amounts are as follows:

Particulars	Computer software	Know how fees	Total
Gross carrying amount			
As at 1 April 2013- Proforma Ind AS*	**1.97**	**2.29**	**4.26**
Addition during the year	0.68	17.18	**17.86**
As at 31 March 2014- Proforma Ind AS	**2.65**	**19.47**	**22.12**
Addition during the year	0.22	-	0.22
As at 31 March 2015- Proforma Ind AS	**2.87**	**19.47**	**22.34**
Addition during the year	3.91	-	3.91
As at 31 March 2016- Proforma Ind AS	**6.78**	**19.47**	**26.25**
Addition during the year	72.46	0.23	72.69
As at 31 March 2017	**79.24**	**19.70**	**98.94**
Additions	0.61	-	0.61
As at 31 March 2018	**79.85**	**19.70**	**99.55**
Accumulated amortisation			
As at 1 April 2013- Proforma Ind AS*	**1.80**	**1.69**	**3.49**
Amortisation for the year	0.39	2.45	2.84
As at 31 March 2014- Proforma Ind AS	**2.19**	**4.14**	**6.33**
Amortisation for the year	0.47	3.78	4.25
Disposals/ Adjustments	-	(0.07)	(0.07)
As at 31 March 2015- Proforma Ind AS	**2.66**	**7.99**	**10.65**
Amortisation for the year	1.02	3.76	4.78
As at 31 March 2016- Proforma Ind AS	**3.68**	**11.75**	**15.43**
Amortisation for the year	12.33	3.17	15.50
As at 31 March 2017	**16.01**	**14.92**	**30.93**
Amortisation for the year	15.59	3.12	18.71
As at 31 March 2018	**31.60**	**18.04**	**49.64**
Net carrying amount			
As at 1 April 2013 - Proforma Ind AS*	**0.17**	**0.60**	**0.77**
As at 31 March 2014- Proforma Ind AS	**0.46**	**15.33**	**15.79**
As at 31 March 2015- Proforma Ind AS	**0.21**	**11.48**	**11.69**
As at 31 March 2016- Proforma Ind AS	**3.10**	**7.72**	**10.82**
As at 31 March 2017	**63.23**	**4.78**	**68.01**
As at 31 March 2018	**48.25**	**1.66**	**49.91**

* Gross block and accumulated amortization from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
4 Intangible assets under development					
Software	-	1.04	46.22	-	-
	-	**1.04**	**46.22**	**-**	**-**

(All amounts in millions of INR, unless stated otherwise)

5 Investments

Particulars	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
	Non - Current	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**
A Investment										
- In mutual funds (Quoted)	-	-	-	17.37	-	6.46	-	-	-	-
- In Equity Instruments (unquoted) - Subsidiaries										
1,088,092 Equity shares of Rs 10 each fully paid-up in Sunrise Tanks Private Limited	10.04	-	10.04	-	10.04	-	10.04	-	10.04	-
227,896 Equity shares of Rs 10 each fully paid-up in Gangotri Polymers Private Limited	10.17	-	10.17	-	10.17	-	10.17	-	10.17	-
Nil (Till 31 March 2017: 454,700) Equity shares of Rs 5 each fully paid-up in Shri Chakradhar Paper And Board Private Limited	-	-	2.27	-	2.27	-	2.27	-	2.27	-
Less: Provision for diminution in the value of investments (other than temporary)	-	-	(2.27)	-	(2.27)	-	-	-	-	-
650,000 Equity shares of Rs 10 each fully paid-up in Vectus Containers Private Limited	6.50	-	6.50	-	6.50	-	6.50	-	6.50	-
- In Equity Instruments (unquoted) - Associate										
Nil (Till 31 March 2016 : 200,000) Equity shares of Rs 10 each fully paid-up in Vectus Kenya Limited*	-	-	-	-	6.49	-	5.88	-	5.27	-
Less: Provision for diminution in the value of investments (other than temporary)	-	-	-	-	(6.49)	-	-	-	-	-
	26.71	**-**	**26.71**	**17.37**	**26.71**	**6.46**	**34.86**	**-**	**34.25**	**-**
Aggregate amount of unquoted investments	**26.71**	**-**	**28.98**	**-**	**35.47**	**-**	**34.86**	**-**	**34.25**	**-**
Aggregate amount of quoted investments at market value	**-**	**-**	**-**	**17.37**	**-**	**6.46**	**-**	**-**	**-**	**-**
Aggregate amount of impairment in value of investments	**-**	**-**	**(2.27)**	**-**	**(8.76)**	**-**	**-**	**-**	**-**	**-**

Note :
During the year ended 31 March 2017, the Company had acquired additional 1,600,000 equity shares of Vectus Kenya Limited by way of conversion of the loan amounting to Rs 20.64 million in equity shares. However, the Company has disposed off its entire stake in Vectus Kenya Limited on 31 December 2016 vide share purchase agreement dated 31 December 2016. Further, the said investment in Vectus Kenya Limited amounted to Rs 6.49 millions has been written off against the provision made during the earlier year.

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(All amounts in millions of INR, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
6 Loans					
(Unsecured, considered good unless otherwise stated)					
Security deposits	39.87	30.38	24.62	21.41	16.52
Loan to related parties					
- unsecured, considered doubtful	-	-	20.64	20.64	16.44
Less: Provision for doubtful loans	-	-	(20.64)	-	-
	39.87	**30.38**	**24.62**	**42.05**	**32.96**

Note: For loans given to directors or debts due by firms or private companies respectively in which any director is a partner or a director or a member refer note 46.

7 Other financial assets (non current)					
Term deposits with remaining maturity more than 12 months*	2.04	1.23	1.22	0.89	5.28
	2.04	**1.23**	**1.22**	**0.89**	**5.28**

**pledged with sales tax authorities*

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Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

8 Deferred tax assets (net)
Movement in deferred tax assets and liabilities

Particulars	As on 1 April 2013 (Proforma Ind AS)	Recognised in restated standalone statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2014 (Proforma Ind AS)	Recognised in restated standalone statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2015 (Proforma Ind AS)	Recognised in restated standalone statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2016 (Proforma Ind AS)	Recognised in restated standalone statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2017	Recognised in restated standalone statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2018
Tax effect of items constituting deferred tax assets																
Provision for employee benefits	5.18	1.57	0.93	7.68	0.73	0.10	8.49	4.45	(1.49)	11.45	1.24	(1.40)	11.29	(0.54)	0.30	11.05
Provision for doubtful debts	0.86	1.37	-	2.23	3.12	-	5.35	0.30	-	5.65	0.08	-	5.73	0.47	-	6.20
Depreciation	0.09	4.56	-	4.65	4.86	-	9.51	(6.87)	-	2.64	0.40	-	3.04	-	-	3.04
Provision for warranty	-	-	-	-	-	-	-	-	-	-	0.87	-	0.87	0.27	-	1.14
Carry forward capital loss	-	-	-	-	-	-	-	-	-	-	7.84	-	7.84	0.61	-	8.45
Others	(12.81)	13.82	-	1.01	(3.37)	-	(2.36)	2.36	-	(0.00)	0.44	-	0.44	1.53	-	1.97
Deferred revenue expenditure written off	2.45	(0.76)	-	1.69	(1.69)	-	-	-	-	-	-	-	-	-	-	-
Minimum alternate tax	57.98	-	-	57.98	(2.12)	-	55.86	4.83	-	60.69	23.91	-	84.60	8.90	-	93.50
Tax effect of items constituting deferred tax liabilities																
Fair valuation of financial instruments	-	-	-	-	-	-	-	(0.08)	-	(0.08)	(0.74)	-	(0.82)	0.82	-	(0.00)
Depreciation	8.47	6.18	-	14.65	(17.09)	-	(2.44)	(3.43)	-	(5.87)	(48.65)	-	(54.52)	(37.25)	-	(91.77)
Long term borrowing	(1.31)	1.05	-	(0.26)	0.26	-	-	0.01	-	0.01	-	-	0.01	-	-	0.01
Security deposit carried at amortised cost	0.00	0.00	-	0.00	(0.01)	-	(0.00)	-	-	(0.00)	-	-	(0.00)	(0.01)	-	(0.01)
Total	**60.91**	**27.78**	**0.93**	**89.63**	**(15.31)**	**0.10**	**74.42**	**1.57**	**(1.49)**	**74.49**	**(14.61)**	**(1.40)**	**58.48**	**(25.20)**	**0.30**	**33.58**

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(All amounts in millions of INR, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
9 Income tax assets (net)					
Advance income tax (net of provision)	1.84	1.98	2.63	1.49	-
	1.84	**1.98**	**2.63**	**1.49**	**-**
10 Other non-current assets					
Prepaid expenses	0.44	0.19	0.31	0.57	0.74
Capital advances	21.40	30.44	33.21	57.57	77.27
	21.84	**30.63**	**33.52**	**58.14**	**78.01**
11 Inventories					
(Valued at cost, unless otherwise stated)					
Raw material	217.19	269.99	343.38	230.48	175.43
Work in progress	219.97	139.13	118.72	102.53	107.27
Finished goods	402.78	393.68	382.27	304.03	219.88
Traded goods	39.46	23.29	21.33	26.97	20.38
Stores and Spares	14.33	11.35	11.65	7.91	6.87
	893.73	**837.44**	**877.35**	**671.92**	**529.83**
12 Trade receivables					
Unsecured					
Considered good	813.01	633.10	557.14	502.03	330.11
Considered doubtful	18.87	17.60	16.48	15.76	14.32
Provision for doubtful receivables	(18.87)	(17.60)	(16.48)	(15.76)	(14.32)
	813.01	**633.10**	**557.14**	**502.03**	**330.11**

Refer note 40 for ageing of trade receivables and information on company's exposure to credit risk and loss allowance related to trade receivable.

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
13 Cash and cash equivalents					
Cash in hand	2.31	2.58	2.07	2.22	1.21
Balances with banks					
- Current accounts	126.53	66.02	17.05	126.53	8.79
	128.84	**68.60**	**19.12**	**128.75**	**10.00**
14 Other bank balances					
Term deposits with original maturity upto 3 months*	-	0.73	84.56	0.55	-
Term deposits with original maturity of more than 3 months but less than 12 months	6.41	4.71	-	6.06	-
Term deposits with original maturity of more than 12 months but to be matured within 12 months from the reporting date	-	-	5.31	-	-
Margin money deposit	-	-	-	-	4.47
Security against the borrowings	-	-	-	-	10.00
	6.41	**5.44**	**89.87**	**6.61**	**14.47**

** pledged for letter of credit with banks*

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
15 Loans					
(Unsecured, considered good unless otherwise stated)					
Security deposits	6.36	10.05	6.02	0.65	0.72
Loan given to others*	-	-	1.50	1.50	-
Loans to related parties* (Also refer note 46)	-	2.27	2.26	9.55	8.14
Less: Provision for doubtful loans	-	(2.27)	(2.26)	-	-
	6.36	**10.05**	**7.52**	**11.70**	**8.86**
***Disclosures pursuant to section 186 of the Companies Act, 2013**					
Loan given to Anil Ladha					
Balance as at year end	-	-	0.53	0.53	-
Maximum amount outstanding at any time during the year	-	0.53	0.53	0.53	-
(Anil Ladha has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
Loan given to Vectus Moulding Private Limited					
Balance as at year end	-	-	0.97	0.97	0.97
Maximum amount outstanding at any time during the year	-	0.97	0.97	0.97	0.97
(Vectus Moulding Private Limited has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
Loan to subsidiary : Shri Chakradhar Paper and Board Private Limited					
Balance as at year end	-	2.27	2.26	2.25	2.22
Maximum amount outstanding at any time during the year	2.27	2.27	2.26	2.25	2.22
(Shri Chakradhar Paper and Board Private Limited has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
Loan to subsidiary : Vectus Containers Private Limited					
Balance as at year end	-	-	-	7.30	4.95
Maximum amount outstanding at any time during the year	-	-	7.30	7.30	4.95
(Vectus Containers Private Limited has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
	-	**2.27**	**3.76**	**11.05**	**8.14**
16 Other financial assets (current)					
Proceeds recoverable on redemption of mutual funds	17.41	-	-	-	-
Advance to employee	3.41	7.49	4.23	2.34	2.60
Others	28.97	27.58	47.54	51.71	17.57
	49.79	**35.07**	**51.77**	**54.05**	**20.17**
17 Other current assets					
Advances to vendors	35.34	42.37	82.34	20.77	10.76
Balance with government authorities	59.37	36.06	48.44	16.57	16.53
Prepaid expenses	14.81	11.13	9.64	2.60	2.79
	109.52	**89.56**	**140.42**	**39.94**	**30.08**

(All amounts in millions of INR, unless stated otherwise)

18 Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Authorised*										
Equity shares of Rs. 10 each	1,52,00,000	152.00	1,50,00,000	150.00	1,50,00,000	150.00	1,50,00,000	150.00	1,50,00,000	150.00
Issued and subscribed and fully paid up										
Equity shares of Rs. 10 each	1,31,46,829	131.47	1,31,46,829	131.47	1,03,01,000	103.01	1,03,01,000	103.01	1,02,50,000	102.50
Total	**1,31,46,829**	**131.47**	**1,31,46,829**	**131.47**	**1,03,01,000**	**103.01**	**1,03,01,000**	**103.01**	**1,02,50,000**	**102.50**

1. Reconciliation of equity capital outstanding at the beginning and at the end of the reporting period

Equity shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	1,31,46,829	131.47	1,03,01,000	103.01	1,03,01,000	103.01	1,02,50,000	102.50	77,00,000	77.00
Issued during the year	-	-	28,45,829	28.46	-	-	51,000	0.51	25,50,000	25.50
Outstanding at the end of the year	**1,31,46,829**	**131.47**	**1,31,46,829**	**131.47**	**1,03,01,000**	**103.01**	**1,03,01,000**	**103.01**	**1,02,50,000**	**102.50**

2. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Number of shares held by each shareholder holding more than 5% Shares in the company

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Ashish Baheti	41,29,475	31.41%	39,95,475	30.39%	39,95,475	38.79%	39,95,475	38.79%	39,45,475	38.49%
Atul Ladha	38,37,204	29.19%	38,34,704	29.17%	38,34,704	37.23%	38,34,704	37.23%	38,34,704	37.41%
Latinia Limited	28,46,829	21.65%	28,46,829	21.65%	- *	- *	- *	- *	-	-

As per records of the Company, including the register of shareholders/members regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

4. Aggregate number of shares issued for consideration of other then cash

(Number of shares)

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2013 Proforma Ind AS	31 March 2012 Proforma Ind AS	31 March 2011 Proforma Ind AS	31 March 2010 Proforma Ind AS	31 March 2009 Proforma Ind AS
Shared issued as consideration of subsidiaries	-	-	-	-	21,10,000	-	-	-	-	-
Shared issued on conversion of compulsory convertible debenture	-	28,45,929	-	-	-	-	-	-	-	-

*On 15 December 2017, the scheme of amalgamation between the Company and its 100% subsidiary namely Waterwell Containers Private Limited (which is engaged in the manufacturing of roto moulded water tanks) was approved by Hon'ble High Court of Madhya Pradesh at Gwalior Bench . The appointed date as per the court order was 31 March 2014. Pursuant to the Scheme, authorised share capital of Waterwell Containers Private Limited has been merged in the authorised share capital of the Company. Accordingly, authorised share capital of the Company has increased by Rs 2 millions.

(All amounts in millions of INR, unless stated otherwise)

19 Instrument entirely in the nature of equity

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
0.001% Compulsorily Convertible Debentures (CCD)					
Opening balance	-	1,111.61	1,111.61	-	-
Issued during the year	-	-	-	1,111.61	-
Issue of equity share capital during the year	-	(1,111.61)	-	-	-
Closing balance	**-**	**-**	**1,111.61**	**1,111.61**	**-**

Compulsorily Convertible Debentures (CCDs)

Compulsorily Convertible Debentures (CCDs) were issued at face value of Rs 1,000 per debenture and convertible into equity shares within 7 years from the Closing Date (i.e. 20 June 2014) . Conversion Ratio was based on the pre money valuation which is set forth in Schedule XI of the Investment Agreement between Vectus Industries Limited and Latinia Limited, which was based on profit for the year ended 31 March 2015. These debentures were considered as financial liabilities till 31 March 2015 owing to which Rs 111.96 millions has been recorded as finance cost during earlier years. During the year ended 31 March 2017 these debentures have been converted into 2,845,829 equity shares of Rs 10 each at a price of Rs 351.27 each.

20 Other equity

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
Securities premium reserves					
Opening balance	**1,093.50**	**10.35**	**10.35**	**10.00**	**10.00**
Changes during the year upon conversion of CCDs	-	1,083.15	-	0.35	-
Balances at the end of the year	**1,093.50**	**1,093.50**	**10.35**	**10.35**	**10.00**
Capital reserve					
Opening balance	**(5.56)**	**(5.56)**	**(5.56)**	**(5.56)**	**(0.29)**
Business combination of entities under common control	-	-	-	-	(5.27)
Balances at the end of the year	**(5.56)**	**(5.56)**	**(5.56)**	**(5.56)**	**(5.56)**
General reserve					
Opening balance	**12.08**	**12.08**	**12.08**	**12.08**	**33.18**
Changes during the year	-	-	-	-	(21.10)
Balances at the end of the year	**12.08**	**12.08**	**12.08**	**12.08**	**12.08**
Retained earnings					
Opening balance	**1,230.18**	**975.13**	**773.41**	**639.38**	**436.59**
Net profit during the year	311.89	252.38	198.89	134.21	204.60
Other comprehensive income	(0.57)	2.67	2.83	(0.18)	(1.81)
	1,541.50	**1,230.18**	**975.13**	**773.41**	**639.38**
Total other equity	**2,641.52**	**2,330.20**	**992.00**	**790.28**	**655.90**

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

This represents the capital reserve on account of business combination under common control. The amount of capital reserve represents the difference between the consideration paid for acquisition and the share capital of the acquired entities.

General reserve

This represents accumulated free reserves of the Company.

Retained earnings

All the profits or losses made by the Company are transferred to retained earnings from restated standalone statement of profit and loss and it also includes pre-acquisition profits of entities acquired under business combination under common control.

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Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
21 Non-current borrowings					
Secured *					
From banks					
Term loan	-	-	-	-	79.77
Vehicle loan	-	-	-	0.03	0.35
From other parties					
Financial institutions	-	-	-	-	38.88
	-	-	-	0.03	119.00
Finance lease obligations (refer Note 45)	0.41	0.42	0.43	0.44	0.45
	0.41	0.42	0.43	0.44	0.45
Total	**0.41**	**0.42**	**0.43**	**0.47**	**119.45**

* Refer note 21 (a) for details related to repayment terms, interest rates and securities. Also refer note 40 for information on company's exposure to interest rates and liquidity rates.

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(All amounts in millions of INR, unless stated otherwise)

21 (a) Details of borrowings

S. No.	Nature of loan	Name of Lender	As at 31 March 2018 Non-Current	31 March 2018 Current	31 March 2017 Non-Current	31 March 2017 Current	31 March 2016 Proforma Ind AS Non-Current	31 March 2016 Proforma Ind AS Current	31 March 2015 Proforma Ind AS Non-Current	31 March 2015 Proforma Ind AS Current	31 March 2014 Proforma Ind AS Non-Current	31 March 2014 Proforma Ind AS Current	Nature of securities	Interest Rate (per annum)	Tenure of repayment
1	Term loan	State Bank of India	-	-	-	-	-	-	-	-	70.31	28.60	The loan secured by first charge over the Company's entire fixed assets situated at leasehold land at Haridwar, Kashipur and Tumkur, Equitable Mortgage of Factory land situated at Haridwar, Kashipur and Tumkur. Further the Company has also given collateral security of house situated at Gwalior, land & building of M/s Waterwell Containers Private Limited, Pure Ganga Water Systems Private Limited and office building situated at Noida. The Company has made pre-payment of this loan during the year ended 31 March 2015.	13.15%	Term loan amounting to Rs. 198.0 million is repayable in 60 monthly installments.
2	Term loan	Bank of India	-	-	-	-	-	-	-	-	9.46	8.20	Term loan I from Bank of India carries interest @ 14.75% per annum and is repayable in 60 monthly installment of Rs. 0.3893 million and Term Loan II carries interest @ 14.75% per annum and is repayable in 59 monthly installments of Rs. 0.3333 million each and 60 monthly installments of Rs.0.3329 million plus interest. The loan secured by first charge on stocks and book debts of the Company as well as on all the assets of the Company. Further the Company has also provided collateral security of its factory land and building situated at C-36 Sikandrabad industrial area along with individual guarantee of Ashish Baheti and Atul Ladha and their relatives . The Company has made pre payment of this loan during the year ended 31 March 2015.	14.75%	Term Loan I repayable in 60 monthly installment of Rs. 0.3893 million. Term Loan II repayable in 59 monthly installments of Rs. 0.3333 million each and 60 monthly installments of Rs.0.3329 million plus interest.
3	Term loan	Tata Capital Financial Services Limited Company	-	-	-	-	-	-	-	-	38.88	14.54	Term loan from Tata Capital Financial Services Ltd carries interest @ 13.25% per annum and is repayable in 48 months including initial moratorium of 4 months and another term loan from Tata Capital Financial Services Ltd carries interest @ 15% per annum and is repayable in 60 months including initial moratorium of 1 months The loan secured by movable assets i.e blow moulding machine, injection moulding machine and irrevocable and unconditional personnel guarantee of Mr. Atul Ladha and Mr. Ashish Baheti. The Company has made pre-payment of this loan during the year ended 31 March 2015.	13.50%	The loan is repayable in 48 monthly installments.
4	Finance lease	Vectus has finance lease obligation towards the land taken from : 1. State Infrastructure and Industrial Development Corporation 2.Karnataka Industrial Development Corporation 3.Gujrat Industrial Development Corporation	0.41	0.01	0.42	0.01	0.43	0.01	0.44	0.01	0.45	0.03	Company has land on lease against which finance lease obligation has been created as per the requirement of Ind AS .	11%	The annual payout of finance lease obligation is Rs. 0.05 million out of which interest portion amounts to Rs. 0.03 million
5	Cash credit	State Bank of India	-	275.42	-	250.54	-	286.22	-	250.51	-	380.80	Cash credit facilities from State Bank of India is secured against the hypothecation of entire current assets of the Company, comprising stocks of raw material, stores, spares stocks in process and finished goods including goods in transit and book debts/receivable.	8.65%	Repayment on demand

(All amounts in millions of INR, unless stated otherwise)

21 (a) Details of borrowings

S. No.	Nature of loan	Name of Lender	As at 31 March 2018 Non-Current	31 March 2018 Current	31 March 2017 Non-Current	31 March 2017 Current	31 March 2016 Proforma Ind AS Non-Current	31 March 2016 Proforma Ind AS Current	31 March 2015 Proforma Ind AS Non-Current	31 March 2015 Proforma Ind AS Current	31 March 2014 Proforma Ind AS Non-Current	31 March 2014 Proforma Ind AS Current	Nature of securities	Interest Rate (per annum)	Tenure of repayment
6	Cash credit	ICICI Bank	-	30.23	-	106.76	-	129.76	-	-	-	-	Cash credit facilities from ICICI Bank is secured against the following: i) hypothecation comprising stocks of raw material, semi finished goods, finished goods, consumable stores, packing material and spares and also includes charge on trade receivables. ii) equitable mortgage on factory land and building situated as Haridwar, Kashipur, Tumkur, Banmore and Noida. iii) charge on entire movable fixed assets of the Company.	8.75%	Repayment on demand
7	Cash credit	YES Bank	-	23.17	-	-	-	-	-	-	-	-	Cash credit facilities from Yes Bank is subservient charge on all current assets and movable fixed assets of the borrower.	8.55%	Repayment on demand
8	Overdraft facilities	HSBC Bank	-	100.08	-	-	-	-	-	-	-	-	Personnel guarantee of Mr. Atul Ladha and Mr. Ashish Baheti.	8.50%	Repayment on demand
9	Vehicle loan	HDB Financial Services	-	-	-	-	-	-	0.03	0.32	0.35	0.48	Secured against hypothecation of the vehicle from HDB Financial Services carries an interest @ 13% per annum, Loans from HDFC Bank carries an interest @ 14.02% per annum.	13% & 14.02 %	Repayable in 33 equal monthly Installment of 0.04656/- million and 23 monthly Installment of 0.0172/- million .
10	Unsecured loan	Directors	-	-	-	-	-	-	-	-	-	13.82	Not Applicable	Nil	Unsecured loans are repayable on demand
11	Unsecured loan	Directors & Relative	-	-	-	-	-	-	-	-	-	19.77	Not Applicable	14% & 15%	Unsecured loans are repayable on demand
12	Term loan	Electronica Finance Limited	-	-	-	-	-	-	-	-	-	1.47	Secured against hypothecation of Plant and Machinery	13.50%	Repayable in .15 million Monthly installment
13	Vehicle loan	Mahindra & Mahindra	-	-	-	-	-	-	-	-	-	0.11	Secured against hypothecation of the vehicle	13.90%	Repayable in .03 million Monthly Installment
14	Vehicle Loan	HDFC Bank Limited	-	-	-	-	-	-	-	0.01	-	0.19	Secured against hypothecation of the vehicle	14.02%	Repayment on Month Installment

Note:
1 Refer note 47 for details of assets pledged as security

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Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

		As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
22	**Non- current provision**					
	Provision for employee benefits (Also refer note 50)					
	- Gratuity	10.46	12.05	15.31	15.22	13.72
	- Compensated absences	5.00	3.89	2.77	2.38	1.25
		15.46	**15.94**	**18.08**	**17.60**	**14.97**
23	**Current borrowings**					
	Secured *					
	Repayable on demand :					
	Cash credit facilities	328.82	357.29	416.00	250.51	380.80
	Unsecured *					
	Repayable on demand :					
	From related parties	-	-	-	-	33.59
	Overdraft facility	100.08	-	-	-	-
		428.90	**357.29**	**416.00**	**250.51**	**414.39**

* Refer note 21 (a) for details related to repayment terms, interest rates and securities. Also refer note 40 for information on company's exposure to interest rates and liquidity rates.

24	**Trade payables**					
	Due to micro, small and medium-enterprises*	16.14	12.34	12.14	1.54	5.01
	Due to others	288.51	207.04	288.17	81.86	322.47
		304.65	**219.38**	**300.31**	**83.40**	**327.48**

*The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. Details of dues to micro, small and medium enterprises as per MSMED Act, 2006 are:

1.) Principal amount remaining unpaid	16.14	12.34	12.14	1.54	5.01
2.) Interest due thereon	0.10	-	-	-	-
3.) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-	-	-
4.) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-	-	-	-
5.) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.10	-	-	-	-
6.) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-	-	-	-

25	**Other financial liabilities (current)**					
	Employee related dues	42.41	38.84	35.12	18.34	16.18
	Creditors for expenses	82.62	70.96	57.96	31.55	29.06
	Current maturities of finance lease obligations	0.01	0.01	0.01	0.01	0.01
	Current maturities of long-term borrowings	-	-	0.03	0.32	53.60
	Interest accrued but not due on borrowings	-	-	-	-	2.69
	Security deposit	1.10	-	-	-	11.25
	Creditors for capital goods	49.60	33.25	35.37	12.27	14.36
	Other payables	56.54	65.20	22.67	17.79	16.76
		232.28	**208.26**	**151.16**	**80.28**	**143.91**

(All amounts in millions of INR, unless stated otherwise)

		As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
26	**Other current liabilities**					
	Advances from customers	29.58	29.85	22.23	10.76	11.06
	Payable to statutory authorities	31.19	70.65	59.36	42.64	37.34
		60.77	**100.50**	**81.59**	**53.40**	**48.40**
27	**Current provision**					
	Provision for employee benefits (also refer note 50)					
	- Gratuity	0.82	0.68	0.46	0.46	0.33
	- Compensated absences	0.47	0.38	0.21	0.17	0.15
	Provision for warranties	3.24	2.50	-	-	-
		4.53	**3.56**	**0.67**	**0.63**	**0.48**
	Movement in provision for warranties is as set out below					
	Opening balance	2.50	-	-	-	-
	Created during the year	0.74	2.50			
	Closing balance	**3.24**	**2.50**	**-**	**-**	**-**
28	**Current tax liabilities (net)**					
	Provision for tax (net of advance tax)	0.07	7.43	0.90	4.00	20.76
		0.07	**7.43**	**0.90**	**4.00**	**20.76**

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(All amounts in millions of INR, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
29 Revenue from operations					
Sale of products*					
- Manufactured goods	5,642.67	5,535.14	5,014.93	4,298.80	3,345.34
- Traded goods	120.65	103.97	127.43	88.74	223.10
	5,763.32	**5,639.11**	**5,142.36**	**4,387.54**	**3,568.44**
Other operating revenues					
Scrap sales	8.44	9.03	6.09	5.66	0.28
Job work income	-	-	-	-	0.46
Goods and service tax (GST) refund	17.21	-	-	-	-
	25.65	**9.03**	**6.09**	**5.66**	**0.74**
	5,788.97	**5,648.14**	**5,148.45**	**4,393.20**	**3,569.18**

* Consequent to introduction of Goods and Service Tax ("GST") with effect from 1 July 2017, central excise and value added tax have been subsumed into GST. In accordance with Ind AS 18, GST is not considered a part of revenue unlike excise duties which used to be included in revenue in period before 1 July 2017. Accordingly, the figures for the year ending 31 March 2018 are not strictly comparable with the previous fiscal year(s). Further, in accordance with Ind AS 18, discounts, rebates and various promotional schemes passed on to distributors/dealers are netted off from the revenue. Accordingly, for the sake of comparison, revenue from operations have been presented as adjusted for excise duty and discounts, rebates and various promotional schemes as follows:

Sale of products (A)	5,763.32	5,639.11	5,142.36	4,387.54	3,568.44
Less: Excise duty (B)	151.72	530.99	313.48	248.76	179.63
Sale of products, net of excise duty (C=A-B)	5,611.60	5,108.12	4,828.88	4,138.78	3,388.81
Add: Discounts, rebates and various promotional schemes (already deducted while arriving at sale of products (A) above) (D)	239.52	242.95	236.12	136.23	135.63
Adjusted revenue from sale of products (net of excise) before discounts, rebates and various promotional schemes (E=C+D)*	**5,851.12**	**5,351.07**	**5,065.00**	**4,275.01**	**3,524.45**
***Include sales of -**					
- Water tanks	2,104.70	1,952.10	1,958.10	1,660.60	1,455.90
- Pipes and fittings	3,305.61	3,019.53	2,704.62	2,242.96	1,785.25
- Household plastics and others	440.81	379.44	402.28	371.45	283.30
Total	**5,851.12**	**5,351.07**	**5,065.00**	**4,275.01**	**3,524.45**

30 Other income					
Recurring					
Interest income					
- Bank deposits	0.33	0.98	1.11	1.79	0.95
- Others	1.02	2.60	0.93	1.02	0.60
Non-recurring					
Net gain on foreign currency transaction	2.19	1.37	1.04	1.61	-
Guarantee income	-	-	3.39	-	-
Amount written back	2.38	0.73	0.96	1.64	-
Fair valuation of current investments	-	2.39	0.27	-	-
Profit on sale of non-current investment	0.09	-	-	-	7.58
Gain on sale of current investments in mutual funds	3.25	0.13	-	3.21	-
Subsidy received/ government grant	7.23	-	-	-	-
Business support services	1.16	0.71	0.40	-	-
Profit on sale of fixed assets (net)	1.16	-	-	-	24.54
Commission income	-	1.05	1.42	2.85	3.55
Miscellaneous income	1.58	2.47	1.62	0.62	2.11
	20.39	**12.43**	**11.14**	**12.74**	**39.33**

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
31 Cost of materials consumed					
Opening stock	269.99	343.38	230.48	175.43	119.78
Add: purchases	3,640.15	3,231.91	3,264.13	2,838.15	2,325.84
Less: closing stock	217.19	269.99	343.38	230.48	175.43
	3,692.95	**3,305.30**	**3,151.23**	**2,783.10**	**2,270.19**
32 Purchase of traded goods					
Purchase of stock-in-trade	83.44	58.27	78.58	72.19	105.94
	83.44	**58.27**	**78.58**	**72.19**	**105.94**
33 Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares					
Opening stock					
- Manufactured goods	393.68	382.27	304.03	219.88	204.22
- Work-in-progress	139.13	118.72	102.53	107.27	67.11
- Traded goods	23.29	21.33	26.97	20.38	26.51
- Stores and spares	11.35	11.65	7.91	6.87	5.45
Total	**567.45**	**533.97**	**441.44**	**354.40**	**303.29**
Closing stock					
- Manufactured goods	402.78	393.68	382.27	304.03	219.88
- Work-in-progress	219.97	139.13	118.72	102.53	107.27
- Traded goods	39.46	23.29	21.33	26.97	20.38
- Stores and spares	14.33	11.35	11.65	7.91	6.87
Total	**676.54**	**567.45**	**533.97**	**441.44**	**354.40**
	(109.09)	**(33.48)**	**(92.53)**	**(87.04)**	**(51.11)**
34 Excise duty					
Excise duty (on sale & stock transfer)	151.72	530.99	313.48	248.76	179.63
Excise duty refund	(2.60)	(6.85)	(6.33)	(2.15)	-
Increase/decrease in excise duty on finished goods	(26.67)	5.61	10.04	0.50	0.53
	122.45	**529.75**	**317.19**	**247.11**	**180.16**
35 Employee benefits expense					
Salaries, wages and bonus	521.68	454.90	384.80	284.37	197.41
Contribution to provident and other funds	21.17	19.56	18.26	15.27	7.99
Staff welfare expenses	11.39	12.77	9.69	6.33	4.33
	554.24	**487.23**	**412.75**	**305.97**	**209.73**
36 Finance costs					
Interest expenses					
- Banks	33.58	43.21	31.10	36.44	78.82
- Others	5.69	0.05	3.21	146.50	19.15
Interest on delayed payment of income-tax	0.24	0.48	0.12	-	-
Other borrowings cost	-	2.71	3.46	0.01	2.81
	39.51	**46.45**	**37.89**	**182.95**	**100.78**
37 Depreciation and amortisation expense					
Depreciation of tangible assets (Also refer note 1)	113.28	95.34	200.08	143.01	116.68
Amortisation of intangible assets (Also refer note 3)	18.71	15.50	4.78	4.25	2.84
	131.99	**110.84**	**204.86**	**147.26**	**119.52**

(All amounts in millions of INR, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
38 Other expenses					
Manufacturing expenses					
Purchase of stores and spare parts	54.56	53.89	60.63	34.91	30.24
Factory expenses	10.81	9.74	10.11	8.96	15.73
Insurance - factory	2.39	2.35	3.00	1.83	2.28
Loading and unloading charges	9.89	11.57	5.01	4.94	2.08
Rates and taxes	20.35	37.64	26.30	16.54	26.25
Rent - factory	9.51	5.34	2.88	2.11	0.96
Repairs and maintenance					
- Buildings	2.81	2.52	5.55	1.35	2.19
- Plant and machinery	17.30	12.44	14.26	14.13	11.52
Power and fuel	268.92	221.66	186.60	163.75	131.77
Security expenses - factory	13.04	12.12	9.93	7.90	5.95
Selling expenses					
Advertisement expenses	34.08	29.08	65.08	10.26	15.27
Business convention expenses	14.57	15.05	32.29	8.62	5.06
Freight outward	174.37	168.58	154.02	121.75	84.06
Rebates and discount	34.55	20.67	30.22	1.99	0.41
Rent - depot	20.65	22.15	17.42	12.13	6.92
Royalty expenses	4.03	4.49	3.75	3.41	-
Sales promotion expenses	36.75	41.35	29.54	59.81	34.52
Travelling and conveyance expenses	41.63	37.26	30.91	20.28	17.13
Vehicle running and maintenance	13.08	11.71	9.46	7.67	5.86
Administrative expenses					
Provision for impairment of investments	-	0.61	-	-	-
Provision for doubtful advances	-	0.01	-	-	-
Provision for warranty claims	0.74	2.50	-	-	-
Insurance - office	2.51	1.79	0.69	0.97	0.35
Net loss on foreign currency transaction	-	-	-	-	0.66
Loss on sale of fixed assets (net)	-	1.86	-	0.19	-
Repairs and maintenance (Others)	2.58	3.78	4.29	4.08	2.76
Security Expenses - office	6.21	6.99	4.61	2.65	2.16
Office maintenance	1.76	2.43	4.03	2.29	1.14
Payment to auditors	3.36	3.26	3.81	2.47	0.45
Advances written off	2.84	0.45	0.22	1.15	4.17
Provision for doubtful debts	1.27	1.12	0.72	1.43	9.28
Electricity and water expenses	2.68	2.58	2.17	2.19	1.14
Communication expenses	7.59	8.75	5.76	4.42	3.95
Guest house expenses	0.61	0.77	1.12	1.11	0.42
Information technology (IT)	18.71	10.44	3.01	0.84	0.22
Legal and professional expenses	17.24	18.74	16.69	9.63	5.82
Bank charges	3.09	1.41	1.93	4.47	4.51
Guarantee expenses	-	-	3.39	-	-
Printing and stationery	5.55	3.89	4.74	-	-
Miscellaneous expenses	3.99	4.90	3.68	4.97	4.21
	864.02	**795.89**	**757.82**	**545.20**	**439.44**

Payment to auditors (excluding applicable taxes):					
As auditors	3.00	3.00	3.35	2.23	0.43
For reimbursement of expenses	0.36	0.24	0.26	0.24	0.02
Other services	-	0.02	0.20	-	-
	3.36	**3.26**	**3.81**	**2.47**	**0.45**

(All amounts in millions of INR, unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
39 Exceptional item					
Payment towards financial guarantee given for associate	-	15.31	-	-	-
Provision for loans/advances given to subsidiary/associate	-	-	22.90	-	-
Provision for impairment of investment in subsidiary and associate	-	-	8.76	-	-
	-	**15.31**	**31.66**	**-**	**-**

During the year ended 31 March 2017, the Company has sold off its stake in Vectus Kenya Limited pursuant to the agreement for sale of shares entered with the purchaser. Owing to the agreement, the Company has provided for Rs 15.31 millions towards the final settlement of the dues payable by Vectus Kenya Limited to the banks which needs to be paid off by shareholders of Vectus Kenya Limited. Accordingly, such additional liability of Rs 15.31 millions has been disclosed as an 'exceptional item' in the restated statement of profit and loss.

During the year ended 31 March 2016 Company has made the provision of Rs. 20.64 millions and Rs. 2.26 millions towards loans and advances given to Vectus Kenya Limited and Shri Chakradhar Paper and Boards Private Limited respectively. In addition, the investment made in Vectus Kenya Limited and Chakradhar Paper and Boards Private Limited amounting to Rs. 8.76 millions as been fully provided for.

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(All amounts in millions of INR, unless stated otherwise)

40 Financial Instruments

(i) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the restated standalone financial information and are entitled into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and liabilities measured at fair value – recurring fair value measurements

31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	-	-	-	-
Total financial asset	-	-	-	-

31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	17.37	-	-	**17.37**
Total financial asset	17.37	-	-	**17.37**

31 March 2016 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	6.46	-	-	**6.46**
Total financial asset	6.46	-	-	**6.46**

31 March 2015 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	-	-	-	-
Total financial asset	-	-	-	-

31 March 2014 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	-	-	-	-
Total financial asset	-	-	-	-

*There are no financial liabilities at fair value.

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
The mutual funds are valued using the closing NAV.

Financial risk management

(i) Financial instruments by category

Particulars	31 March 2018		31 March 2017		31 March 2016 Proforma Ind AS		31 March 2015 Proforma Ind AS		31 March 2014 Proforma Ind AS	
	Future value through profit and loss (FVTPL)	Amortised cost	Future value through profit and loss (FVTPL)	Amortised cost	Future value through profit and loss (FVTPL)	Amortised cost	Future value through profit and loss (FVTPL)	Amortised cost	Future value through profit and loss (FVTPL)	Amortised cost
Financial assets										
Investments	-	-	17.37	-	6.46	-	-	-	-	-
Loans	-	46.23	-	40.43	-	32.14	-	53.75	-	41.82
Other financial assets	-	51.83	-	36.30	-	52.99	-	54.94	-	25.45
Trade receivable	-	813.01	-	633.10	-	557.14	-	502.03	-	330.11
Cash and cash equivalents	-	128.84	-	68.60	-	19.12	-	128.75	-	10.00
Other bank balances	-	6.41	-	5.44	-	89.87	-	6.61	-	14.47
Total financial assets	**-**	**1,046.32**	**17.37**	**783.87**	**6.46**	**751.26**	**-**	**746.08**	**-**	**421.85**
Financial liabilities										
Borrowings	-	429.31	-	357.71	-	416.43	-	250.98	-	533.84
Other financial liabilities	-	232.28	-	208.26	-	151.16	-	80.28	-	143.91
Trade payables	-	304.65	-	219.38	-	300.31	-	83.40	-	327.48
Total financial liabilities	**-**	**966.24**	**-**	**785.35**	**-**	**867.90**	**-**	**414.66**	**-**	**1,005.23**

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalent are considered to be the same as their fair values, due to short-term in nature.
The fair value of security deposits is calculated based on cash flows discounted using current lending rate.
The carrying value of the amortised financial assets and liabilities approximate to the fair value on the respective reporting dates.

(All amounts in millions of INR, unless stated otherwise)

(ii) Risk management

The entity's activities expose it to market risk, liquidity risk and credit risk. The entity board of directors has overall responsibility for the establishment and oversight of the entity's risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the restated standalone financial information.

(A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the entity. The entity's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The entity continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

a) Credit risk management

(i) Credit risk rating

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, and other financial assets	12 month expected credit loss

Based on business environment in which the entity operates, there have been no defaults on financial assets of the entity by the counterparty. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the entity. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Aggregate credit risk exposure of the Company

Credit rating	Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, and other financial assets	1065.19	801.47	767.74	761.84	436.17

b) Credit risk exposure

(i) Provision for expected credit losses

The entity provides for 12 month expected credit losses for following financial assets –

31 March 2018

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	128.84	-	128.84
Other bank balances	6.41	-	6.41
Loans	46.23	-	46.23
Trade receivables	831.88	18.87	813.01
Other financial assets	51.83	-	51.83

31 March 2017

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	68.60	-	68.60
Other bank balances	5.44	-	5.44
Loans	40.43	-	40.43
Trade receivables	650.70	17.60	633.10
Other financial assets	36.30	-	36.30

31 March 2016 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	19.12	-	19.12
Other bank balances	89.87	-	89.87
Loans	32.14	-	32.14
Trade receivables	573.62	16.48	557.14
Other financial assets	52.99	-	52.99

(All amounts in millions of INR, unless stated otherwise)

31 March 2015 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	128.75	-	128.75
Other bank balances	6.61	-	6.61
Loans	53.75	-	53.75
Trade receivables	517.79	15.76	502.03
Other financial assets	54.94	-	54.94

31 March 2014 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	10.00	-	10.00
Other bank balances	14.47	-	14.47
Loans	41.82	-	41.82
Trade receivables	344.43	14.32	330.11
Other financial assets	25.45	-	25.45

(ii) Expected credit loss for trade receivables under simplified approach

31 March 2018

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	793.87	12.80	25.21	831.88
Expected loss rate	0.66%	15.80%	46.22%	
Expected credit loss (provision)	5.20	2.02	11.65	18.87
Carrying amount (net of impairment)	788.67	10.78	13.56	813.01

31 March 2017

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	623.61	11.43	15.66	650.70
Expected loss rate	0.68%	15.95%	73.78%	
Expected credit loss (provision)	4.23	1.82	11.55	17.60
Carrying amount (net of impairment)	619.38	9.61	4.11	633.10

31 March 2016 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	554.47	8.39	10.76	573.62
Expected loss rate	0.69%	18.56%	103.33%	
Expected credit loss (provision)	3.80	1.56	11.12	16.48
Carrying amount (net of impairment)	550.67	6.83	(0.36)	557.14

31 March 2015 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	505.94	11.85	-	517.79
Expected loss rate	0.71%	37.53%	0.00%	
Expected credit loss (provision)	3.59	4.45	7.72	15.76
Carrying amount (net of impairment)	502.35	7.40	(7.72)	502.03

31 March 2014 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	325.09	14.09	5.25	344.43
Expected loss rate	0.85%	10.20%	192.72%	
Expected credit loss (provision)	2.76	1.44	10.12	14.32
Carrying amount (net of impairment)	322.34	12.65	(4.87)	330.11

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Total
Loss allowance as on 1 April 2013 - Proforma Ind AS	**5.05**
Changes in provision	9.28
Loss allowance on 31 March 2014 - Proforma Ind AS	**14.32**
Changes in provision	1.43
Loss allowance on 31 March 2015 - Proforma Ind AS	**15.76**
Changes in provision	0.72
Loss allowance on 31 March 2016 - Proforma Ind AS	**16.48**
Changes in provision	1.12
Loss allowance on 31 March 2017	**17.60**
Changes in provision	1.27
Loss allowance on 31 March 2018	**18.87**

(B) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity's liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the entity's financial liabilities into relevant maturity entitling based on their contractual maturities.

31 March 2018	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	428.90	0.41	-	**429.31**
Trade payable	304.65	-	-	**304.65**
Other financial liabilities	232.28	-	-	**232.28**
Total	**965.83**	**0.41**	**-**	**966.24**

31 March 2017	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	357.29	0.42	-	**357.71**
Trade payable	219.38	-	-	**219.38**
Other financial liabilities	208.26	-	-	**208.26**
Total	**784.93**	**0.42**	**-**	**785.35**

31 March 2016 - Proforma Ind AS	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	416.00	0.43	-	**416.43**
Trade payable	300.31	-	-	**300.31**
Other financial liabilities	151.16	-	-	**151.16**
Total	**867.47**	**0.43**	**-**	**867.90**

31 March 2015 - Proforma Ind AS	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	250.51	0.47	-	**250.98**
Trade payable	83.40	-	-	**83.40**
Other financial liabilities	80.28	-	-	**80.28**
Total	**414.19**	**0.47**	**-**	**414.66**

31 March 2014 - Proforma Ind AS	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	414.39	119.45	-	**533.84**
Trade payable	327.48	-	-	**327.48**
Other financial liabilities	143.91	-	-	**143.91**
Total	**885.78**	**119.45**	**-**	**1,005.23**

(C) Market risk

(a) Foreign exchange risk

The entity has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Company as per its overall strategy uses forward contracts and swaps to mitigate its risks associated with fluctuations in foreign currency and interest rates on borrowings and such contracts are not designated as hedges under Ind AS 109. The company does not use forward contracts and swaps for speculative purposes.

Foreign currency risk exposure:

		Balance in foreign currency						Balance in Indian currency				
Particulars	**Currency**	**31 March 2018**	**31 March 2017**	**31 March 2016 Proforma Ind AS**	**31 March 2015 Proforma Ind AS**	**31 March 2014 Proforma Ind AS**	**Currency**	**31 March 2018**	**31 March 2017**	**31 March 2016 Proforma Ind AS**	**31 March 2015 Proforma Ind AS**	**31 March 2014 Proforma Ind AS**
Creditor	USD	19,620	14,142	1,076	1,63,540	1,94,869	INR in millions	1.28	0.92	0.07	10.24	11.65
Loans/advances *	KES	-	-	-	3,20,00,000	2,55,00,000	INR in millions	-	-	-	20.64	16.44

*Given to an associate Company

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Currency	31 March 2018		31 March 2017		31 March 2016 Proforma Ind AS		31 March 2015 Proforma Ind AS		31 March 2014 Proforma Ind AS	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
INR/USD- increase by 4.24% (31 March 2017 4.09%; 31 March 2016 4.92%; 31 March 2015 5.26%; 31 March 2014 4.24%)*	USD	0.05	(0.05)	0.04	(0.04)	0.00	(0.00)	0.54	(0.54)	0.49	(0.49)
INR/KES- increase by 5% (31 March 2014 5%)*	KES	-	-	-	-	-	-	1.03	(1.03)	0.82	(0.82)

** Holding all other variables constant*

(All amounts in millions of INR, unless stated otherwise)

(b) Interest rate risk

i) Liabilities

The entity’s policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the entity is exposed to changes in market interest rates through borrowings at variable interest rates.

The entity’s investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the entity to interest rate risk:

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Variable rate borrowing	428.90	357.29	416.00	250.10	532.94
Fixed rate borrowing	0.41	0.42	0.43	0.44	0.45
Total borrowings	**429.31**	**357.71**	**416.43**	**250.54**	**533.39**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Interest sensitivity*					
Interest rates – increase by 100 basis points	(4.29)	(3.57)	(4.16)	(2.50)	(5.33)
Interest rates – decrease by 100 basis points	4.29	3.57	4.16	2.50	5.33

** Holding all other variables constant*

(c) Price risk

The Company does not have exposure to price risk other than its investments in mutual funds, which are considered immaterial.

41 Capital management

For the purpose of the entity's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the entity's capital management is to maximise the shareholder value.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep an optimum gearing ratio. The entity includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Long-term borrowings including finance lease obligations	0.41	0.42	0.43	0.47	119.45
Current maturities of long-term borrowings including finance lease obligations	0.01	0.01	0.04	0.33	53.61
Short-term borrowings	428.90	357.29	416.00	250.51	414.39
Total Borrowings	**429.32**	**357.72**	**416.47**	**251.31**	**587.45**
Less:					
Cash and cash equivalents	128.84	68.60	19.12	128.75	10.00
Other bank balances	6.41	5.44	89.87	6.61	14.47
Investments	-	17.37	6.46	-	-
Net debt	**294.07**	**266.31**	**301.02**	**115.95**	**562.98**
Total Equity*	2,772.99	2,461.67	2,206.62	2,004.90	758.40
Net debt to equity ratio	**10.60%**	**10.82%**	**13.64%**	**5.78%**	**74.23%**

**Equity includes capital and all reserves of the Company that are managed as capital.*

In order to achieve this overall objective, the entity's capital management, amongst other things, aims to ensure that it meets financial covenants and attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

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(All amounts in millions of INR, unless stated otherwise)

42 Capitalisation of expenditure:

The expenditure incidental to the setting up of the project is included in capital work in progress (CWIP) which is apportioned to the assets on completion of the project and commencement of commercial operations. The entity has capitalised the following expenses to the cost of fixed asset/ capital work-in-progress (CWIP):

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2016 Proforma Ind AS	Year Ended 31 March 2015 Proforma Ind AS	Year Ended 31 March 2014 Proforma Ind AS
Salaries, wages and bonus	2.06	9.88	4.92	1.52	-
Other expense	4.17	11.70	47.25	2.93	0.19
Total amount capitalized	**6.23**	**21.58**	**52.17**	**4.45**	**0.19**

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(All amounts in millions of INR, unless stated otherwise)

43 Contingent liabilities

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
1 Claims against the company not acknowledge as debts					
a) Demands raised by Excise authorities against which appeals have been filed	0.43	1.00	-	-	-
b) Demands raised by Service-tax authorities against which appeals have been filed	5.02	4.00	-	-	-
c) Demands made by the Sale-Tax authorities against which appeals have been filed	5.77	12.01	5.86	15.48	15.48
d) Demands raised by the Income-Tax authorities against which appeals have been filed	-	0.57	0.41	0.44	0.44
2 Contingent liabilities, not acknowledged as debt, include:					
a) Corporate guarantee issued by the Company	82.30	287.31	333.30	318.44	323.90
b) Bonus as per The Payment of Bonus (Amendment) Act, 2015	3.37	3.37	3.37	-	-

The Company is contesting the above demands and the management, including its solicitor, believe that position will likely be upheld in the appellate process. No tax expense has been accrued in the restated standalone financial information for tax demand raised.

Other than above, the Company is also involved in certain litigations with employee and certain customers. Claims involved may be payable by the Company as and when the outcome of the related matters is finally determined and hence has not been included above. Management based on legal advice, believes that Company has a reasonably good chance of succeeding in respect of these matters.

44 Capital and other committments

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for (net of advances)	118.04	65.06	103.36	125.00	56.05

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(All amounts in millions of INR, unless stated otherwise)

45 Leases

Finance lease (as lessee)

The Company has taken certain land on lease which has been classified under leasehold land under note 1, disclosure for finance lease obligations under Ind AS - 17 leases is as under. The Lease term in respect to the asset acquired ranges from 10- 99 years.

Finance lease obligation of the Company as of 31 March 2018 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.08	0.05	0.03
Later than one year but less than five year	0.18	0.17	0.01
Later than five years	3.84	3.46	0.38
	4.10	**3.68**	**0.42**

Finance lease obligation of the Company as of 31 March 2017 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.07	0.05	0.02
Later than one year but less than five year	0.21	0.18	0.03
Later than five years	3.91	3.53	0.38
	4.19	**3.76**	**0.43**

Finance lease obligation of the Company as of 31 March 2016 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.07	0.05	0.02
Later than one year but less than five year	0.22	0.18	0.04
Later than five years	3.97	3.59	0.38
	4.26	**3.82**	**0.44**

Finance lease obligation of the Company as of 31 March 2015 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.06	0.05	0.01
Later than one year but less than five year	0.24	0.19	0.05
Later than five years	4.03	3.64	0.39
	4.33	**3.88**	**0.45**

Finance lease obligation of the Company as of 31 March 2014 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.08	0.07	0.01
Later than one year but less than five year	0.24	0.19	0.05
Later than five years	4.09	3.69	0.40
	4.41	**3.95**	**0.46**

Operating lease: Company as lessee

Lease payable under cancellable operating leases recognised an expense in the restated standalone statement of profit and loss accounts as rent expense

Year ended	Amount
31 March 2018	30.16
31 March 2017	27.49
31 March 2016 - Proforma Ind AS	20.30
31 March 2015 - Proforma Ind AS	14.24
31 March 2014 - Proforma Ind AS	7.88

46 Related Party Transactions

In accordance with the requirements of Indian Accounting Standard (Ind AS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

A Associate

Vectus Kenya Limited (till 31 December 2016)

B Subsidiaries

1 Gangotri Polymers Private Limited
2 Sunrise Tanks Private Limited
3 Vectus Containers Private Limited
4 Shri Chakradhar Paper and Boards Private Limited (Till 15 Feb 2018)*
5 Vectus Moulding Private Limited (Till 31 August 2013)

C Key management personnel and their relatives

1 Manorama Ladha (Mother of Atul Ladha)
2 GD Ladha (Father of Atul Ladha)
3 Madan Mohan Baheti (Father of Ashish Baheti)
4 Atul Ladha
5 Ashish Baheti
6 Sunita Ladha
7 Sarika Baheti
8 Divyan Baheti (Son of Ashish Baheti)
9 Santosh Kumar Maheshwari (Independent director)
10 Kapilesh Manglik (Independent director)

D Enterprises owned or significantly influenced by key management personnel or their relatives

1 Ladha Real Estate Private Limited
2 Shivangi Polymers Private Limited
3 Ladha GD & Co.
4 Atul Ladha and Sons-HUF
5 Ashish Baheti-HUF

* During the current year ended 31 March 2018, the Company has sold off its entire stake in Shri Chakradha Paper Boards Private Limited vide agreement for sale of shares dated 16 March 2018 for a consideration of Rs. 0.1 millions.

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Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiaries and Associate					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
a) Transactions with related parties																				
Sale of goods																				
Gangotri Polymers Private Limited	25.46	21.63	16.16	12.96	1.96	-	-	-	-	-	-	-	-	-	-	**25.46**	**21.63**	**16.16**	**12.96**	**1.96**
Sunrise Tanks Private Limited	10.84	7.52	0.22	0.90	9.47	-	-	-	-	-	-	-	-	-	-	**10.84**	**7.52**	**0.22**	**0.90**	**9.47**
Purchase of trading goods																				
Sunrise Tanks Private Limited	33.50	20.92	30.31	10.21	15.26	-	-	-	-	-	-	-	-	-	-	**33.50**	**20.92**	**30.31**	**10.21**	**15.26**
Gangotri Polymers Private Limited	1.65	5.55	6.56	0.11	0.78	-	-	-	-	-	-	-	-	-	-	**1.65**	**5.55**	**6.56**	**0.11**	**0.78**
Purchase of fixed assets																				
Sunrise Tanks Private Limited	0.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.73**	**-**	**-**	**-**	**-**
Expenses paid on behalf of subsidiary																				
Sunrise Tanks Private Limited	1.38	0.18	2.58	0.80	1.30	-	-	-	-	-	-	-	-	-	-	**1.38**	**0.18**	**2.58**	**0.80**	**1.30**
Gangotri Polymers Private Limited	0.48	0.03	1.71	2.08	0.30	-	-	-	-	-	-	-	-	-	-	**0.48**	**0.03**	**1.71**	**2.08**	**0.30**
Expenses paid by subsidiary on behalf of the Company																				
Sunrise Tanks Private Limited	0.14	0.73	0.65	0.44	-	-	-	-	-	-	-	-	-	-	-	**0.14**	**0.73**	**0.65**	**0.44**	**-**
Gangotri Polymers Private Limited	11.38	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	**11.38**	**-**	**0.06**	**-**	**-**
Rent paid																				
Manorama Ladha	-	-	-	-	-	0.18	0.18	0.18	0.18	0.18	-	-	-	-	-	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	0.30	0.30	0.30	0.30	-	**0.30**	**0.30**	**0.30**	**0.30**	**-**
Sunrise Tanks Private Limited	0.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.70**	**-**	**-**	**-**	**-**
Sitting fees																				
Santosh Kumar Maheshwari	-	-	-	-	-	0.10	0.14	-	-	-	-	-	-	-	-	**0.10**	**0.14**	**-**	**-**	**-**
Kapilesh Manglik	-	-	-	-	-	0.08	0.10	-	-	-	-	-	-	-	-	**0.08**	**0.10**	**-**	**-**	**-**
Investment made																				
Vectus Kenya Limited	-	-	-	-	2.00	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**2.00**
Financial guarantee created																				
Vectus Kenya Limited	-	0.61	0.61	0.61	3.25	-	-	-	-	-	-	-	-	-	-	**-**	**0.61**	**0.61**	**0.61**	**3.25**
Gain on release of financial guarantee																				
Vectus Kenya Limited	-	1.05	1.32	1.32	0.99	-	-	-	-	-	-	-	-	-	-	**-**	**1.05**	**1.32**	**1.32**	**0.99**
Provision for investment written off																				
Vectus Kenya Limited	-	1.02	0.61	3.86	-	-	-	-	-	-	-	-	-	-	-	**-**	**1.02**	**0.61**	**3.86**	**-**
Rent received																				
Vectus Moulding Private limited	-	-	-	-	0.88	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**0.88**
Business support fees received																				
Gangotri Polymers Private Limited	0.53	0.28	0.10	0.10	-	-	-	-	-	-	-	-	-	-	-	**0.53**	**0.28**	**0.10**	**0.10**	**-**
Sunrise Tanks Private Limited	0.63	0.43	0.30	0.30	-	-	-	-	-	-	-	-	-	-	-	**0.63**	**0.43**	**0.30**	**0.30**	**-**
Commission income																				
Gangotri Polymers Private Limited	-	-	0.04	0.60	0.11	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**0.04**	**0.60**	**0.11**
Sunrise Tanks Private Limited	-	-	0.07	0.94	0.77	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**0.07**	**0.94**	**0.77**
Vectus Moulding Private Limited	-	-	-	-	1.68	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**1.68**
Travelling expenses paid																				
Director travelling expenses	-	-	-	-	-	2.00	2.80	2.65	0.79	1.72	-	-	-	-	-	**2.00**	**2.80**	**2.65**	**0.79**	**1.72**
Legal and professional charges																				
Madan Mohan Baheti	-	-	-	-	-	0.96	0.99	0.99	1.02	1.00	-	-	-	-		**0.96**	**0.99**	**0.99**	**1.02**	**1.00**
Ladha G.D. & Co.	-	-	-	-	-	-	-	-	-	-	1.69	1.79	-	-	-	**1.69**	**1.79**	**-**	**-**	**-**

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiaries and Associate					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Vehicle running and maintenance expenses																				
Ladha G.D. & Co.	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01	-
Unsecured loan taken																				
Ashish Baheti	-	-	-	-	-	-	-	-	-	18.19	-	-	-	-	-	-	-	-	-	18.19
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	-	-	-	-	0.09
Sarika Baheti	-	-	-	-	-	-	-	-	-	1.98	-	-	-	-	-	-	-	-	-	1.98
Sunita Ladha	-	-	-	-	-	-	-	-	-	1.35	-	-	-	-	-	-	-	-	-	1.35
Gangotri Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11	-	-	-	-	0.11
Divyan Baheti	-	-	-	-	-	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	0.11
Interest on unsecured loan paid																				
Sarika Baheti	-	-	-	-	-	-	-	-	0.16	-	-	-	-	-	-	-	-	-	0.16	-
Sunita Ladha	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	0.02	-
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	0.69	-	-	-	-	0.69	-
Divyan Baheti	-	-	-	-	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	0.03	-
Atul Ladha and Sons-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	-	-	0.06	-
G.D.Ladha	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.03	-
Repayment of unsecured loan																				
Ashish Baheti	-	-	-	-	-	-	-	-	22.49	3.69	-	-	-	-	-	-	-	-	22.49	3.69
Atul Ladha	-	-	-	-	-	-	-	-	-	0.26	-	-	-	-	-	-	-	-	-	0.26
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	0.80	-	-	-	-	-	-	-	-	-	0.80	-
Atul Ladha & Sons-HUF	-	-	-	-	-	-	-	-	2.10	1.38	-	-	-	-	-	-	-	-	2.10	1.38
Sarika Baheti	-	-	-	-	-	-	-	-	5.32	-	-	-	-	-	-	-	-	-	5.32	-
Sunita Ladha	-	-	-	-	-	-	-	-	0.77	2.86	-	-	-	-	-	-	-	-	0.77	2.86
Gangotri Polymers Private Limited	-	-	-	-	-	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	0.11
Divyan Baheti	-	-	-	-	-	-	-	-	1.02	-	-	-	-	-	-	-	-	-	1.02	-
G.D.Ladha	-	-	-	-	-	-	-	-	1.10	0.60	-	-	-	-	-	-	-	-	1.10	0.60
Loans given																				
Vectus Containers Private Limited	0.01	0.01	1.76	2.35	2.78	-	-	-	-	-	-	-	-	-	-	0.01	0.01	1.76	2.35	2.78
Vectus Kenya Limited	-	-	-	4.19	6.82	-	-	-	-	-	-	-	-	-	-	-	-	-	4.19	6.82
Shri Chakradhar Paper and Boards Private Limited	0.01	0.01	0.01	0.03	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.03	-
Director's remuneration																				
Ashish Baheti	-	-	-	-	-	15.18	15.18	13.80	13.80	13.26	-	-	-	-	-	15.18	15.18	13.80	13.80	13.26
Atul Ladha	-	-	-	-	-	15.18	15.18	13.80	13.80	9.39	-	-	-	-	-	15.18	15.18	13.80	13.80	9.39
Sarika Baheti	-	-	-	-	-	1.32	1.32	1.20	1.20	3.00	-	-	-	-	-	1.32	1.32	1.20	1.20	3.00
Sunita Ladha	-	-	-	-	-	1.32	1.32	1.20	1.20	1.20	-	-	-	-	-	1.32	1.32	1.20	1.20	1.20
Corporate guarantee given																				
Gangotri Polymers Private Limited	-	-	39.80	-	39.99	-	-	-	-	-	-	-	-	-	-	-	-	39.80	-	39.99
Sunrise Tanks Private Limited	-	50.00	-	5.00	19.80	-	-	-	-	-	-	-	-	-	-	-	50.00	-	5.00	19.80
Guarantee received																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sunita Ladha and Sarika Baheti	180.00	-	50.00	-	-	-	-	-	-	-	-	-	-	-	-	180.00	-	50.00	-	-
Personal guarantee released																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sunita Ladha and Sarika Baheti	-	-	-	243.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	243.09	-

(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiaries and Associate					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Corporate guarantee released																				
Vectus Kenya Limited	-	-	42.75	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**42.75**	**-**	**-**
Sunrise Tanks Private Limited	-	56.00	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**56.00**	**-**	**-**	**-**
Gangotri Polymers Private Limited	27.30	39.99	-	-	-	-	-	-	-	-	-	-	-	-	-	**27.30**	**39.99**	**-**	**-**	**-**
Purchase of capital goods																				
Vectus Containers Private Limited	-	-	15.34	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**15.34**	**-**	**-**
Provision for diminution (other than temporary) in long-term investments																				
Vectus Kenya Limited	-	-	2.02	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**2.02**	**-**	**-**
Shri Chakradhar Paper and Boards Private Limited	-	-	2.27	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**2.27**	**-**	**-**
Provision for doubtful advances																				
Shri Chakradhar Paper and Boards Private Limited	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**0.01**	**-**	**-**	**-**
Liability incurred towards release of guarantee																				
Vectus Kenya Limited	-	15.31	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**15.31**	**-**	**-**	**-**
Sale of fixed assets																				
Gangotri Polymers Private Limited	0.03	-	-	-	1.16	-	-	-	-	-	-	-	-	-	-	**0.03**	**-**	**-**	**-**	**1.16**
Sunrise Tanks Private Limited	0.59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.59**	**-**	**-**	**-**	**-**
b) Balance outstanding at the year end																				
Receivable																				
Trade receivables																				
Gangotri Polymers Private Limited	-	3.39	1.54	2.72	-	-	-	-	-	-	-	-	-	-	-	**-**	**3.39**	**1.54**	**2.72**	**-**
Sunrise Tanks Private Limited	-	-	-	0.13	0.35	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**0.13**	**0.35**
Ladha Real Estate Private Limited	-	-	-	-	-	-	-	-	-	-	-	1.74	1.74	1.74	-	**-**	**1.74**	**1.74**	**1.74**	**-**
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	**-**	**-**	**-**	**0.02**	**-**
O/s Balance at year end																				
Financial guarantee obligation	-	-	0.84	1.55	2.26	-	-	-	-	-	-	-	-	0.02	-	**-**	**-**	**0.84**	**1.58**	**2.26**
Loans and advances to related parties																				
Vectus Containers Private Limited	-	-	-	7.30	4.95	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**7.30**	**4.95**
Vectus Kenya Limited	-	-	20.64	20.64	16.44	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**20.64**	**20.64**	**16.44**
Shri Chakradhar Paper and Boards Private Limited	-	2.27	2.26	2.25	2.22	-	-	-	-	-	-	-	-	-	-	**-**	**2.27**	**2.26**	**2.25**	**2.22**
Vectus Moulding Private limited	-	-	-	-	0.97	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**0.97**
Loans and advances to related parties																				
Atul Ladha	-	-	-	-	-	-	5.68	2.06	0.00	-	-	-	-	-	-	**-**	**5.68**	**2.06**	**0.00**	**-**
Sunita Ladha	-	-	-	-	-	-	0.36	0.32	-	-	-	-	-	-	-	**-**	**0.36**	**0.32**	**-**	**-**
Ashish Baheti	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	**-**	**-**	**0.01**	**-**	**-**
Advances to suppliers																				
Gangotri Polymers Private Limited	4.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**4.53**	**-**	**-**	**-**	**-**

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiaries and Associate					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Payable																				
Loan and advances																				
Madan Mohan Baheti	-	-	-	-	-	0.14	0.27	0.05	0.15	-	-	-	-	-	-	0.14	0.27	0.05	0.15	-
Ashish Baheti	-	-	-	-	-	-	-	-	-	22.49	-	-	-	-	-	-	-	-	-	22.49
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80	-	-	-	-	0.80
Gangotri Polymers Private Limited	-	-	-	-	0.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.49	0.26	-	-	-	0.49	0.26	-	-
Manorama Ladha	-	-	-	-	-	0.18	0.25	0.10	-	-	-	-	-	-	-	0.18	0.25	0.10	-	-
Ladha G.D. & Co.	-	-	-	-	-	-	-	-	-	-	0.29	0.17	-	-	-	0.29	0.17	-	-	-
Atul Ladha and Sons - HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.10	-	-	-	-	2.10
Sunita Ladha	-	-	-	-	-	-	-	-	-	0.77	-	-	-	-	-	-	-	-	-	0.77
Sarika Baheti	-	-	-	-	-	-	-	-	-	5.32	-	-	-	-	-	-	-	-	-	5.32
G.D.Ladha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10	-	-	-	-	1.10
Divyan Baheti	-	-	-	-	-	-	-	-	-	1.02	-	-	-	-	-	-	-	-	-	1.02
Creditors for capital goods																				
Vectus Containers Private Limited	6.27	6.28	6.28	-	-	-	-	-	-	-	-	-	-	-	-	6.27	6.28	6.28	-	-
Trade payables																				
Sunrise Tanks Private Limited	-	0.58	3.38	3.68	0.80	-	-	-	-	-	-	-	-	-	-	-	0.58	3.38	3.68	0.80
Provision for doubtful advances																				
Vectus Kenya Limited	-	-	20.64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.64	-	-
Shri Chakradhar Paper and Boards Private Limited	-	2.27	2.26	-	-	-	-	-	-	-	-	-	-	-	-	-	2.27	2.26	-	-
Remuneration payable																				
Ashish Baheti	-	-	-	-	-	0.73	0.23	0.86	2.15	-	-	-	-	-	-	0.73	0.23	0.86	2.15	-
Sunita Ladha	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01	-
Sarika Baheti	-	-	-	0.58	-	0.03	0.16	0.42	1.74	-	-	-	-	-	-	0.03	0.16	0.42	2.31	-
Atul Ladha	-	-	-	-	-	-	-	-	-	0.40	-	-	-	-	-	-	-	-	-	0.40
Guarantee outstanding																				
Guarantee given																				
Vectus Kenya Limited	-	-	177.71	202.65	208.11	-	-	-	-	-	-	-	-	-	-	-	-	177.71	202.65	208.11
Sunrise Tanks Private Limited	69.80	69.80	75.80	75.80	70.80	-	-	-	-	-	-	-	-	-	-	69.80	69.80	75.80	75.80	70.80
Gangotri Polymers Private Limited	12.50	39.80	79.79	39.99	39.99	-	-	-	-	-	-	-	-	-	-	12.50	39.80	79.79	39.99	39.99
Guarantee received*																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sarika Baheti and Sunita Ladha	-	-	-	-	-	680.00	500.00	500.00	450.00	693.09	-	-	-	-	-	680.00	500.00	500.00	450.00	693.09

*The above disclosed balances of corporate guarantees and personal guarantees taken include original sanctioned limits of working capital borrowings by the continuing banks. However, at the reporting date, the outstanding balance of working capital borrowings in respect of which corporate guarantees and personal guarantees have been taken stands at Rs. 405.74 millions (31 March 2017 – Rs. 357.29 millions, 31 March 2016 – Rs. 416 millions, 31 March 2015- Rs. 250.51 millions, 31March 2014-Rs. 553.03 millons)

(All amounts in millions of INR, unless stated otherwise)

47 The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
Current					
Inventories	893.73	837.44	877.35	671.92	529.83
Trade receivables	813.01	633.10	557.14	502.03	330.11
	1,706.74	**1,470.54**	**1,434.49**	**1,173.95**	**859.94**
Non current					
Property, plant and equipment	1,595.96	1,437.64	1,203.49	755.52	611.03
	1,595.96	**1,437.64**	**1,203.49**	**755.52**	**611.03**

48 Earning Per Share working as follows :

	Particulars	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016 Proforma Ind AS	Year ended 31 March 2015 Proforma Ind AS	Year ended 31 March 2014 Proforma Ind AS
a)	Profit attributable to equity shareholders before other comprehensive income	311.89	252.38	198.89	134.21	204.60
b)	Weighted number of equity shares for calculation of basic and diluted earnings per share*	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
c)	Nominal value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
	Earning per share (face value of Rs. 10)	23.72	19.20	15.13	13.04	25.85
	- Basic	23.72	19.20	15.13	13.04	25.85
	- Diluted					

* During the year ended 31 March 2015, the Company entered into an agreement with Latinia Limited to issue Compulsorily Convertible Debentures (CCDs). As set forth in Schedule XI of the Investment Agreement the number of equity shares to be converted were based on profit for the year ended 31 March 2015.
Referring to para 23 of Ind AS 33 "Earnings per share", these debentures were considered as ordinary shares during the period these were outstanding for the calculation of basic and diluted earning per share.

49 Segment reporting
The company is primarily in the business of manufacturing. The income from this activity is not material in financial terms but contribute significantly in generating demand for the products of the company.

The board of directors, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the company's performance, based on the analysis of the various performance indicators of the company, the board has decided that there is no reportable segment for the Company.

(This space has been intentionally left blank)

(All amounts in millions of INR, unless stated otherwise)

50 **Employee benefits**

A **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Disclosure of gratuity

(i) **Asset/ (Liability) recognised in restated standalone statement of assets and liabilities**

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Present Value of the obligation at end of the year	**25.39**	**22.09**	**22.04**	**20.07**	**14.55**
Fair value of plan assets	**14.11**	**9.36**	**6.27**	**4.39**	**0.50**
Net assets / (liability) recognized in restated standalone statement of assets and liabilities as provision	**(11.28)**	**(12.73)**	**(15.77)**	**(15.68)**	**(14.05)**

(ii) **Amount recognised in the restated standalone statement of profit and loss is as under:**

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Current service cost	5.10	4.32	4.69	4.07	2.90
Net interest cost	0.96	1.24	1.22	1.08	0.59
Expense recognized in the Income Statement	**6.06**	**5.56**	**5.91**	**5.10**	**3.49**

(iii) **Amount recognised in other comprehensive income is as under:**

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Actuarial gain / (loss) for the year on defined benefit obligation	(1.00)	3.98	4.24	(0.33)	(2.75)
Actuarial gain /(loss) for the year on plan assets	0.13	0.09	0.08	0.05	0.01
Total actuarial gain/(loss) for the year	**(0.87)**	**4.07**	**4.32**	**(0.28)**	**(2.74)**

(iv) **Movement in the liability recognised in the restated standalone statement of assets and liabilities is as under:**

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Present value of defined benefit obligation as at the start of the year	**22.09**	**22.04**	**20.07**	**14.55**	**8.22**
Current service cost	4.22	4.33	4.69	4.07	2.96
Interest cost	1.67	1.75	1.56	1.12	0.64
Actuarial loss/(gain) recognised during the year	1.00	(3.98)	(4.24)	0.33	2.75
Benefits paid	(4.48)	(2.05)	(0.04)	-	(0.02)
Past Service Cost including curtailment Gains/Losses	0.89	-	-	-	-
Present value of defined benefit obligation as at the end of the year	**25.39**	**22.09**	**22.04**	**20.07**	**14.55**

(All amounts in millions of INR, unless stated otherwise)

(v) Movement in the plan assets recognised in the restated standalone statement of assets and liabilities is as under:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Fair Value of plan assets at beginning of year	**9.36**	**6.27**	4.39	**0.50**	0.47
Expected return on plan assets	0.71	0.50	0.34	0.04	0.04
Employer's contribution	4.00	2.50	1.50	3.80	-
Benefits paid	(0.09)	-	(0.04)	-	(0.02)
Actuarial gain/(loss) on plan assets	0.13	0.09	0.08	0.05	0.01
Fair Value of plan Assets at the end of the year	**14.11**	**9.36**	**6.27**	**4.39**	**0.50**
Actual return on plan assets	**0.84**	**0.59**	**0.42**	**0.09**	**0.05**

(vi) Breakup of actuarial (gain)/loss on defined benefit obligation:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Actuarial (gain)/loss on arising from change in demographic assumption	-	-	-	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(0.50)	(5.34)	(0.63)	-	-
Actuarial (gain)/loss on arising from experience adjustment	1.37	1.27	(3.69)	0.28	2.74
Total actuarial (gain)/loss	**0.87**	**(4.07)**	**(4.32)**	**0.28**	**2.74**

(vii) Actuarial assumptions

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Discount rate	7.71%	7.54%	7.94%	7.75%	7.75%
Future salary increase	5.00%	5.00%	7.00%	7.00%	7.00%
Expected average remaining working lives of employees (years)	24.13	24.72	25.49 - 27.35	25.79 - 30.42	25.78 - 27.97

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management’s historical experience.

(All amounts in millions of INR, unless stated otherwise)

(viii) Sensitivity analysis for gratuity liability

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Impact of the change in discount rate					
Present value of obligation at the end of the year	25.39	22.09	22.04	20.07	14.36
- Impact due to increase of 0.50 %	(1.41)	(1.34)	(1.53)	(1.35)	(0.95)
- Impact due to decrease of 0.50 %	1.54	1.47	1.69	1.49	1.05
Impact of the change in salary increase					
Present value of obligation at the end of the year	25.39	22.09	22.04	20.07	14.36
- Impact due to increase of 0.50 %	1.49	1.50	1.70	1.49	1.05
- Impact due to decrease of 0.50 %	(1.37)	(1.38)	(1.55)	(1.37)	(0.96)

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.
Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

(ix) Maturity profile of defined benefit obligation

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Within next 12 months	0.82	0.68	0.46	0.46	0.29
Between 1-5 years	3.08	1.89	1.98	1.68	1.16
Beyond 5 years	21.50	19.52	19.44	17.93	13.04

(x) Category of plan assets :

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Funds managed by insurer	100.00%	100.00%	100.00%	100%	100%
Others	-	-	-	-	-
Total	100.00%	100.00%	100.00%	-	100%

B Defined contribution plans

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 21.17 millions for provident fund contributions (previous year Rs. 19.16 millions) in the restated standalone statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(All amounts in millions of INR, unless stated otherwise)

51 Business combinations under common control

I Acquisition of Waterwell Containers Private Limited

On 15 December 2017, the scheme of amalgamation was approved by court between the Company and its 100% subsidiary namely, Waterwell Containers Private Limited, which is engaged in the manufacturing of roto moulded water tanks. The appointed date as per the Court order was 31 March 2014.

As on 01 April 2013, the Company already held 51% of shares of Waterwell Containers Private Limited, by virtue of which, it was a subsidiary. The remaining share was acquired during the year ended 31 March 2014. Since, it was a 100% subsidiary, no consideration was paid for this amalgamation.

This is a business combination of entities under common control and have been included in the restated standalone financial information from the day the entity came under common control i.e., 01 April 2013.

Particulars	Amount
Amount of investment as at 31 March 2014	7.56
Carrying amount of net identifiable assets as at 31 March 2014	(12.38)
Share capital as at 31 March 2014	2.00
Capital reserve	(5.56)

Amalgamation in the nature of merger

I Acquisition of Sintir Plast Containers Private Limited

On 01 November 2013, the scheme of amalgamation was approved by court between the Company and its sister concern namely, Sintir Plast Containers Private Limited, which is engaged in the manufacturing of blow moulded and roto moulded water tanks . The appointed date as per the court order was 31 March 2012.

Details of the transaction is as under:

Particulars	Amount
Number of shares issued	8,60,000
Amount of shares issued as consideration	8.60
Carrying amount of net identifiable assets as at 31 March 2012	38.26
Capital reserve	29.66

II Acquisition of Baheti Rotoplast Private Limited

On 28 January 2014, the scheme of amalgamation was approved by court between the Company and its sister concern namely Baheti Rotoplast Private Limited, which is engaged in the manufacturing of blow moulded and roto moulded water tanks. The appointed date as per the court order was 01 April 2013.

Details of the transaction is as under:

Particulars	Amount
Number of shares issued	12,50,000
Amount of shares issued as consideration	12.50
Carrying amount of net identifiable assets as at 01 April 2013	68.85
Capital reserve	56.35

(All amounts in millions of INR, unless stated otherwise)

52 Below is the reconciliation of tax expense and accounting profit multiplied by India's tax rate:

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Profit before tax	**429.85**	**345.01**	**260.14**	**209.20**	**233.86**
Tax rate applicable for Company	34.61%	34.61%	34.61%	33.99%	33.99%
Tax as per applicable rate	148.77	119.40	90.03	71.11	79.49
Tax effects of disallowances	(1.30)	6.46	11.68	40.27	0.88
Income not chargeable to tax	(31.04)	(25.06)	(40.04)	(35.50)	(44.96)
Income taxable at different rate	1.55	-	(0.05)	(0.55)	(6.08)
Deferred tax not recognised for carry forward loss	-	(7.84)	-	-	-
Difference in subsidiary tax rates	-	(0.36)	(0.34)	(0.14)	(0.14)
Others	(0.02)	0.03	(0.03)	(0.20)	0.09
Tax expense	**117.96**	**92.63**	**61.25**	**74.99**	**29.26**

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53 First time adoption of Ind AS

The Company has adopted first financial statement under Ind AS from 1 April 2017 (transition date being 1 april 2016)

The accounting policies set out in Note 2 of Annexure V have been applied in preparing the restated standalone financial information for the year ended 31 March 2018, the comparative information presented in these restated standalone financial information for the year ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

1 Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the restated standalone financial information as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

2 Deemed cost for investments in subsidiaries, associates and joint ventures

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint ventures and associates recognised as of 1 April 2013 (transition date) measured as per the Previous GAAP as its deemed cost as at the date of transition.

B Ind AS mandatory exemptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates for comparative periods as at each reporting year end are consistent with the estimates as at the same date made in conformity with previous GAAP except for computation of expected credit losses, which were not required to be estimated as per previous GAAP.

2 Classification and measurement

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

(a) The effects of the retrospective application or retrospective restatement are not determinable;
(b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;
(c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

C Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)

1 Reconciliation of total equity

Particulars	Note	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Total equity (shareholder's funds) as per Previous GAAP		2,455.76	1,208.49	999.58	816.93
Effect of amalgamation*		19.22	14.02	8.11	5.33
Accounting for financial guarantee contracts	1	-	(0.84)	2.31	0.99
Adjustment for expected credit losses	2	(9.78)	(8.75)	(8.04)	(6.59)
Adjustments due to restatement		(6.23)	(6.70)	2.66	(59.18)
Financial assets and liabilities accounted for at amortised cost	3 & 8	(0.03)	999.62	999.65	0.75
Others		0.43	0.01	-	-
Leasehold land accounted for as finance lease	4	(2.78)	(2.45)	(2.12)	(1.82)
Investments in mutual fund carried at fair value	5	2.66	0.27	-	-
Income tax effects of Ind AS adjustments	7	2.42	2.95	2.75	1.99
Total adjustments		5.92	998.13	1,005.32	(58.53)
Total equity as per Ind AS		**2,461.67**	**2,206.62**	**2,004.90**	**758.40**

* This is the impact of the business combination under common control as referred in note no. 51.

2 Reconciliation of total comprehensive income for the year

Particulars	Note	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Profit after tax as per Previous GAAP		**247.63**	**208.90**	**181.80**	**272.52**
Adjustments:					
Effects of Amalgamation*		5.19	5.91	2.78	3.27
Accounting for Financial Guarantee contracts	1	0.84	(3.15)	1.32	0.99
Adjustment for expected credit losses	2	(1.03)	(0.72)	(1.44)	(4.04)
Investments in mutual fund carried at Fair Value	5	2.39	0.27	-	-
Adjustments on account of errors in previous GAAP		0.47	(9.38)	61.94	(68.95)
Financial assets and liabilities accounted for at amortised cost	3	0.01	(0.03)	(112.70)	(3.10)
Leasehold land accounted for as Finance Lease	4	(0.31)	(0.31)	(0.32)	(0.35)
Others		0.39	-	-	0.03
Remeasurement of defined benefit obligations	6	(4.07)	(4.32)	0.28	2.74
Income tax effects of Ind AS adjustments	7	0.87	1.72	0.55	1.49
Total adjustments		4.76	(10.01)	(47.59)	(67.92)
Profit after tax as per Ind AS		**252.38**	**198.89**	**134.21**	**204.60**
Remeasurement of defined benefit obligations	6	4.07	4.32	(0.28)	(2.74)
Income tax relating to items that will not be reclassified to profit or loss	7	(1.40)	(1.49)	0.10	0.93
Total comprehensive income as per Ind AS		**255.05**	**201.72**	**134.03**	**202.79**

* This is the impact of the business combination under common control as referred in note no 51.

(All amounts in millions of INR, unless stated otherwise)

3 Reconciliation of the assets and liabilities presented in the restated standalone statement of assets and liabilities prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

* Column (1) represents financial information prepared under previous GAAP framework, which has been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

* Column (2) represents adjustment on account of amalgamation applied retrospectively from earlier years (also refer note 51).

* Column (3) represents adjustments on account of transition from previous GAAP to Ind AS, and restatement adjustments made to the comparative information presented in the audited standalone financial statements for the respective years, as explained in notes below

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	4	1,438.65	1.35	(2.37)	1,437.64
Capital work-in-progress		21.72	-	-	21.72
Intangible assets		68.01	-	-	68.01
Intangible assets under development		1.04	-	-	1.04
Investments		34.29	-	(7.58)	26.71
Loans	3	31.95	0.22	(1.79)	30.38
Other financial assets		1.23	-	-	1.23
Deferred tax assets	7	61.97	0.25	(3.74)	58.48
Income tax assets (net)		1.82	0.16	-	1.98
Other non-current assets	3	30.44	-	0.19	30.63
Total non-current assets		**1,691.12**	**1.99**	**(15.29)**	**1,677.82**
Current assets					
Inventories		837.44	-	-	837.44
Financial assets					
Investments	5	0.00	14.70	2.66	17.37
Trade receivables	2	635.65	7.23	(9.78)	633.10
Cash and cash equivalents		65.92	2.68	-	68.60
Other bank balances		5.44	-	-	5.44
Loans	3	8.66	-	1.39	10.05
Other financial assets		34.11	0.96	-	35.07
Other current assets	3	88.41	0.93	0.22	89.56
Total current assets		**1,675.63**	**26.50**	**(5.51)**	**1,696.63**
TOTAL ASSETS		**3,366.76**	**28.49**	**(20.80)**	**3,374.45**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		131.47	2.00	(2.00)	131.47
Other equity		2,324.29	24.79	(18.88)	2,330.20
		2,455.76	**26.79**	**(20.88)**	**2,461.67**
Liabilities					
Non-current liabilities					
Financial liabilities					
Long term borrowings	3	-	-	0.42	0.42
Provisions		15.94	-	-	15.94
Total non current liabilities		**15.94**	**-**	**0.42**	**16.36**
Current liabilities					
Financial liabilities					
Borrowings	3	357.71	-	(0.42)	357.29
Trade payables		218.98	0.40	-	219.38
Other financial liabilities	3	207.84	0.41	0.01	208.26
Other current liabilities		99.61	0.89	-	100.50
Provisions		3.56	-	-	3.56
Current tax liabilities (net)		7.36	-	0.07	7.43
Total current liabilities		**895.05**	**1.70**	**(0.34)**	**896.42**
TOTAL EQUITY AND LIABILITIES		**3,366.76**	**28.49**	**(20.80)**	**3,374.45**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
Revenue					
Revenue from operations		5,584.50	63.64	-	5,648.14
Other income	**1, 3 & 5**	31.07	0.28	(18.92)	12.43
		5,615.57	**63.92**	**(18.92)**	**5,660.57**
Expenses					
Purchase of traded goods		58.27	-	-	58.27
Cost of materials consumed		3,271.80	33.50	-	3,305.30
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(36.07)	2.59	-	(33.48)
Employee benefits expense	**6**	479.81	3.35	4.07	487.23
Excise duty		522.54	7.21	-	529.75
Depreciation and amortisation expense	**4**	110.22	0.29	0.32	110.84
Finance costs	**4**	46.40	-	0.05	46.45
Other expenses	**2 & 3**	807.61	9.44	(21.16)	795.89
		5,260.58	**56.39**	**(16.72)**	**5,300.25**
Profit /(Loss) before tax and exceptional item		354.98	7.53	(2.19)	360.32
Exceptional item	**1**	15.72	-	(0.41)	15.31
Profit /(Loss) before tax		**339.27**	**7.53**	**(1.79)**	**345.01**
Tax expense					
Current tax		75.77	2.25	0.01	78.02
Earlier years		(0.10)	-	0.10	-
Deferred tax	**7**	15.97	0.09	(1.45)	14.61
Total tax expense		**91.64**	**2.33**	**(1.34)**	**92.63**
Profit for the year		**247.63**	**5.20**	**(0.44)**	**252.38**
Other comprehensive income					
Items that will not be reclassified to statement of profit and loss					
Remeasurements of defined benefit plans	**6**	-	-	4.07	4.07
Income tax relating to items that will not be reclassified to profit or loss	**7**	-	-	(1.40)	(1.40)
Other comprehensive income		**-**	**-**	**2.67**	**2.67**
Total comprehensive income		**247.63**	**5.20**	**2.23**	**255.05**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2016 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	1,202.43	3.10	(2.05)	1,203.49
Capital work-in-progress		2.39	-	-	2.39
Intangible assets		10.82	-	-	10.82
Intangible assets under development		46.22	-	-	46.22
Investments	**5**	34.28	-	(7.57)	26.71
Loans	**3**	28.31	0.22	(3.91)	24.62
Other financial assets		1.22	-	-	1.22
Deferred tax assets	**7**	77.94	0.34	(3.78)	74.49
Income tax assets (net)		2.63	-	-	2.63
Other non-current assets	**3**	33.21	-	0.31	33.52
Total non-current assets		**1,439.45**	**3.66**	**(17.01)**	**1,426.11**
Current assets					
Inventories		872.98	4.37	-	877.35
Financial assets					
Investments	**5**	-	6.19	0.27	6.46
Trade receivables	**2**	559.47	6.42	(8.75)	557.14
Cash and cash equivalents		16.33	2.79	-	19.12
Other bank balances		87.76	2.11	-	89.87
Loans	**3**	4.18	0.01	3.33	7.52
Other financial assets		51.16	0.61	-	51.77
Current tax assets (net)		0.93	(0.93)	-	-
Other current assets	**3**	139.18	0.95	0.29	140.42
Total current assets		**1,731.99**	**22.52**	**(4.86)**	**1,749.65**
TOTAL ASSETS		**3,171.44**	**26.19**	**(21.87)**	**3,175.76**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		103.01	2.00	(2.00)	103.01
Instrument entirely in the nature of equity		-	-	1,111.61	1,111.61
Other equity		1,105.48	19.59	(133.07)	992.00
		1,208.49	**21.59**	**976.54**	**2,206.62**
Liabilities					
Non-current liabilities					
Financial liabilities					
Long term borrowings	**8**	999.64	-	(999.21)	0.43
Provisions		17.92	0.16	-	18.08
Total non current liabilities		**1,017.56**	**0.16**	**(999.21)**	**18.51**
Current liabilities					
Financial liabilities					
Borrowings		416.00	-	-	416.00
Trade payables		297.91	2.40	-	300.31
Other financial liabilities	**3**	149.17	1.13	0.85	151.16
Other current liabilities		80.70	0.89	-	81.59
Provisions		0.67	0.00	-	0.67
Current tax liabilities (net)		0.93	-	(0.03)	0.90
Total current liabilities		**945.38**	**4.43**	**0.82**	**950.63**
TOTAL EQUITY AND LIABILITIES		**3,171.43**	**26.19**	**(21.86)**	**3,175.76**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2016 Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
Revenue					
Revenue from operations	1	5,073.00	75.45	-	5,148.45
Other income	1, 3 & 5	9.32	(0.06)	1.88	11.14
		5,082.32	**75.39**	**1.88**	**5,159.59**
Expenses					
Purchase of traded goods		78.58	-	-	78.58
Cost of materials consumed		3,114.33	36.90	-	3,151.23
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(93.01)	0.48	-	(92.53)
Employee benefits expense	6	404.18	4.25	4.32	412.75
Excise duty		307.87	9.32	-	317.19
Depreciation and amortisation expense	4	203.76	0.78	0.32	204.86
Finance costs	4	37.76	0.08	0.05	37.89
Other expenses	2 & 3	742.03	14.82	0.97	757.82
		4,795.49	**66.64**	**5.66**	**4,867.79**
Profit /(Loss) before tax and exceptional item		286.83	8.75	(3.78)	291.80
Exceptional item	1	27.19	-	4.47	31.66
Profit /(Loss) before tax		**259.65**	**8.75**	**(8.26)**	**260.14**
Tax expense					
Current tax		59.98	2.85	(0.01)	62.82
Earlier years		(5.11)	0.10	5.01	-
Deferred tax	7	(6.47)	(0.11)	5.01	(1.57)
Deferred tax of earlier years		2.35	-	(2.35)	-
Total tax expense		**50.75**	**2.84**	**7.67**	**61.25**
Profit for the year		**208.90**	**5.91**	**(15.92)**	**198.89**
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	6	-	-	4.32	4.32
Income tax relating to items that will not be reclassified to profit or loss	7	-	-	(1.49)	(1.49)
Other comprehensive income		**-**	**-**	**2.83**	**2.83**
Total comprehensive income		**208.90**	**5.91**	**(13.09)**	**201.72**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2015 Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	753.68	3.57	(1.72)	755.52
Capital work-in-progress		101.13	-	-	101.13
Intangible assets		11.69	-	-	11.69
Investments	**5**	42.43	-	(7.57)	34.86
Investments accounted for using equity method	**5**	(3.86)	-	3.86	-
Loans	**3**	42.58	0.14	(0.68)	42.05
Other financial assets		0.89	-	-	0.89
Deferred tax assets	**7**	73.82	0.23	0.38	74.42
Income tax assets (net)		1.49	-	-	1.49
Other non-current assets	**3**	57.57	-	0.57	58.14
Total non-current assets		**1,081.42**	**3.94**	**(5.17)**	**1,080.19**
Current assets					
Inventories		667.89	4.03	-	671.92
Financial assets					
Trade receivables	**2**	503.40	6.67	(8.04)	502.03
Cash and cash equivalents		127.31	1.44	-	128.75
Other bank balances		6.61	-	-	6.61
Loans	**3**	11.70	-	-	11.70
Other financial assets		53.41	0.64	-	54.05
Current tax assets (net)		0.17	(0.17)	-	-
Other current assets	**3**	38.81	0.96	0.17	39.94
Total current assets		**1,409.30**	**13.56**	**(7.87)**	**1,415.00**
TOTAL ASSETS		**2,490.73**	**17.50**	**(13.04)**	**2,495.19**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		103.01	2.00	(2.00)	103.01
Instrument entirely in the nature of equity		-	-	1,111.61	1,111.61
Other equity		896.57	13.68	(119.97)	790.28
		999.58	**15.68**	**989.64**	**2,004.90**
Liabilities					
Non-current liabilities					
Financial liabilities					
Long term borrowings	**3**	999.68	-	(999.21)	0.47
Other financial liabilities		-	-	-	-
Provisions		17.45	0.15	-	17.60
Total non current liabilities		**1,017.12**	**0.15**	**(999.21)**	**18.07**
Current liabilities					
Financial liabilities					
Borrowings		250.51	-	-	250.51
Trade payables		83.49	(0.09)	-	83.40
Other financial liabilities	**3**	77.64	1.08	1.56	80.28
Other current liabilities		52.72	0.68	-	53.40
Provisions		0.63	0.00	-	0.63
`		9.03	-	(5.03)	4.00
Total current liabilities		**474.03**	**1.67**	**(3.47)**	**472.22**
TOTAL EQUITY AND LIABILITIES		**2,490.72**	**17.50**	**(13.03)**	**2,495.19**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2015 Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
Revenue					
Revenue from operations	1	4,323.74	69.46	-	4,393.20
Other income	1, 3 & 5	13.14	0.24	(0.64)	12.74
		4,336.88	**69.70**	**(0.64)**	**4,405.94**
Expenses					
Purchase of traded goods		72.19	-	-	72.19
Cost of materials consumed		2,742.97	40.13	-	2,783.10
Changes in inventories of finished goods,		(86.84)	(0.20)	-	(87.04)
Employee benefits expense	6	301.71	4.05	0.22	305.97
Excise duty		238.72	8.39	-	247.11
Depreciation and amortisation expense	4	146.14	0.80	0.32	147.26
Finance costs	4	39.47	0.01	143.46	182.95
Other expenses	2 & 3	562.81	11.55	(29.17)	545.20
		4,017.18	**64.72**	**114.83**	**4,196.74**
Profit /(Loss) before tax and exceptional item		319.70	4.97	(115.47)	209.20
Prior period item		81.88	1.07	(82.96)	-
Profit /(Loss) before tax		**237.81**	**3.90**	**(32.51)**	**209.20**
Tax expense					
Current tax		63.17	1.42	(4.92)	59.68
Earlier years		6.48	0.05	(6.52)	-
Deferred tax	7	(28.35)	(0.36)	44.02	15.31
Deferred tax of earlier years		14.72	0.01	(14.73)	-
Total tax expense		**56.02**	**1.12**	**17.85**	**74.99**
Profit for the year		**181.79**	**2.78**	**(50.36)**	**134.21**
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	6	-	-	(0.28)	(0.28)
Income tax relating to items that will not be reclassified to profit or loss	7	-	-	0.10	0.10
Other comprehensive income		**-**	**-**	**(0.18)**	**(0.18)**
Total comprehensive income		**181.79**	**2.78**	**(50.54)**	**134.03**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2014 Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	657.69	4.46	(51.12)	611.03
Capital work-in-progress		37.77	-	-	37.77
Intangible assets		16.78	-	(0.99)	15.79
Investments	**5**	38.57	-	(4.32)	34.25
Loans	**3**	33.29	0.14	(0.47)	32.96
Other financial assets		5.28	-	-	5.28
Deferred tax assets	**7**	60.12	-	29.51	89.63
Other non-current assets	**3**	77.27	-	0.74	78.01
Total non-current assets		**926.77**	**4.61**	**(26.65)**	**904.72**
Current assets					
Inventories		524.70	5.13	-	529.83
Financial assets					
Trade receivables	**2**	330.24	6.47	(6.59)	330.11
Cash and cash equivalents		9.64	0.36	-	10.00
Other bank balances		14.47	-	-	14.47
Loans	**3**	8.59	0.27	-	8.86
Other financial assets	**3**	20.30	(0.13)	-	20.17
Current tax assets (net)		0.63	(0.63)	-	-
Other current assets	**3**	34.29	0.83	(5.04)	30.08
Total current assets		**942.86**	**12.29**	**(11.63)**	**943.52**
TOTAL ASSETS		**1,869.63**	**16.89**	**(38.28)**	**1,848.24**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		102.50	2.00	(2.00)	102.50
Other equity		714.43	10.90	(69.43)	655.90
		816.93	**12.90**	**(71.43)**	**758.40**
Liabilities					
Non-current liabilities					
Financial liabilities					-
Long term borrowings	**3**	119.00	-	0.45	119.45
Provisions	**6**	-	-	14.97	14.97
Deferred tax liabilities	**7**	(0.06)	0.12	(0.06)	-
Total non current liabilities		**118.94**	**0.12**	**15.36**	**134.42**
Current liabilities					
Financial liabilities					
Borrowings		414.39	-	-	414.39
Trade payables		325.29	2.19	-	327.48
Other financial liabilities	**3**	130.15	0.71	13.05	143.91
Other current liabilities		49.59	0.97	(2.16)	48.40
Provisions	**6**	-	-	0.48	0.48
Current tax liabilities (net)		14.35	-	6.41	20.76
Total current liabilities		**933.77**	**3.87**	**17.78**	**955.42**
TOTAL EQUITY AND LIABILITIES		**1,869.63**	**16.89**	**(38.28)**	**1,848.24**

* WCPL - Waterwell Containers Private Limited

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2014 Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	WCPL* IGAAP (2)	Ind AS adjustment (3)	Per Ind AS
Revenue					
Revenue from operations	**1**	3,499.61	72.14	(2.57)	3,569.18
Other income	**1, 3 & 5**	35.10	-	4.23	39.33
		3,534.71	**72.14**	**1.66**	**3,608.51**
Expenses					
Purchase of traded goods		105.94	-	-	105.94
Cost of materials consumed		2,225.78	44.41	-	2,270.19
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(49.84)	(1.27)	-	(51.11)
Employee benefits expense	**6**	202.75	3.38	3.60	209.73
Excise duty		171.88	8.28	-	180.16
Depreciation and amortisation expense	**4**	100.31	0.86	18.34	119.52
Finance costs	**4**	94.92	0.01	5.85	100.78
Other expenses	**2 & 3**	423.79	11.67	3.98	439.44
		3,275.53	**67.34**	**31.77**	**3,374.65**
Profit /(Loss) before tax and exceptional item		259.18	4.80	(30.11)	233.86
Prior period item		(0.18)	0.04	0.14	
Profit /(Loss) before tax		**259.35**	**4.76**	**(30.25)**	**233.86**
Tax expense					
Current tax		49.09	1.54	6.41	57.04
Earlier years		0.27	0.01	(0.28)	-
Deferred tax	**7**	(62.54)	(0.05)	34.81	(27.78)
Total tax expense		**(13.17)**	**1.49**	**40.94**	**29.26**
Profit for the year		**272.52**	**3.27**	**(71.19)**	**204.60**
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurements of defined benefit plans	**6**	-	-	(2.74)	(2.74)
Income tax relating to items that will not be reclassified to profit or loss	**7**	-	-	0.93	0.93
Other comprehensive income		**-**	**-**	**(1.81)**	**(1.81)**
Total comprehensive income		**272.52**	**3.27**	**(73.00)**	**202.79**

* WCPL - Waterwell Containers Private Limited

Impact of adoption of IndAS on Statement of Cash Flow

There are no material adjustments of transition to the statement of cash flows for all the above years to conform to Ind AS presentation except for the effect of amalgamations due to restatement.

Vectus Industries Limited
Annexure VI : Notes to Restated Standalone Financial Information
(All amounts in millions of INR, unless stated otherwise)
First time adoption of Ind AS

Note 1:
Accounting for financial guarantee contracts
The Company has issued corporate guarantee to banks on behalf of its associate, Vectus Kenya Private Limited Under previous GAAP, such corporate guarantee was disclosed as contingent liabilities. However, under Ind AS, financial guarantee contracts are financial liabilities measured at fair value on initial recognition. Subsequently, guarantee commission income is recognized in the restated standalone statement of profit or loss over the tenure of the loan for which guarantee is provided.

Note 2:
Adjustment for expected credit losses

Under the previous GAAP, the provision for doubtful receivables is recognized based on specific assessment of individual customers. Under Ind AS, the Company has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109.

Note 3:
Financial assets and liabilities accounted for at amortised cost

Under previous GAAP, all financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest/amortisation cost 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 fair value amount on the date of recognition of financial asset or financial liability.

Note 4:
Leasehold land accounted for as finance lease
Under previous GAAP, arrangement for lease of land was not covered as part of Accounting Standard 19 "Leases" and was treated as property, plant and equipment in the books of account. However, under Ind AS, lease of land is governed by Ind AS 17 "Leases" and needs to be classified as an operating or finance lease depending on fulfilment of certain conditions. The Company has evaluated such conditions for classification of leases and is of the view that certain leasehold lands of the Company are in the nature of a finance lease. Accordingly, the value of leasehold land has increased with a corresponding increase in finance lease obligations. Consequent to this change, the Company has increased depreciation expense and booked interest expense.

Note 5:
Investments in mutual funds
Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the restated standalone statement of profit or loss.

Note 6:
Remeasurement of defined benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note 7:
Income tax effects of Ind AS adjustments
Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period.

Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various Ind AS adjustments have also lead to recognition of deferred taxes on new temporary differences.

Note 8:
Borrowings under Previous GAAP classified as Instruments entirely in the nature of equity

Compulsorily convertible debentures issue by the Company have been classified as Instruments entirely in the nature of equity, as against part of borrowings under the previous GAAP. Under Ind AS an instrument is classified and accounted as debt or equity in accordance with its substance rather than its legal form.

(All amounts in millions of INR, unless stated otherwise)

54 In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms with the provisions of the said Act, the Company was to spend a sum of Rs 6.28 millions (31 March 2017: Rs 5.69 millions and 31 March 2016: Rs 5.02 millions) towards CSR activities during the year ended 31 March 2018. The details of amounts actually spent by the Company are:

Particulars	Amount paid	Amount yet to be paid	Total
31 March 2018			
Purposes : animal welfare and promoting sanitation	3.83	-	3.83
31 March 2017			
Purposes : animal welfare and promoting sanitation	2.89	-	2.89
31 March 2016	-	-	-
31 March 2015		Not Applicable	
31 March 2014		Not Applicable	

55 During the year ended 31 March 2017, the Company has changed the method of valuation of inventories from First-In-First-Out (FIFO) method to the weighted average method. The impact of change in the method on the profits of the Company is not determinable. However, as per management, the impact, if any of such change would not be material to the restated standalone financial information.

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Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements
(All amounts in millions of INR, unless stated otherwise)

Summarized below are the restatement adjustments made to the audited financial statements for the financial year ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and their impact on the profit / (loss) of the Company:

Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Net profit after tax as per Adjusted Previous GAAP computed after considering effect of amalgamation (as explained in note 53)		-	252.82	214.81	184.58	275.79
Ind AS Adjustments						
Aggregate impact of all Ind AS adjustments (refer notes 53 for detailed explanation of transition from Previous GAAP to Ind AS), net of tax		-	(0.44)	(15.92)	(50.37)	(66.47)
Net profit after tax as per Ind AS		**311.89**	**252.38**	**198.89**	**134.21**	**209.32**
(i) Material restatement adjustments						
Audit qualifications	**(i) (a)**	-	-	-	-	(6.84)
Deferred tax impact on above restatement adjustments	**(i) (b)**					2.12
Total		**-**	**-**	**-**	**-**	**(4.72)**
(ii) Other adjustments						
Prior period items identified		-	-	-	-	-
Total Impact of above adjustments		-	-	-	-	(4.72)
Net profit, as restated		**311.89**	**252.38**	**198.89**	**134.21**	**204.60**

Notes to above adjustments:-

(i) (a) Adjustments to audit qualifications
Till the financial year ended 31 March 2014, the Company used to record retirement payment for defined benefit plan (gratuity) and other long term employee benefit plans (leave encashment) on cash basis which was not in accordance with Accounting Standard (AS) 15 "Employee benefits".

However, the necessary adjustments in the Restated Standalone Financial Information has been made in regards to the same in the respective year.

(i) (b) The tax rate applicable for the respective years has been used to calculate the deferred tax impact on other material adjustments.

(ii) The impact of prior period adjustments have been considered for disclosure under note 53 and have accordingly not been disclosed again.

(iii) Material regroupings
Appropriate adjustments have been made in the Restated Standalone Financial Information, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the requirements of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended) and as per the audited financials of the Company for the year ended 31 March 2018 prepared in accordance with the Schedule II of the Companies Act, 2013.

(iv) Reconciliation of retained earnings as at 1 April 2013

	As at 1 April 2013
A. Retained earnings as per Adjusted Previous GAAP computed after considering effect of amalgamation	470.34
Ind AS adjustments:	
Aggregate impact of all Ind AS adjustments, net of tax	3.00
B. Total Ind AS adjustments	3.00
Material restatement adjustments	
Audit qualifications	8.90
Deferred tax impact on above restatement adjustments	(2.76)
C. Total impact of adjustments	6.14
Opening balance as at 01 April 2013 as restated (A+B+C)	**479.48**

v) Modifications in the auditor's report and statements/comments included in the Annexure's to the Audit Report on the audited financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 which do not required any corrective adjustments in the Restated Standalone Financial Information are as follows:

Audit reservations / qualifications, which do not require any corrective adjustment in the standalone financial information:

(v) (a) In respect of classification between specified bank notes and other denomination notes

The Company has made requisite disclosures (an extract of which is given below) in notes to the audited financial statements regarding holdings as well as dealings in specified bank notes during the period from 08 November 2016 to 30 December 2016. However, owing to the nature of records of the Company and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of disclosures made under the specified bank notes and other denomination notes of permitted receipts, permitted payments and amount deposited in banks.

Extract of the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 from the audited financial statements for the year ended 31 March 2017:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	**0.34**	**3.36**	**3.71**
(+) Permitted receipts	-	4.42	**4.42**
(-) Permitted payments	-	5.18	**5.18**
(-) Amount deposited in banks	0.34	-	**0.34**
Closing cash in hand as on 30 December 2016	**-**	**2.60**	**2.60**

*For the purpose of this note, the term Specified Bank Notes (SBN), shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

(v) (b) Other than the above, following observations have been made in the auditor's reports by way of Emphasis of Matter paragraphs in the audit reports on financial statements :

i) Financial year ended 31 March 2018

i). We draw attention to note 57 to the accompanying standalone financial statements regarding the Scheme of Arrangement (the 'Scheme') between the Company and Waterwell Containers Private Limited and their respective shareholders and creditors approved by National Company Law Tribunal (the 'Tribunal'), Ahmedabad branch, on 15 December 2017 which has been accounted in compliance with AS 14 - Accounting for amalgamations prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), as required by the Tribunal order. There would be no accounting difference had the Company followed the currently applicable Ind AS accounting standards prescribed under Section 133 of the Act. Our opinion is not modified in respect of this matter.

Management note in reference to above

Business combinations under common control

Acquisition of Waterwell Containers Private Limited

On 15 December 2017, the scheme of amalgamation was approved by court between the Company and its 100% subsidiary namely, Waterwell Containers Private Limited, which is engaged in the manufacturing of roto moulded water tanks. The appointed date as per the Court order was 31 March 2014.

As on 01 April 2013, the Company already held 51% of shares of Waterwell Containers Private Limited, by virtue of which, it was a subsidiary. The remaining share was acquired during the year ended 31 March 2014. Since, it was a 100% subsidiary, no consideration was paid for this amalgamation.

This is a business combination of entities under common control and have been included in the restated standalone financial information from the day the entity came under common control i.e., 01 April 2013.

Particulars	**Amount**
Amount of investment as at 31 March 2014	7.56
Carrying amount of net identifiable assets as at 31 March 2014	(12.38)
Share capital as at 31 March 2014	2.00
Capital reserve	(5.56)

ii). We draw attention to Note 2(a) to the financial statements, which states that the Company has voluntarily adopted Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as prescribed under Section 133 of the Act for preparation of the financial statements for the year ended 31 March 2018 including preparation of comparative financial information, being financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016. Our opinion is not modified in respect of this matter.

Management note in reference to above

The Company has voluntarily adopted Ind AS for the year commencing from 1 April 2017. These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared under Ind AS. For purpose of comparatives, financial statements for year ended 31 March 2017 and opening Balance Sheet as at 1 April 2016 are also prepared under Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, refer note 53 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

ii) Financial year ended 31 March 2015

We draw attention to note 43 to the financial statement with respect to management's assessment of, other than temporary, diminution in value of investment in and recoverability of loan from an associate company aggregating to Rs. 22,653,626. Our opinion is not qualified in respect of this matter.

Management note in reference to above

The management performed a detailed impairment assessment for its investments and loans from Vectus Kenya Limited as at 31 March 2015 to determine that investments and loans are recoverable. Such assessment is based on certain estimates and assumptions including successful implementation of business plans, external market conditions and improved liquidity, among other factors. Based on aforesaid plans and other conditions, the management has not recognised any impairment on investment and loans to Vectus Kenya Limited, an associate of INR 2,017,811 and INR 20,635,815 respectively.

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Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements
(All amounts in Rupees millions, unless stated otherwise)

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

i. Financial Year ended 31 March 2018

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (i) (c)
The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following properties which were transferred as a result of amalgamation of companies as stated in note 10(3) to the financial statements wherein the tittle deeds are still in the name of the erstwhile companies:

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross block as on 31 March 2018 (In millions)	Net block on 31 March 2018 (In millions)	Remarks
Land	Three	Leasehold	37.85	34.25	Refer Note 3(2) of standalone financial statements

Clause (iii) (a), (b) and (c)
The Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
(a) we report that the Company has granted interest free unsecured loan to one party, amounting to Rs. 6,800 (year-end balance Rs. Nil). In the absence of necessary agreements, we are unable to comment as to whether the terms and conditions of grant of such loans are, prima facie, prejudicial to the interest of the Company.
(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether receipts of the principal amount and the interest are regular; and
(c) there is no overdue amount in respect of loans granted to such company.

Clause (vii)(b)
The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of Due	Forum where dispute is pending	Period to which the amount relates	Amount Paid Under protest	Amount
The Madhya Pradesh Vat Act, 2002	Sales tax demand	Financial Year 2014-15	Assistant Commercial Tax Officer, Gwalior	0.18	2.47
The Madhya Pradesh Vat Act, 2002	Sales tax demand	Financial Year 2014-15	Assistant Commercial Tax Officer, Gwalior	0.13	1.27
The Madhya Pradesh Vat Act, 2002	Sales tax demand	Financial Year 2013-14	Assistant Commercial Tax Officer, Gwalior	0.33	1.17
The Madhya Pradesh Vat Act, 2002	Sales tax demand	Financial Year 2013-14	Assistant Commercial Tax Officer, Gwalior	0.05	0.18
The Madhya Pradesh Vat Act, 2002	Sales tax demand	Financial Year 2014-15	Assistant Commercial Tax Officer, Gwalior	0.12	0.48
Central Excise Act, 1944	Excise Demand	Financial Year 2013-14	Assistant Commissioner	0.21	0.43
Finance Act, 1994	Service Tax demand	Financial Year 2012-13 and 2013-14.	Assistant Commissioner	0.50	4.00
The Uttarakand Vat Act, 2002	Sales tax demand	For financial year 2012-13	Assistant Commercial Tax Officer, Uttarakand	0.04	0.20
Finance Act, 1994	Service Tax demand	For financial year 2013-14	Assistant Commissioner	0.39	0.78
Finance Act, 1994	Service Tax demand	For financial year 2014-15	Assistant Commissioner	0.12	0.24

ii. Financial Year ended 31 March 2017

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (i) (c)
The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following properties which were transferred as a result of amalgamation of companies as stated in note 10(3) to the financial statements wherein the tittle deeds are still in the name of the erstwhile companies:

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross block as on 31 March 2017	Net block on 31 March 2017	Remarks
Land	Two	Leasehold	3,77,48,400	3,77,48,400	

Clause (iii) (a), (b) and (c)
The Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
(a) we report that the Company has granted interest free/ unsecured loans to two parties, amounting to Rs 14,400 (year-end balance is Rs Nil) (net of provision of Rs 22,69,247). In the absence of necessary agreements, we are unable to comment as to whether the terms and conditions of grant of such loans are, prima facie, prejudicial to the interest of the Company.
(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether receipts of the principal amount and the interest are regular; and
(c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements
(All amounts in Rupees millions, unless stated otherwise)

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (vii) (a)
Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Clause (vii)(b)
The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of Due	Forum where dispute is pending	Period to which the amount relates	Amount Paid Under protest	Amount
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2009-10	4,26,230.0	2,66,126.0
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2010-11	15,07,345.0	15,07,345.0
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2011-12	32,44,451.0	30,06,314.0
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	from April 2012 to Aug 2012	11,47,668.0	10,78,304.0
Income Tax Act, 1961	Income Tax demand	Assessing Officer	Financial Year 2011-12	-	71,656.0
Income Tax Act, 1961	Income Tax demand	Assistant Commissioner of	Financial Year 2014-15	-	5,01,790.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2014-15	1,81,086.0	18,10,662.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2014-15	1,27,244.0	12,72,436.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2013-14	1,24,700.0	12,46,765.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2013-14	-	11,61,585.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2013-14	-	1,78,348.0
The Madhya Pradesh VAT Act, 2002	Sales tax demand	Assistant Commercial Tax Officer, Gwalior	Financial Year 2014-15	-	4,81,266.0
Central Excise Act, 1944	Excise Demand	Assistant Commissioner	Financial Year 2013-14	2,16,824.0	2,16,824.0
Finance Act, 1994	Service Tax Demand	Assistant Commissioner	Financial Year 2013-14	42,227.0	5,63,033.0
Finance Act, 1994	Service Tax Demand	Assistant Commissioner	Financial Year 2012-13 and 2013-14	1,49,990.0	19,99,807.0

iii. Financial Year ended 31 March 2016

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (i) (c)
The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following properties which were transferred as a result of amalgamation of companies as stated in note 10(3) to the financial statements wherein the tittle deeds are still in the name of the erstwhile companies:

Nature of property	Total Number of Cases	Whether leasehold /freehold	Gross block as on 31 March 2016	Net block on 31 March 2016	Remarks
Land	Two	Leasehold	3,77,48,400	3,77,48,400	

Clause (iii) (a), (b) and (c)
The Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act and with respect to the same:
(a) we report that the Company has granted interest free/ unsecured loans to two parties, amounting to Rs 16,800 (year-end balance is Rs Nil) (net of provision of Rs 22,62,047). In the absence of necessary agreements, we are unable to comment as to whether the terms and conditions of grant of such loans are, prima facie, prejudicial to the interest of the Company.
(b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether receipts of the principal amount and the interest are regular; and
(c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements
(All amounts in Rupees millions, unless stated otherwise)

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-
Clause (vii)(b)

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of Due	Forum where dispute is pending	Period to which the amount relates	Amount Paid Under protest	Amount
The Uttar Pradesh Value Added Tax A	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2009-10	4,26,230.00	2,66,126.00
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2010-11	15,07,345.00	15,07,345.00
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2010-11	32,44,451.00	30,06,314.00
The Uttar Pradesh Value Added Tax Act, 2008	Sales tax demand	Hon'ble High court of Allahabad	Financial Year 2013-14	11,47,668.00	10,78,304.00
Income Tax Act, 1961	Income-tax demand	Assessing officer	Assessment Year 2008-09	NIL	2,74,279.00
Income Tax Act, 1961	Income-tax demand	Assessing officer	Assessment Year 2011-12	NIL	1,37,883.00

iv. Financial Year ended 31 March 2015

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (iii) (a), (b) and (c)
The Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
(a) there is no repayment schedule, hence we are unable to comment as to whether receipt of principal amount is regular; and

(b) in the absence of stipulated terms and conditions, we are unable to comment as to whether there is any amount which is overdue in excess of Rs. one lakhs and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Clause (vii)(b)

The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:
Statement of Disputed Dues

Name of the statute	Nature of Due	Forum where dispute is pending	Period to which the amount relates	Amount Paid Under protest	Amount
Rajasthan Value Added Tax	Sales Tax Demand (Including Interest & Penalty)	Commissioner sales tax Appeals	9 March 2011 to 31 March 2011	9,118	2,86,299
Rajasthan Value Added Tax	Sales Tax Demand (Including Interest & Penalty)	Commissioner sales tax Appeals	1 April 2011 to 30 October 2011	1,97,355	60,19,315
UP Value Added Tax	Sales Tax Demand	Hon'ble High Court of Allababad	Financial year 2009-10	4,26,230	2,66,126
UP Value Added Tax	Sales Tax Demand	Hon'ble High Court of Allababad	Financial year 2010-11	15,07,345	15,07,345
UP Value Added Tax	Sales Tax Demand	Hon'ble High Court of Allababad	Financial year 2011-12	32,44,451	30,06,314
UP Value Added Tax	Sales Tax Demand	Hon'ble High Court of Allababad	From April 2012 to August 2012	11,47,668	10,78,304
Income Tax Act,1961	Income Tax Demand	Assessing Officer	Assessment year 2008-09	NIL	3,00,520
Income Tax Act,1961	Income Tax Demand	Assessing Officer	Assessment year 2011-12	NIL	1,37,880

Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Standalone Financial Statements
(All amounts in Rupees millions, unless stated otherwise)

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-
v. Financial Year ended 31 March 2014

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Clause (iii)
(a) The company has accepted fresh unsecured loan of Rs. 242,41,126.96 from 6 persons during the year as unsecured loan. The maximum due at any time during the year and balance due at close of the year were Rs. 36,443,675.94 and Rs. 33,587,648.82 respectively.

(b) In our opinion and according to the information and explanation given to us, the rate of interest of loans given/ charged on advances given is not prima facie prejudicial to the interest of the company.

(c) There is no stipulation as to either payment of the principal amount and interest thereon as the accounts in question are running account.

(d) There is no amount of loan taken from companies, firm or other parties covered in the register maintained under section 301 of the companies act, 1956 is overdue during the year.

Clause (ix)
According to the records of the company, undisputed statutory dues including provided fund, employee state insurance, Income tax , Central Sales Tax , Value Added Tax, Excise Duty, Cess and other statutory dues have been generally, regularly deposited with the appropriate authorities, According to the information and explanation given to us, no undisputed amount payable in the aforesaid dues were outstanding as on 31st March 2014 for a period of more than six months from the date they become payable except the cases reported below:

a) No Provision has been made in the books, in respect of pending commercial tax liability of Rs. 21.76 Lacs related to A.Y. 2011-12 as raised by commercial tax, Circle-1, Anit evasion, Jaipur on account of differential rate of Vat @ 5% as charged and collected by the company and rebate applicable on blow molded water storage tanks, CPVC, Composite & PVC pipe @ 14% are liable to be paid as per department view. The original demand raised were of Rs. 63.05 Lacs as per the order of commercial tax , Circle-I, Jaipur, While the Dy. Commissioner (Appeal) 3, Jaipur in its order dated 14.02.2011, has set aside the additional tax demand demand u/s 61 of Rs. 41.29 Lacs.

b) No Provision has been made in the books of company in respect of refund of Rs. 63.26 Lacs deposited by the company on account of sale of Household plastics (Agricultured Tasla) and on behalf of consignment sale of Vectus Moulding Private Limited. The company has already recovered the said amount from principal company Vectus Moulding Private Limited and filed various revision petition with the Hon'ble high court of Allahabad, for refund of the said money deposited under protest

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Vectus Industries Limited
Annexure VIII: Restated Standalone Statement of Accounting Ratios
(All amounts in millions of INR, unless stated otherwise)

	Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
A	Net worth	2,772.99	2,461.67	2,206.62	2,004.90	758.40
B	Profit attributable to the owners of the company	311.89	252.38	198.89	134.21	204.60
C	**Weighted average number of equity shares outstanding during the year (also refer note 48)**					
	For basic earnings per share	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
	For diluted earnings per share	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
D	Number of shares outstanding at the end of the year	1,31,46,829	1,31,46,829	1,03,01,000	1,03,01,000	1,02,50,000
E	Restated basic earnings per share (Rs.) **(B/C)**	23.72	19.20	15.13	13.04	25.85
F	Restated diluted earnings per share (Rs.) **(B/C)**	23.72	19.20	15.13	13.04	25.85
G	Return on net worth (%) **(B/A)**	11.25%	10.25%	9.01%	6.69%	26.98%
H	Net assets value per share of Rs. 10 each **(A/D)**	210.92	187.24	214.21	194.63	73.99
I	Face value (Rs)	10.00	10.00	10.00	10.00	10.00

Notes:

1. The ratio has been computed as below:

$$\text{Basic earnings per share (Rs)} = \frac{\text{Net profit after tax attributable to owners of the Company, as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted earnings per share (Rs)} = \frac{\text{Net profit after tax attributable to owners of the Company, as restated}}{\text{Weighted average number of potential equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax attributable to owners of the Company, as restated}}{\text{Net worth as restated as at year end}}$$

$$\text{Net asset value per share (Rs)} = \frac{\text{Net worth, as restated}}{\text{Number of equity shares outstanding as at year end}}$$

2. Earning per shares (EPS) calculation is in accordance with the notified Indian Accounting Standard (Ind AS) 33 'Earnings per share' prescribed by the Companies (Indian Accounting Standards) Rules, 2015.

3. The amounts disclosed above are based on the Restated Standalone Financial Information of the Company.

4. Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Standalone Statement of Assets and Liabilities of the Company.

Vectus Industries Limited
Annexure IX: Restated Standalone Statement of Capitalisation
(All amounts in millions of INR, unless stated otherwise)

Particulars	Pre - Issue (as at 31 March 2018)	Post - Issue*
Borrowings:		
Short-term borrowings	428.90	-
Long-term borrowings **(A)**	0.41	-
Total debt (B)	**429.31**	-
Shareholders' fund (Net worth)		
Share capital	131.47	-
Reserves and surplus	2,641.52	-
Total shareholders' fund (Net worth) (C)	**2,772.99**	-
Long-term borrowings/shareholders' fund (Net worth) ratio (A/C)	0.00	-
Total borrowings/shareholders' fund (Net worth) ratio (B/C)	0.15	-

Notes:

1. Short-term borrowings and current maturities of long term borrowings are debts which are due for repayment within 12 months from 31 March 2018.
2. Long-term borrowings is considered as borrowings other than short-term borrowings and includes current maturities of long term borrowings.
3. The amounts disclosed above are based on the Restated Standalone Financial Information of the Company.

* These amounts (as adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

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Vectus Industries Limited

Annexure X: Restated Standalone Statement of Dividend

(All amounts in millions of INR, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Equity shares					
Number of shares					
Face value (Rs.)	10	10	10	10	10
Amount	-	-	-	-	-
Final dividend					
Rate of dividend (%)	-	-	-	-	-
Dividend per share (Rs.)	-	-	-	-	-
Amount of dividend (Rs.)	-	-	-	-	-
Corporate dividend tax (Rs.)	-	-	-	-	-
Interim dividend					
Rate of dividend (%)	-	-	-	-	-
Dividend per share (Rs.)	-	-	-	-	-
Amount of dividend (Rs. in millions)	-	-	-	-	-
Corporate dividend tax (Rs. in millions)	-	-	-	-	-

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Vectus Industries Limited
Annexure XI: Restated Statement of Tax Shelter
(All amounts in Rupees millions, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Profit before tax, as restated	429.85	345.01	260.14	209.20	233.86
Weighted average tax rate (%)	34.61%	34.61%	34.61%	33.99%	33.99%
Tax expense at weighted average rates	148.77	119.40	90.03	71.11	79.49
Adjustments:-					
For permanent differences					
Tax impact of permanent difference due to:					
Expenses not allowed for tax purpose	(1.30)	6.46	11.68	40.27	0.88
Income which is not considered for tax purpose/ exempt income	(31.04)	(25.06)	(40.04)	(35.50)	(44.96)
Difference in tax rate of long term capital gain and short term capital gain	1.55	-	(0.05)	(0.55)	(6.08)
Other	(0.02)	(8.17)	(0.37)	(0.34)	(0.05)
	(30.81)	**(26.77)**	**(28.78)**	**3.88**	**(50.21)**
For temporary differences					
Tax impact of timing difference due to:					
Provision for bad and doubtful debts	0.47	0.08	0.30	3.12	1.37
Depreciation	(37.25)	(48.25)	(10.30)	(12.23)	10.74
Provision for employee benefits	(0.54)	1.24	4.45	0.73	1.57
Deferred revenue expenditure written off	-	-	-	(1.69)	(0.76)
Minimum alternate tax	8.90	23.91	4.83	-	-
Capital loss	0.61	7.84	-	-	-
Provision for warranty	0.27	0.87	-	-	-
Fair valuation of financial instruments	0.82	(0.74)	(0.08)	-	-
Others	1.52	0.45	2.38	(5.25)	14.86
	(25.20)	**(14.61)**	**1.58**	**(15.31)**	**27.77**
Tax payable	**92.76**	**78.02**	**62.82**	**59.68**	**57.05**

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Restated Consolidated Financial Information

To
The Board of Directors,
Vectus Industries Limited
A-36, Sector- 83,
Noida- 201305,
Uttar Pradesh, India

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Vectus Industries Limited (the 'Holding Company' or 'Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and erstwhile associate (upto 31 December 2016), which comprise of the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, 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 each of the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and the Restated Consolidated Statement of Significant Accounting Policies as approved by the Board of Directors of the Company at their meeting held on 30 May 2018 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed offer of equity shares of the Company prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act") read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

   The preparation of the Restated Consolidated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act and ICDR Regulations.

2. 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 17 April 2018 in connection with the proposed issue of equity shares of the Company; and

   (b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) ("The Guidance Note") issued by the Institute of Chartered Accountants of India.

3. The Restated Consolidated Financial Information have been compiled by the management from:

   (a) the audited Consolidated Financial Information of the Group as at and for the year ended 31 March 2018 prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their Board meeting held on 18 May 2018;

   (b) the audited Consolidated Financial Information of the Group and its erstwhile associate (upto 31 December 2016) for the year ended 31 March 2017, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 31 August 2017. These audited Consolidated Financial Information have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us.

   (c) the audited Consolidated Financial Information of the Group and its associate for the year ended 31 March 2016 and 31 March 2015, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 20 September 2016 and 28 July 2015 respectively. These audited Consolidated Financial Information have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been examined by us.; and

(d) the audited Consolidated Financial Information of the Group and its associate as at and for the year ended 31 March 2014, prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956, which have been approved by the Board of Directors at their Board meetings held on 15 May 2014. These audited Consolidated Financial Information have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been examined by us.

The Restated Consolidated Financial Information as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 are referred to as "the Proforma Ind AS Restated Consolidated Financial Information" as per the Guidance note.

4. (i) We did not audit the Consolidated Financial Information of the Group and its associate as at and for the year ended 31 March 2014 (details furnished in Appendix I). These Consolidated Financial Information have been audited by the previous auditors M/s A.K. Agrawal & Associates, Chartered Accountants, whose reports have been furnished to us by the Company, and our opinion on the examination of restated financial information in so far as it relates to the amounts included in the Restated Consolidated Financial Information on the basis of these Consolidated Financial Information is based solely on the audit reports of such previous auditors.

(ii) We did not audit the financial statements of certain subsidiaries and a foreign associate of the Group as at and for the years ended 31 March 2018, 31 March 2017, 31 March 2016 and 31 March 2015 (details furnished in Appendix I). These financial statements have been audited by other auditors, whose audit reports have been furnished to us by the Company, and our opinion in so far as it relates to the amounts included in these Restated Consolidated Financial Information is based solely on the audit reports of the other auditors.

5. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, ICDR Regulations and the Guidance Note, we report that:

(a) The Restated Consolidated Statement of Assets and Liabilities of the Group and its erstwhile associate (till 31 December 2016), as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure I to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Consolidated Financial Information.

(b) The Restated Consolidated Statement of Profit and Loss of the Group and its erstwhile associate (till 31 December 2016), for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure II to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Consolidated Financial Information.

(c) The Restated Consolidated Statement of Cash Flows of the Group and its erstwhile associate (till 31 December 2016), for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure III to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Consolidated Financial Information.

(d) The Restated Consolidated Statement of Changes in Equity of the Group and its erstwhile associate (till XX December 2016), for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 examined by us, as set out in Annexure IV to this report, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII: Statement on Adjustments to Audited Consolidated Financial Information

6. Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the financial statements audited by the previous auditors, M/s A.K. Agrawal & Associates, Chartered Accountants for the year ended 31 March 2014 and their report which have been furnished to us by the Company, we further report that the Restated Consolidated Financial Information:

(a) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

(b) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

(c) do not contain any extraordinary items that need to be disclosed separately in the Restated Consolidated Financial Information and do not contain any qualification requiring adjustments.

7. We have also examined the following restated consolidated financial information of the Group and its erstwhile associate (till 31 December 2016) set out in the Annexures prepared by the management and approved by the Board of Directors on 30 May 2018 for the for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014. In respect of the year ended 31 March 2014, our examination was based upon the financial statements audited and reported by M/s A.K. Agrawal & Associates, Chartered Accountants and relied upon by us:

(a) Annexure V – Restated Consolidated Statement of Significant Accounting Policies:

(b) Annexure VI- Notes to Restated Consolidated Financial Information;

(c) Annexure VII- Statement on Adjustments to Audited Consolidated Financial Information;

(d) Annexure VIII – Restated Consolidated Statement of Accounting Ratios;

(e) Annexure IX- Restated Consolidated Statement of Capitalisation; and

(f) Annexure X- Restated Consolidated Statement of Dividend

According to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the previous auditors M/s A.K. Agrawal & Associates, Chartered Accountants, in our opinion, the Restated Consolidated Financial Information and the above restated financial information contained in Annexures VI to X accompanying this report, read with Restated Consolidated Statement of Significant Accounting Policies disclosed in Annexure V, are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with ICDR Regulations and the Guidance Note.

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the audited Consolidated Financial Information referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, the stock exchanges where the equity shares are proposed to be listed and Registrar of Companies, Gwalior in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Sumit Mahajan
Partner
Membership Number: 504822

Place: Noida
Date: 30 May 2018

Appendix I

A) Financial Information of the Consolidated Financial Information for the year ended 31 March 2014 audited by the previous auditor, as considered in the Restated Financial Information:

Particulars as at/for the year ended 31 March 2014	Amount (Rs' in million)
Total assets	2190.27
Revenue (net of excise) from Operations	3954.99
Net Cash Inflows/(outflows)	3.29
Group's share in loss of foreign associate	0.67

B) Financial Information for Group's share for the relevant years not audited by us:

Amount (Rs' in million)

Particulars	As at / For the year ended 31 March			
	2018	2017	2016	2015
Total assets	6.32	6.46	6.47	13.77
Revenue (net of excise) from Operations	-	-	-	-
Net Cash Inflows/(outflows)	-	-	(0.01)	(0.01)

C) Group's share in net profit/(loss) of foreign associate:

Amount (Rs' in million)

Particulars	For the year ended 31 March		
	2017	2016	2015
Share of Loss of foreign associate	-	-	(10.09)

The above summary includes the financial information of the following subsidiary companies audited by other auditors:

Name of the subsidiary/ associate	Year ended	Name of the auditor
Vectus Containers Private Limited	31 March 2018, 31 March 2017, 31 March 2016; and 31 March 2015	M/s A.K. Agrawal and Associates
Shri Chakradhar Paper and Boards Private Limited	31 March 2017, 31 March 2016; and 31 March 2015	M/s A.K. Agrawal and Associates
Vectus Kenya Limited (Foreign Associate)	Nine months ended 31 December 2016, 31 March 2016; and 31 March 2015	PKF Kenya

Vectus Industries Limited
Annexure I : Restated Consolidated Statement of Assets and Liabilities
(All amounts in millions of INR, unless stated otherwise)

	Notes	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	1	1,717.66	1,547.80	1,287.16	851.79	717.09
Capital work-in-progress	2	40.99	38.42	5.07	101.13	39.89
Intangible assets	3	49.91	68.01	10.82	11.69	16.09
Intangible assets under development	4	-	1.04	46.22	-	-
Investments accounted for using equity method	5	-	-	-	-	6.47
Financial assets						
Loans	6	43.69	34.05	27.93	42.11	35.23
Other financial assets	7	2.04	1.89	5.37	4.74	8.93
Deferred tax assets (net)	8	33.61	58.88	78.10	76.75	95.39
Income tax assets (net)	9	4.80	3.33	2.63	2.08	0.37
Other non-current assets	10	22.90	33.42	33.67	72.47	89.61
Total non-current assets		**1,915.60**	**1,786.84**	**1,496.97**	**1,162.76**	**1,009.07**
Current assets						
Inventories	11	945.32	880.89	924.81	720.13	585.88
Financial assets						
Investments	12	25.83	17.37	6.46	-	-
Trade receivables	13	897.82	698.83	624.36	566.80	386.91
Cash and cash equivalents	14	142.45	76.68	44.38	131.77	14.99
Other bank balances	15	7.26	5.69	90.19	6.61	14.47
Loans	16	6.50	10.13	7.60	2.15	1.69
Other financial assets	17	51.33	39.05	57.68	61.25	20.26
Other current assets	18	111.62	97.61	143.97	41.28	34.98
Total current assets		**2,188.13**	**1,826.25**	**1,899.45**	**1,529.99**	**1,059.18**
TOTAL ASSETS		**4,103.73**	**3,613.09**	**3,396.42**	**2,692.75**	**2,068.25**
EQUITY AND LIABILITIES						
EQUITY						
Equity share capital	19	131.47	131.47	103.01	103.01	102.50
Instrument entirely in the nature of equity	20	-	-	1,111.61	1,111.61	-
Other equity	21	2,772.48	2,428.33	1,062.67	819.16	680.57
Equity attributable to owners of the Company		**2,903.95**	**2,559.80**	**2,277.29**	**2,033.78**	**783.07**
Non-controlling interests		47.86	37.46	28.79	19.90	14.68
Total equity		**2,951.81**	**2,597.26**	**2,306.08**	**2,053.68**	**797.75**
LIABILITIES						
Non-current liabilities						
Financial liabilities						
Non-current borrowings	22	1.78	4.76	16.63	30.07	165.35
Non-current provision	23	18.03	18.13	19.37	18.43	15.71
Deferred tax liabilities	8	1.85	0.99	-	-	5.24
Other non-current liabilities	24	2.26	3.15	1.64	1.93	2.22
Total non current liabilities		**23.92**	**27.03**	**37.64**	**50.43**	**188.52**
Current liabilities						
Financial liabilities						
Current borrowings	25	477.94	404.48	475.49	299.66	469.07
Trade payables	26	339.59	239.15	309.49	121.53	366.77
Other financial liabilities	27	242.01	218.71	168.16	103.23	166.88
Other current liabilities	28	63.55	113.10	87.25	58.00	53.34
Current provisions	29	4.72	3.71	0.84	0.79	0.62
Current tax liabilities (net)	30	0.19	9.65	11.47	5.43	25.30
Total current liabilities		**1,128.00**	**988.80**	**1,052.70**	**588.64**	**1,081.98**
TOTAL EQUITY AND LIABILITIES		**4,103.73**	**3,613.09**	**3,396.42**	**2,692.75**	**2,068.25**

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to Restated Consolidated Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha	**Ashish Baheti**	**Mahipal Singh**	**Chandra Shekhar Singh**
Director	Director	Company Secretary	Chief Financial officer
DIN: 00078702	DIN: 01162605	Membership No.: A23697	

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure II : Restated Consolidated Statement of Profit and Loss
(All amounts in millions of INR, unless stated otherwise)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Revenue						
Revenue from operations	31	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19
Other income	32	26.79	16.05	12.36	18.26	32.53
		6,314.66	**6,172.82**	**5,688.56**	**4,977.55**	**4,079.72**
Expenses						
Cost of materials consumed	33	3,987.56	3,603.20	3,457.32	3,129.65	2,602.61
Purchase of traded goods	34	83.44	31.80	35.88	52.53	50.90
Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares	35	(115.00)	(35.27)	(87.70)	(80.72)	(52.86)
Excise duty	36	138.39	596.43	385.46	314.23	235.59
Employee benefits expense	37	591.52	520.32	440.39	330.32	233.81
Finance costs	38	45.50	55.13	49.98	196.80	113.00
Depreciation and amortization expense	39	142.01	118.42	224.90	173.44	134.87
Other expenses	40	952.63	866.94	834.08	623.67	509.15
		5,826.05	**5,756.97**	**5,340.31**	**4,739.92**	**3,827.07**
Profit before exceptional items, share of profit of investments accounted for using equity method and tax		**488.61**	**415.85**	**348.25**	**237.63**	**252.65**
Share of profit/(loss) of investments accounted for using equity method		-	-	-	(10.09)	0.67
Profit before tax and exceptional item		**488.61**	**415.85**	**348.25**	**227.54**	**253.32**
Exceptional item	41	-	15.31	18.23	-	-
Profit before tax		**488.61**	**400.54**	**330.02**	**227.54**	**253.32**
Tax expense						
Current tax		107.23	92.89	83.17	70.59	66.69
Deferred tax (Credit)/Charge	8	26.37	18.92	(2.80)	13.44	(27.27)
Total tax expense		**133.60**	**111.81**	**80.37**	**84.03**	**39.42**
Profit for the year		**355.01**	**288.73**	**249.65**	**143.51**	**213.90**
Profit is attributable to:						
Owners of Vectus Industries Limited		344.64	280.01	240.74	138.32	207.36
Non-controlling interest		10.37	8.72	8.91	5.19	6.54
Other comprehensive income						
Items that will not be reclassified to restated consolidated statement of profit and loss						
Remeasurements of post-employment benefit obligations		(0.70)	3.73	4.21	(0.09)	(2.57)
Income-tax relating to items that will not be reclassified to profit or loss		0.24	(1.28)	(1.46)	0.04	0.87
Other comprehensive income		**(0.46)**	**2.45**	**2.75**	**(0.05)**	**(1.70)**
Total comprehensive income		**354.55**	**291.18**	**252.40**	**143.46**	**212.20**
Total comprehensive income is attributable to:						
Owners of Vectus Industries Limited		344.15	282.51	243.51	138.24	205.63
Non-controlling interest		10.40	8.67	8.89	5.22	6.57
		354.55	**291.18**	**252.40**	**143.46**	**212.20**
Earnings per share (face value of INR 10)						
-Basic	52	26.21	21.30	18.31	13.44	26.20
-Diluted		26.21	21.30	18.31	13.44	26.20

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to Restated Consolidated Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha	**Ashish Baheti**	**Mahipal Singh**	**Chandra Shekhar Singh**
Director	Director	Company Secretary	Chief Financial officer
DIN: 00078702	DIN: 01162605	Membership No.: A23697	

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure III : Restated Consolidated Statement of Cash Flow
(All amounts in millions of INR, unless stated otherwise)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Profit before tax	**488.61**	**400.54**	**330.02**	**227.54**	**253.32**
	Adjustments for:					
	Depreciation and amortisation expense	142.01	118.42	224.90	173.44	134.87
	Amount written back	(2.52)	(0.79)	(1.53)	(1.74)	(0.22)
	Interest expense	45.50	55.13	49.98	196.80	113.00
	Interest income	(3.12)	(3.96)	(2.71)	(3.33)	(3.70)
	Gain on sale of current investments in mutual funds	(3.25)	(0.13)	-	(3.21)	-
	Provision for warranty and warranty claims	0.74	2.50	-	-	-
	Share of profit/loss in investment accounted for using equity method	-	-	-	10.09	(0.67)
	Profit on sale of non-current investment	(0.09)	-	-	-	-
	Income from guarantee given on behalf of associate	-	-	(1.32)	(1.32)	(0.99)
	Amortisation of government grant	(13.01)	(3.89)	(0.29)	(0.29)	(0.19)
	Payment towards financial guarantee given for associate	-	15.31	-	-	-
	Provision for loans/advances given to associate	-	-	18.23	-	-
	Provision for impairment of investments	-	0.61	-	-	-
	(Gain)/ Loss on sale of fixed assets (net)	(1.25)	2.01	-	(5.01)	(24.93)
	Fair value of investments in mutual funds	(0.38)	(2.39)	(0.27)	-	-
	Provision for doubtful debts and advances	1.28	1.15	1.50	2.13	9.31
	Advances written off	3.12	0.54	0.23	1.15	4.58
	Operating profit before working capital changes	**657.64**	**585.05**	**618.74**	**596.25**	**484.38**
	Movement in working capital					
	(Increase)/Decrease in inventories	(64.43)	43.92	(204.68)	(134.25)	(116.34)
	(Increase)/Decrease in other current and non-current financial assets	(0.88)	9.98	(6.09)	(48.43)	(8.87)
	(Increase)/Decrease in other current and non-current assets	(17.34)	45.77	(102.43)	(6.13)	16.52
	(Increase)/Decrease in trade receivables	(200.27)	(75.62)	(58.52)	(181.89)	(32.28)
	Increase/(Decrease) in other current and non-current financial liabilities	11.76	60.13	52.92	(2.12)	23.02
	Increase/(Decrease) in current and non-current provisions	(0.53)	2.86	5.20	2.80	4.39
	Increase/(Decrease) in other current and non-current liabilities	(49.55)	25.24	30.17	5.79	18.12
	Increase/(Decrease) in trade payables	100.44	(70.34)	187.96	(245.24)	126.20
	Cash flow from / (utilised in) operating activities post working capital changes	**436.84**	**626.99**	**523.27**	**(13.22)**	**515.14**
	Income- tax paid	(118.16)	(95.40)	(77.68)	(92.17)	(69.45)
	Net cash flow from / (utilised in) operating activities (A)	**318.68**	**531.59**	**445.59**	**(105.39)**	**445.69**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**					
	Purchase of property, plant and equipment (including intangible assets, capital work-in-progress, capital advances, capital creditors and intangible assets under development)	(289.80)	(441.08)	(557.29)	(361.20)	(279.70)
	Interest received	3.12	3.96	2.71	3.33	3.70
	Proceeds from government grant	12.12	5.40	-	-	1.35
	Investment in CCDs in associates/joint venture					
	Purchase of investments in mutual funds	(48.90)	(10.52)	(6.19)	(250.00)	-
	Proceeds from sale of investments in mutual funds	26.75	2.13	-	253.21	-
	Payment to bank on behalf of associate	-	(15.75)	-	-	-
	Loans (given) to associate	-	-	-	(4.19)	(16.20)
	Proceeds from sale of property, plant and equipment	22.48	13.01	4.22	12.75	86.22
	Movement in other bank balances (net)	(1.72)	87.98	(84.21)	12.05	(8.05)
	Net cash used in investing activities (B)	**(275.95)**	**(354.87)**	**(640.76)**	**(334.05)**	**(212.68)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**					
	Proceeds from issue of share capital (including securities premium)	-	-	-	0.86	4.40
	Proceeds/(repayment) from compulsorily convertible debenture received	-	-	-	999.65	-
	Proceeds/(repayment) from long term borrowings	(4.92)	(18.28)	(17.88)	(187.55)	(77.62)
	Proceeds/(repayment) from short term borrowings	73.46	(71.01)	175.83	(169.41)	(20.76)
	Interest paid	(45.50)	(55.13)	(50.17)	(87.33)	(110.15)
	Transactions with non-controlling interests	-	-	-	-	(19.70)
	Net cash flow from / (utilised in) financing activities (C)	**23.04**	**(144.42)**	**107.78**	**556.22**	**(223.83)**
	Increase/(decrease) in cash and cash equivalents (A+B+C)	65.77	32.30	(87.39)	116.78	9.18
	Cash and cash equivalents at the beginning of the year	76.68	44.38	131.77	14.99	5.81
	Cash and cash equivalents at the end of the year	142.45	76.68	44.38	131.77	14.99

Vectus Industries Limited
Annexure III : Restated Consolidated Statement of Cash Flow
(All amounts in millions of INR, unless stated otherwise)

Notes to cash flow statement

1 Components of cash and cash equivalents :					
- Cash in hand	2.37	2.64	2.66	2.99	1.40
- Balances with bank (Current Account)	140.08	74.04	41.72	128.78	13.59
	142.45	76.68	44.38	131.77	14.99

2 The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting standard 7 "Statement of Cash Flows".

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to Restated Consolidated Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha	**Ashish Baheti**	**Mahipal Singh**	**Chandra Shekhar Singh**
Director	Director	Company Secretary	Chief Financial officer
DIN: 00078702	DIN: 01162605	Membership No.: A23697	

Date: 30 May 2018
Place: Noida

Vectus Industries Limited
Annexure IV: Restated Consolidated Statement of Changes in Equity
(All amounts in millions of INR, unless stated otherwise)

A Equity share capital

Particulars	As on 1 April 2013 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2014 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2015 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2016 Proforma Ind AS	Issue of equity share capital during the year	As at 31 March 2017	Issue of equity share capital during the year	As at 31 March 2018
Equity share capital	**77.00**	25.50	**102.50**	0.51	**103.01**	-	**103.01**	28.46	**131.47**	-	**131.47**

B Instruments entirely in the nature of equity

Particulars	As on 1 April 2013 Proforma Ind AS	Change during the year	As at 31 March 2014 Proforma Ind AS	Addition during the year	As at 31 March 2015 Proforma Ind AS	Change during the year	As at 31 March 2016 Proforma Ind AS	Converted during the year	As at 31 March 2017	Change during the year	As at 31 March 2018
Compulsorily convertible debentures	**-**	-	**-**	1,111.61	**1,111.61**	-	**1,111.61**	(1,111.61)	**-**	-	**-**

C Other equity

Particulars	Attributable to owners of the Company					Non-controlling interests	Total
	Reserves and surplus						
	Capital reserve	General reserve	Securities premium reserve	Retained earnings	Total other equity		
Balance as at 1 April 2013- Proforma Ind AS	**14.10**	**33.18**	**10.00**	**444.28**	**501.56**	**22.29**	**523.85**
Profit for the year	-	-	-	207.36	207.36	6.54	**213.90**
Other comprehensive income	-	-	-	(1.73)	(1.73)	0.03	**(1.70)**
Total comprehensive income	**-**	**-**	**-**	**205.63**	**205.63**	**6.57**	**212.20**
Transaction with owners:							
Business combination of entities under common control		(21.10)	-	(2.07)	(23.17)	-	**(23.17)**
Total transaction with owners	**-**	**(21.10)**	**-**	**(2.07)**	**(23.17)**	**-**	**(23.17)**
Changes in ownership interests in subsidiaries that do not result in loss of control							
Acquisition of non-controlling interests	(3.45)	-	-	-	(3.45)	(5.88)	**(9.33)**
Total changes in ownership interests in subsidiaries	(3.45)	-	-	-	(3.45)	(5.88)	**(9.33)**
Other transactions:							
Sale of subsidiary	-	-	-	-	-	(8.30)	**(8.30)**
Balance as at 31 March 2014- Proforma Ind AS	**10.65**	**12.08**	**10.00**	**647.84**	**680.57**	**14.68**	**695.25**
Profit for the year	-		-	138.32	138.32	5.19	**143.51**
Other comprehensive income	-		-	(0.08)	(0.08)	0.03	**(0.05)**
Total comprehensive income	**-**	**-**	**-**	**138.24**	**138.24**	**5.22**	**143.46**
Transaction with owners:							
Issue of shares	-		0.35	-	0.35	-	**0.35**
Balance as at 31 March 2015- Proforma Ind AS	**10.65**	**12.08**	**10.35**	**786.08**	**819.16**	**19.90**	**839.06**

Vectus Industries Limited
Annexure IV: Restated Consolidated Statement of Changes in Equity
(All amounts in millions of INR, unless stated otherwise)

Particulars	Attributable to owners of the Company					Non-controlling interests	Total
	Reserves and surplus				Total other equity		
	Capital reserve	General reserve	Securities premium reserve	Retained earnings			
Balance as at 1 April 2015- Proforma Ind AS	**10.65**	**12.08**	**10.35**	**786.08**	**819.16**	**19.90**	**839.06**
Profit for the year	-	-	-	240.74	240.74	8.91	**249.65**
Other comprehensive income	-	-	-	2.77	2.77	(0.02)	**2.75**
Total comprehensive income	**-**	**-**	**-**	**243.51**	**243.51**	**8.89**	**252.40**
Transaction with owners:							
Issue of shares	-	-	-	-	-	-	**-**
Balance as at 31 March 2016- Proforma Ind AS	**10.65**	**12.08**	**10.35**	**1,029.59**	**1,062.67**	**28.79**	**1,091.46**
Profit for the year	-	-	-	280.01	280.01	8.72	**288.73**
Other comprehensive income	-	-	-	2.50	2.50	(0.05)	**2.45**
Total comprehensive income	**-**	**-**	**-**	**282.51**	**282.51**	**8.67**	**291.18**
Transaction with owners:							
Issue of shares	-	-	1,083.15	-	1,083.15	-	**1,083.15**
Balance as at 31 March 2017	**10.65**	**12.08**	**1,093.50**	**1,312.10**	**2,428.33**	**37.46**	**2,465.79**
Profit for the year	-	-	-	344.64	344.64	10.37	**355.01**
Other comprehensive income	-	-	-	(0.49)	(0.49)	0.03	**(0.46)**
Total comprehensive income	**-**	**-**	**-**	**344.15**	**344.15**	**10.40**	**354.55**
Balance as at 31 March 2018	**10.65**	**12.08**	**1,093.50**	**1,656.25**	**2,772.48**	**47.86**	**2,820.34**

The accompanying Restated Consolidated Statement of Significant Accounting Policies in Annexure V and Notes to Restated Consolidated Financial Information in Annexure VI are an integral part of this statement.

For and on behalf of the Board of Directors of Vectus Industries Limited

Atul Ladha
Director
DIN: 00078702

Ashish Baheti
Director
DIN: 01162605

Mahipal Singh
Company Secretary
Membership No.: A23697

Chandra Shekhar Singh
Chief Financial officer

Date: 30 May 2018
Place: Noida

Vectus Industries Limited

Annexure V: Restated Consolidated of Significant Accounting Policies

1 Corporate Information

Vectus Industries Limited (the "Company" or the "Holding Company") is a Company domiciled in India, with its registered office situated at Gwalior, Madhya Pradesh. The company was incorporated on 30 August 2007 under the provisions of Companies Act, 1956. The Restated Consolidated Financial Information of the Group comprise the Company, its subsidiaries (together referred to as Group) and its erstwhile associate (till December 2016). The Company has been involved in the manufacturing of PPR Piping Systems, CPVC Piping Systems, PVC Pressure Piping, Multi-Layer Composite Piping System, SWR Piping Systems, Blow Moulded Tanks, Rotational Moulded Tanks and various kinds of Household plastics both for agricultural and household purposes.

2 Basis of preparation and statement of compliance with Ind AS

The Restated Consolidated Statement of Assets and Liabilities of Vectus Industries Limited as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Consolidated Restated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Cash Flows and the Restated Consolidated Statement of Changes in Equity for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and Restated Other Consolidated Financial Information (together referred as 'Restated Consolidated Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. The Restated Consolidated Financial Information has been compiled by the Company from:

(a) The audited consolidated financial statements of the Group and its associate (till December 2016) as at and for the year ended 31 March 2018, prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their Board meeting held on 18 May 2018;

(b) The audited consolidated financial statements of the Group and its associate (till December 2016) as at and for the year ended 31 March 2017, 31 March 2016 and 31 March 2015 prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their Board meeting held on 31 August 2017, 20 September 2016 and 28 July 2015 respectively; and

(c) The audited consolidated financial statements of the Company (including erstwhile entities which have been merged with Company pursuant to scheme of amalgamation) as at and for the years ended 31 March 2014 , prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956, which have been approved by the Board of Directors at their Board meeting held on 15 May 2014.

(d) Functional and presentation currency

The Restated Consolidated Financial Information is prepared in Indian Rupees (INR), which is also the Company's functional Currency. Functional Currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity generates and spends cash.

e) Current and non current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

f) Historical Cost Convention

The Restated Consolidated Financial Information has been prepared under historical cost convention except for certain financial assets and financial liabilities that are measured at fair value as required under relevant Ind AS.

The aforesaid audited consolidated financial statements (as referred above) of the Company as at and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 have been converted into Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31 March 2017. Restated Consolidated Financial Information as at and for each of the years ended 31 March 2016, 31 March 2015 and 31 March 2014 is referred to as "the Proforma Ind AS Restated Consolidated Financial Information".

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows.

This Restated Consolidated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

(i) Sub-section (1) of Section 26 of Chapter III of the Act; and

(ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ('SEBI') on 26 August 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

Basis of Consolidation

The Restated consolidated financial information comprise the restated financial information of the Holding Company and its subsidiaries (collectively referred as 'the Group') and associate (till 31 December 2016). The restated information of subsidiaries has been presented, to the extent possible, in the same format as that adopted by the parent for holding company.

Subsidiaries

Subsidiaries are all entities (including structured 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/(loss) and OCI ('OCI') of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting i.e. year ending as at 31 March of the respective year.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany 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 of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's restated consolidated statement of profit and loss and net assets that is not held by the Group. Restated consolidated statement of profit and loss and each component of restated other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Associate
Investment in entities in which there exists significant influence, but not control or joint control, over the financial and operating policies. Interests in an associate are accounted for using the equity method. i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The restated consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities

The subsidiary companies considered in these restated consolidated financial information are as follows:

I) Subsidiaries

Name of the Company	Principal activities	Country of Incorporation	Proportion of Ownership Interest 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Sunrise Tanks Private Limited	Manufacturing of Water tanks	India	76%	76%	76%	76%	76%
Gangotri Polymers Private Limited	Manufacturing of Water tanks	India	76%	76%	76%	76%	76%
Vectus Containers Private Limited	Manufacturing of Water tanks	India	100%	100%	100%	100%	100%
Shri Chakradhar Papers & Boards Private Limited	Manufacturing of Water tanks	India	Nil	100%	100%	100%	100%

II) Associates

Name of the Company	Principal activities	Country of Incorporation	Proportion of Ownership Interest 31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Vectus Kenya Limited*	Manufacturing of Water tanks	Kenya	-	-	20%	20%	20%

*The Holding Company has disposed off its entire stake on 31 December 2016 vide share purchase agreement dated 31 December 2016.

The significant accounting policies and measurement bases have been summarised below.

Revenue recognition

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.
Sale value is net of discounts, rebates and various promotional schemes but includes excise duty and are shown net of sales tax , value added tax and goods and service tax (w.e.f 1 July 2017).

Other income
Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Government grant
Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.
Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Income taxes
Tax expense recognised in the restated consolidated statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items is recognised outside restated consolidated statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items is recognised outside restated statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the restated consolidated statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each restated consolidated statement of assets and liabilities date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income-tax during the specified period.

Cash and cash equivalents
Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities 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.

Foreign currency transactions
The financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company, rounded off to million with two decimal places.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the restated consolidated statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the restated consolidated statement of profit and loss on a net basis within other income/expenses, as the case maybe.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets

Initial recognition and measurement

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

i). at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

ii). in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:
i). Financial assets at amortised cost
ii). Financial assets at fair value

Financial assets are measured at the amortised cost if both the following conditions are met:
• The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
• Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The effect of EIR amortisation is included as finance costs in the restated consolidated statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the restated consolidated statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:
• All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
• Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the restated consolidated statement of assets and liabilities date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Property, plant and equipment ('PPE')

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and definition of asset is met. All other repair and maintenance costs are recognised in the restated consolidated statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Depreciation and amortisation , estimated useful life and residual value

Depreciation on fixed assets upto the year ended 31 March 2016 was provided on written down value method at rates specified under Schedule XIV of the Companies Act, 1956.

Depreciation on fixed assets for year ended 31 March 2017 & onwards is provided using the straight line method as per the estimated useful life which corresponds to the rates prescribed under Schedule II of the Companies Act, 2013:

Description of Asset Class	Useful life as per Schedule II (in years)
Buildings	30 years for factory building 60 years for office building
Plant and machinery	15 years
Office equipment's	5 years
Computers	3 years
Servers	6 years
Furniture and fixtures	10 years
Vehicles	8 years for motor cars and 10 years for scooters

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated consolidated statement of profit and loss when the asset is derecognised.

Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increase the future economic benefits from the specific assets to which it states.

Subsequent measurement (depreciation and useful lives)

The Group amortises intangible assets with a finite useful life using the straight-line method over three to five year

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For this purpose, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the restated consolidated statement of profit and loss. If at the restated consolidated statement of assets and liabilities date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the restated consolidated statement of profit and loss.

Lease

Finance leases as a leasee

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating leases as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease, unless the increase in rent is to compensate the lessor for the effects of inflation.

Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

Employee benefits
Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19- Employee Benefits.

Defined benefit plans
Gratuity
The Company operates one defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gain and loss for the defined benefit plan is recognized in full in the period in which they occur in other comprehensive income.

Compensated absences
Liability in respect of compensated absences becoming due or expected to be availed within one year from the restated consolidated statement of assets and liabilities date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the restated consolidated statement of assets and liabilities date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Other long-term benefits
Accumulated leave expected to be carried forward beyond twelve months, is treated as long-term employee benefit. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit.

Liability under continuity linked key resource and deferred salary schemes is provided for on actuarial valuation basis, which is done as per the projected unit credit method at the end of each financial period.

Defined contribution plans

Provident fund
The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Provident fund and Employee State Insurance Scheme
Employee benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution plans and the contributions are charged to the restated consolidated statement of profit and loss of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the funds.

Short-term employee benefits
Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Earnings per share
Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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 are adjusted for the effects of all dilutive potential equity shares.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting done to the Chief Operating Decision Maker. The Company operates in a single operating segment and geographical segment. The board of directors is collectively the company's 'Chief Operating Decision maker' or 'CODM' within the meaning of Ind AS 108.

Inventory
Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:
- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Stores and spares cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- In case of work in progress-at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

Net realisable 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. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials 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.

Investments in subsidiaries and associates
Investments in subsidiaries and associate are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associate, the difference between net disposal proceeds and the carrying amounts are recognized in the restated consolidated statement of profit and loss.

Recent accounting pronouncement
Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:
On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.
The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the restated consolidated financial information and the impact is not material.

Ind AS 115- Revenue from Contract with Customers
On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customer

The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

The group is not expected to have any impact of this pronouncement on its financial statements.

Significant accounting judgements, estimates and assumptions
When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.
The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.
Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Significant judgements:

Evaluation of indicators for impairment of non-financial assets and investments in subsidiaries
The evaluation of applicability of indicators of impairment of non-financial assets and subsidiaries requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets and investments in subsidiaries.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

Contingent liabilities
The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Defined benefit obligation (DBO)
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Allowance for doubtful debts
The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Sources of estimation uncertainty:

Provisions
At each restated consolidated statement of assets and liabilities date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

Recoverability of advances/receivables
At each restated consolidated statement of assets and liabilities date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Provision for impairment of investments in subsidiaries and associates
At each restated consolidated statement of assets and liabilities date, the Company assesses the requirement of provisions for impairment of investments in subsidiaries based on its expectation of successful implementation of proposed projects by those subsidiaries.

Business combination under common control
Business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and where that control is not transitory, is referred to as business combinations of entities under common control. The accounting policy of the Group is to account for the assets and liabilities of acquired entities at their book values in its restated consolidated financial statements. The excess of the fair value of the consideration paid (in cash and in kind) over the acquirer's proportionate share of the net asset value acquired is adjusted in other equity. The restated consolidated financial statements and financial information presented for comparative year are restated since the common control existed.

Use of estimates
The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each restated consolidated statement of assets and liabilities date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

1 Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amount as follows:

Gross block	Land (Freehold)	Land (Leasehold)	Buildings	Furniture and fixtures	Plant and Machinery	Vehicles	Computers	Office equipment	Computers Lease Line	Total
As at 1 April 2013- Proforma Ind AS	**38.92**	**60.62**	**169.27**	**8.19**	**683.38**	**30.81**	**6.72**	**43.07**	**0.18**	**1,041.16**
Addition during the year	13.05	-	43.40	7.56	132.27	2.84	1.48	8.97	-	**209.57**
Disposals/ Adjustments	4.30	-	16.32	0.43	78.46	-	-	0.73	-	**100.24**
As at 31 March 2014- Proforma Ind AS	**47.67**	**60.62**	**196.35**	**15.32**	**737.19**	**33.65**	**8.20**	**51.31**	**0.18**	**1,150.49**
Addition during the year	2.28	-	90.31	4.55	196.92	5.50	2.46	9.61	-	**311.63**
Disposals/ Adjustments	0.96	6.10	0.97	0.01	2.24	0.44	-	0.62	-	**11.34**
As at 31 March 2015- Proforma Ind AS	**48.99**	**54.52**	**285.69**	**19.86**	**931.87**	**38.71**	**10.66**	**60.30**	**0.18**	**1,450.78**
Addition during the year	40.43	-	157.16	7.87	413.59	1.62	6.31	32.73	-	**659.71**
Disposals/ Adjustments	-	-	0.07	-	17.68	0.10	0.34	0.14	-	**18.33**
As at 31 March 2016- Proforma Ind AS	**89.42**	**54.52**	**442.78**	**27.73**	**1,327.78**	**40.23**	**16.63**	**92.89**	**0.18**	**2,092.16**
Addition during the year	71.35	-	60.40	6.83	213.64	5.97	4.69	15.70	-	**378.58**
Disposals/ Adjustments	-	-	-	0.05	34.13	1.72	0.31	0.08	-	**36.29**
Balance as at 31 March 2017	**160.77**	**54.52**	**503.18**	**34.51**	**1,507.29**	**44.48**	**21.01**	**108.51**	**0.18**	**2,434.45**
Additions	4.03	2.46	95.04	3.81	186.18	1.07	9.47	12.33	-	**314.39**
Disposals/ Adjustments	-	-	0.54	0.28	63.17	0.36	0.26	0.64	-	**65.25**
Balance as at 31 March 2018	**164.80**	**56.98**	**597.68**	**38.04**	**1,630.30**	**45.19**	**30.22**	**120.20**	**0.18**	**2,683.59**
Accumulated depreciation										
As at 1 April 2013- Proforma Ind AS	**-**	**0.72**	**44.25**	**3.33**	**257.41**	**18.47**	**4.46**	**11.53**	**0.15**	**340.32**
Depreciation charge	-	0.36	13.15	1.40	105.05	5.28	1.13	5.65	0.01	**132.03**
Disposals/ Adjustments	-	-	5.21	0.23	33.16	-	-	0.35	-	**38.95**
As at 31 March 2014- Proforma Ind AS	**-**	**1.08**	**52.19**	**4.50**	**329.30**	**23.75**	**5.59**	**16.83**	**0.16**	**433.40**
Depreciation charge	0.96	0.36	17.56	3.21	127.48	3.31	2.23	14.07	0.01	**169.19**
Disposals/ Adjustments	0.96	-	0.82	0.01	1.04	0.41	-	0.36	-	**3.60**
As at 31 March 2015- Proforma Ind AS	**-**	**1.44**	**68.93**	**7.70**	**455.74**	**26.65**	**7.82**	**30.54**	**0.17**	**598.99**
Depreciation charge	-	0.36	27.35	4.10	166.40	3.95	3.58	14.38	-	**220.12**
Disposals/ Adjustments	-	-	0.01	-	13.56	0.10	0.31	0.13	-	**14.11**
As at 31 March 2016- Proforma Ind AS	**-**	**1.80**	**96.27**	**11.80**	**608.58**	**30.50**	**11.09**	**44.79**	**0.17**	**805.00**
Depreciation charge	-	0.36	12.02	1.90	74.68	1.92	2.78	9.26	-	**102.92**
Disposals/ Adjustments	-	-	-	0.03	19.72	1.21	0.26	0.05	-	**21.27**
Balance as at 31 March 2017	**-**	**2.16**	**108.29**	**13.67**	**663.54**	**31.21**	**13.61**	**54.00**	**0.17**	**886.65**
Depreciation charge	-	0.35	13.88	2.60	88.67	2.12	4.41	11.27	-	**123.30**
Disposals/ Adjustments	-	-	0.01	0.24	42.65	0.29	0.25	0.58	-	**44.02**
Balance as at 31 March 2018	**-**	**2.51**	**122.16**	**16.03**	**709.56**	**33.04**	**17.77**	**64.69**	**0.17**	**965.93**

(All amounts in millions of INR, unless stated otherwise)

Net block	Land Freehold	Land Leasehold	Buildings	Furniture and fixtures	Plant and Machinery	Vehicles	Computers	Office equipment	Computers Lease Line	Total
As at 1 April 2013 - Proforma Ind AS*	**38.92**	**59.90**	**125.02**	**4.86**	**425.97**	**12.34**	**2.26**	**31.54**	**0.03**	**700.84**
As at 31 March 2014- Proforma Ind AS	**47.67**	**59.54**	**144.16**	**10.82**	**407.89**	**9.90**	**2.61**	**34.48**	**0.02**	**717.09**
As at 31 March 2015- Proforma Ind AS	**48.99**	**53.08**	**216.76**	**12.16**	**476.13**	**12.06**	**2.84**	**29.76**	**0.01**	**851.79**
As at 31 March 2016- Proforma Ind AS	**89.42**	**52.72**	**346.51**	**15.93**	**719.20**	**9.73**	**5.54**	**48.10**	**0.01**	**1,287.16**
Balance as at 31 March 2017	**160.77**	**52.36**	**394.89**	**20.84**	**843.75**	**13.27**	**7.40**	**54.51**	**0.01**	**1,547.80**
Balance as at 31 March 2018	**164.80**	**54.47**	**475.52**	**22.01**	**920.74**	**12.15**	**12.45**	**55.51**	**0.01**	**1,717.66**

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

Notes:

1. During the year ended 31 March 2017 , management reassessed and revised the depreciation method on the expected pattern of consumption of the future economic benefits embodied in the asset and changed the method of depreciation from written down value method to straight line method for depreciation. The Company accounted this as a change in estimate. Accordingly, had the group continued with previous method of charging depreciation for the year ended 31 March 2017 would have been higher by INR 132.41 millions.

2. Block of land includes land located at Sikandrabad , Banmore and Jaipur having a carrying value of INR 37.85 Millions (31 March 2017: INR 38.46 millions; 31 March 2016: 38.46 millions; 31 March 2015: 38.46 millions; 31 March 2014:38.46 millions), title deeds of which are not in the name of the Company. The Company is in the process of getting the registration transferred in the name of holding company. Subsequent to year end 31 March 2018, land situated at Sikandarabad and Banmore location amounting INR 30.78 millions have been transferred in the name of the holding company

3. Refer note 47 for details relating to capitalisation of expenditure incidental to setting up of property, plant and equipment.

4. Refer note 49 for disclosure of contractual commitment for the acquisition of property, plant and equipment.

5. Leasehold land represents land taken on finance lease only, disclosures of which has been given under note 50.

6. Refer note 53 for details of assets pledged as security.

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(All amounts in millions of INR, unless stated otherwise)

2 **Capital work-in-progress**

Particulars	Asset under constructions (A)			Expenditure incurred during construction period (B)		Total (A+B)
	Building under construction	Moulds	Total (A)	Expenditure incurred during construction period	Total (B)	
As at 1 April 2013- Proforma Ind AS	**24.23**	**0.29**	**24.52**	**-**	**-**	**24.52**
Movement during the year	15.66	(0.29)	15.37			15.37
As at 31 March 2014- Proforma Ind AS	**39.89**	**-**	**39.89**	**-**	**-**	**39.89**
Movement during the year	61.24	-	61.24	-	-	61.24
As at 31 March 2015- Proforma Ind AS	**101.13**	**-**	**101.13**	**-**	**-**	**101.13**
Movement during the year	(96.06)	-	(96.06)	-	-	(96.06)
As at 31 March 2016- Proforma Ind AS	**5.07**	**-**	**5.07**	**-**	**-**	**5.07**
Movement during the year	18.93	12.60	31.53	1.82	1.82	33.35
Balance as at 31 March 2017	**24.00**	**12.60**	**36.60**	**1.82**	**-**	**38.42**
Movement during the year	2.57	-	2.57	-	-	2.57
Balance as at 31 March 2018	**26.57**	**12.60**	**39.17**	**1.82**	**1.82**	**40.99**

3 **Intangible assets**

Details of entity's intangible assets and their carrying amounts are as follows:

Particulars	Computer software	Know how fees	Total
Gross carrying amount			
As at 1 April 2013- Proforma Ind AS*	**1.97**	**2.59**	**4.56**
Addition during the year	0.68	17.18	**17.86**
As at 31 March 2014- Proforma Ind AS	**2.65**	**19.77**	**22.42**
Addition during the year	0.22	-	**0.22**
Disposal / adjustments	-	0.30	0.30
As at 31 March 2015- Proforma Ind AS	**2.87**	**19.47**	**22.34**
Addition during the year	3.91	-	3.91
As at 31 March 2016- Proforma Ind AS	**6.78**	**19.47**	**26.25**
Addition during the year	72.46	0.23	72.69
Balance as at 31 March 2017	**79.24**	**19.70**	**98.94**
Additions	0.61	-	0.61
Balance as at 31 March 2018	**79.85**	**19.70**	**99.55**
Accumulated amortisation			
As at 1 April 2013- Proforma Ind AS*	**1.80**	**1.69**	**3.49**
Amortisation for the year	0.39	2.45	2.84
As at 31 March 2014- Proforma Ind AS	**2.19**	**4.14**	**6.33**
Amortisation for the year	0.47	3.78	4.25
Disposals/ Adjustments	-	(0.07)	(0.07)
As at 31 March 2015- Proforma Ind AS	**2.66**	**7.99**	**10.65**
Amortisation for the year	1.02	3.76	4.78
Disposal / adjustments	-	-	-
As at 31 March 2016- Proforma Ind AS	**3.68**	**11.75**	**15.43**
Amortisation for the year	12.33	3.17	15.50
Balance as at 31 March 2017	**16.01**	**14.92**	**30.93**
Amortisation for the year	15.59	3.12	18.71
Balance as at 31 March 2018	**31.60**	**18.04**	**49.64**
Net carrying amount			
As at 1 April 2013 - Proforma Ind AS*	**0.17**	**0.90**	**1.07**
As at 31 March 2014- Proforma Ind AS	**0.46**	**15.63**	**16.09**
As at 31 March 2015- Proforma Ind AS	**0.21**	**11.48**	**11.69**
As at 31 March 2016- Proforma Ind AS	**3.10**	**7.72**	**10.82**
Balance as at 31 March 2017	**63.23**	**4.78**	**68.01**
Balance as at 31 March 2018	**48.25**	**1.66**	**49.91**

* Gross block and accumulated amortization from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
4 Intangible assets under development					
Software	-	1.04	46.22	-	-
	-	**1.04**	**46.22**	**-**	**-**

(All amounts in millions of INR, unless stated otherwise)

5 Investments accounted for using equity method

The Group held 20% share in Vectus Kenya Limited. Vectus Kenya Limited is a company incorporated in Kenya and is engaged in the business of manufacturing and selling water tanks.

	As at 31 December 2016	**As at 31 March 2016 Proforma Ind AS**	**As at 31 March 2015 Proforma Ind AS**	**As at 31 March 2014 Proforma Ind AS**
Carrying amount of investment	-	-	-	6.47
Profit/(loss) from continuing operations	(2.87)	(144.09)	(50.47)	3.36
Share in profit and loss	-	-	(10.09)	0.67

The Group sold its share of holding in Vectus Kenya Limited in December 2016.

Note :
During the year ended 31 March 2017, the Holding Company had acquired additional 1,600,000 equity shares of Vectus Kenya Limited by way of conversion of the loan amounting to INR 20.64 million in equity shares. However, the Holding Company has disposed off its entire stake in Vectus Kenya Limited on 31 December 2016 vide share purchase agreement dated 31 December 2016. Further, the said investment in Vectus Kenya Limited amounted to INR 6.49 millions has been written off against the provision made during the earlier year.

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(All amounts in millions of INR, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
6 Loans (non-current)					
(Unsecured, considered good unless otherwise stated)					
Security deposits	43.69	34.05	27.93	24.49	18.79
Loan to related parties	-	-	-	17.62	16.44
	43.69	**34.05**	**27.93**	**42.11**	**35.23**

Note:
For loans given to directors or debts due by firms or private companies respectively in which any director is a partner or a director or a member refer note 51.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
7 Other financial assets (non current)					
(Unsecured, considered good unless otherwise stated)					
Term deposits with remaining maturity more than 12 months*	2.04	1.89	5.37	4.74	8.93
	2.04	**1.89**	**5.37**	**4.74**	**8.93**

**pledged with sales tax authorities*

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Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

8 Movement in deferred tax assets and liabilities

Particulars	As on 1 April 2013 Proforma Ind AS	Recognised in restated consolidated statement of profit and loss	Recognised in other comprehensive income	Sale of Subsidiary	As on 31 March 2014 Proforma Ind AS	Recognised in restated consolidated statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2015 Proforma Ind AS	Recognised in restated consolidated statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2016 Proforma Ind AS	Recognised in restated consolidated statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2017	Recognised in restated consolidated statement of profit and loss	Recognised in other comprehensive income	As on 31 March 2018
Tax effect of items constituting deferred tax assets																	
Provision for employee benefits	5.40	1.95	0.87	-	8.22	0.80	0.04	9.06	4.76	(1.46)	12.36	1.46	(1.28)	12.54	(0.62)	0.24	12.16
Provision for doubtful debts	0.87	1.37	-	-	2.24	3.18	-	5.42	0.38	-	5.80	0.08	-	5.88	0.59	-	6.47
Property plant and equipment	(0.68)	4.56	-	0.97	4.85	5.92	-	10.77	(6.19)	-	4.58	(1.54)	-	3.04	-	-	3.04
Minimum alternate tax	57.98	-	-	-	57.98	(2.12)	-	55.86	4.83	-	60.69	24.08	-	84.77	10.73	-	95.50
Carry forward capital loss	-	-	-	-	-	-	-	-	-	-	-	7.84	-	7.84	0.41	-	8.25
Provision for warranty	-	-	-	-	-	-	-	-	-	-	-	0.87	-	0.87	0.27	-	1.14
Others	(14.03)	13.96	-	-	(0.07)	(2.25)	-	(2.32)	2.39	-	0.08	(0.24)	-	(0.17)	3.20	-	3.03
Long term borrowing	0.37	0.41	-	-	0.78	-	-	0.78	-	-	0.78	-	-	0.78	-	-	0.78
Deferred revenue expenditure written off	2.51	(0.76)	-	(0.01)	1.74	(1.69)	-	0.05	-	-	0.05	-	-	0.05	-	-	0.05
Capital Grant	-	-	-	-	-	(0.01)	-	(0.01)	(0.10)	-	(0.11)	(0.10)	-	(0.21)	-	-	(0.21)
Tax effect of items constituting deferred tax liabilities																	
Fair valuation of financial instruments	-	-	-	-	-	-	-	-	(0.08)	-	(0.08)	(0.74)	-	(0.82)	0.82	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.11)	-	(0.11)
Property plant and equipment	10.05	4.79	-	(0.06)	14.78	(17.55)	-	(2.77)	(3.18)	-	(5.95)	(50.71)	-	(56.66)	(37.25)	-	(93.91)
Long term borrowing	(1.36)	0.97	-	-	(0.39)	0.31	-	(0.08)	(0.01)	-	(0.09)	0.08	-	(0.01)	(4.41)	-	(4.42)
Security deposit carried at amortised cost	-	-	-	-	-	(0.01)	-	(0.01)	-	-	(0.01)	-	-	(0.01)	-	-	(0.01)
Rebate and discount/interest/repair and maintenance	-	0.02	-	-	0.02	(0.02)	-	-	-	-	-	-	-	-	-	-	-
Total	**61.11**	**27.27**	**0.87**	**0.90**	**90.15**	**(13.44)**	**0.04**	**76.75**	**2.80**	**(1.46)**	**78.10**	**(18.92)**	**(1.28)**	**57.88**	**(26.37)**	**0.24**	**31.76**

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(All amounts in millions of INR, unless stated otherwise)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
9	**Income tax assets (net)**					
	Advance income- tax (net of provision)	4.80	3.33	2.63	2.08	0.37
		4.80	**3.33**	**2.63**	**2.08**	**0.37**
10	**Other non-current assets**					
	Prepaid expenses	0.57	0.36	0.31	0.57	0.74
	Capital advances	22.33	33.06	33.36	71.90	88.87
		22.90	**33.42**	**33.67**	**72.47**	**89.61**
11	**Inventories**					
	(Valued at lower of cost or net realisable value, unless otherwise stated)					
	Raw material	236.69	287.26	366.43	249.47	195.94
	Work- in -progress	226.16	144.57	122.81	110.12	117.25
	Finished goods	426.57	412.32	400.41	323.81	243.84
	Traded goods	39.46	23.29	21.77	26.86	20.63
	Store and Spares	16.44	13.45	13.39	9.87	8.22
		945.32	**880.89**	**924.81**	**720.13**	**585.88**
12	**Investments**					
	Quoted, measured at fair value through profit and loss					
	- In mutual funds	25.83	17.37	6.46	-	-
		25.83	**17.37**	**6.46**	**-**	**-**
	Aggregate amount of quoted investments and market value thereof	25.83	17.37	6.46	-	-
	Aggregate amount of unquoted investments	-	-	-	-	-
	Aggregate amount of impairment in value of investments	-	-	-	-	-
13	**Trade receivables**					
	Unsecured					
	Considered good	897.82	698.83	624.36	566.80	386.91
	Considered doubtful	19.37	18.09	16.94	15.98	13.98
	Provision for doubtful receivables	(19.37)	(18.09)	(16.94)	(15.98)	(13.98)
		897.82	**698.83**	**624.36**	**566.80**	**386.91**
	Refer note 42 for ageing of trade receivables and information on company's exposure to credit risk and loss allowance related to trade receivable.					
14	**Cash and cash equivalents**					
	Cash in hand	2.37	2.64	2.66	2.99	1.40
	Balances with banks					
	- Current accounts	140.08	74.04	41.72	128.78	13.59
		142.45	**76.68**	**44.38**	**131.77**	**14.99**
15	**Other bank balances**					
	Term deposits with original maturity upto 3 months from the reporting date*	-	0.73	84.56	0.55	-
	Term deposits with original maturity of more than 3 months but less than 12 months from the reporting date	6.44	4.73	-	6.06	-
	Term deposits with original maturity of more than 12 months	0.82	0.23	5.63	-	-
	Margin money deposit		-	-	-	4.47
	Security against the borrowings	-	-	-	-	10.00
		7.26	**5.69**	**90.19**	**6.61**	**14.47**

** pledged for letter of credit with banks*

(All amounts in millions of INR, unless stated otherwise)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
16	**Loans (current)**					
	(Unsecured, considered good unless otherwise stated)					
	Security deposits	6.50	10.13	6.10	0.65	0.72
	Loan given to others*	-	-	1.50	1.50	0.97
		6.50	**10.13**	**7.60**	**2.15**	**1.69**
	***Disclosures pursuant to section 186 of the Companies Act, 2013**					
	Loan given to Anil Ladha					
	Balance as at year end	-	-	0.53	0.53	-
	Maximum amount outstanding at any time during the year	-	0.53	0.53	0.53	-
	(Anil Ladha has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
	Loan given to Vectus Moulding Private Limited					
	Balance as at year end	-	-	0.97	0.97	0.97
	Maximum amount outstanding at any time during the year	-	0.97	0.97	0.97	0.97
	(Vectus Moulding Private Limited has utilised the loan for business purpose . It is repayable on demand and carries average rate of interest at Nil)					
17	**Other financial assets (current)**					
	Proceeds recoverable on redemption of mutual funds	17.41	-	-	-	-
	Advance to employees	3.54	7.82	4.63	2.34	2.69
	Others	30.38	31.23	53.05	58.91	17.57
		51.33	**39.05**	**57.68**	**61.25**	**20.26**
18	**Other current assets**					
	Advances to vendors	30.81	47.67	85.23	20.78	11.16
	Loan and advances to employees	-	-	-	0.04	-
	Balance with government authorities	59.80	38.26	48.78	17.32	20.39
	Other receivables	5.80	-	-	-	-
	Prepaid expenses	15.21	11.68	9.96	3.14	3.43
		111.62	**97.61**	**143.97**	**41.28**	**34.98**

Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

19 Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised*										
Equity shares of INR 10 each	1,52,00,000	152.00	1,50,00,000	150.00	1,50,00,000	150.00	1,50,00,000	150.00	1,50,00,000	150.00
Issued and subscribed and fully paid up										
Equity shares of INR 10 each	1,31,46,829	131.47	1,31,46,829	131.47	1,03,01,000	103.01	1,03,01,000	103.01	1,02,50,000	102.50
Total	**1,31,46,829**	**131.47**	**1,31,46,829**	**131.47**	**1,03,01,000**	**103.01**	**1,03,01,000**	**103.01**	**1,02,50,000**	**102.50**

1. Reconciliation of equity capital outstanding at the beginning and at the end of the reporting period
Equity shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	1,31,46,829	131.47	1,03,01,000	103.01	1,03,01,000	103.01	1,02,50,000	102.50	77,00,000	77.00
Issued during the year	-	-	28,45,829	28.46	-	-	51,000	0.51	25,50,000	25.50
Outstanding at the end of the year	**1,31,46,829**	**131.47**	**1,31,46,829**	**131.47**	**1,03,01,000**	**103.01**	**1,03,01,000**	**103.01**	**1,02,50,000**	**102.50**

2. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Number of shares held by each shareholder holding more than 5% Shares in the holding company

Particulars	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016 Proforma Ind AS		As at 31 March 2015 Proforma Ind AS		As at 31 March 2014 Proforma Ind AS	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Ashish Baheti	41,29,475	31.41%	39,95,475	30.39%	39,95,475	38.79%	39,95,475	38.79%	39,45,475	38.49%
Atul Ladha	38,37,204	29.19%	38,34,704	29.17%	38,34,704	37.23%	38,34,704	37.23%	38,34,704	37.41%
Latinia Limited	28,46,829	21.65%	28,46,829	21.65%	-	-	-	-	-	-

As per records of the group, including the register of shareholders/members regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

4. Aggregate number of shares issued for consideration of other than cash

(Number of shares)

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2013 Proforma Ind AS	31 March 2012 Proforma Ind AS	31 March 2011 Proforma Ind AS	31 March 2010 Proforma Ind AS	31 March 2009 Proforma Ind AS
Shared issued on account of merger / amalgamation	-	-	-	-	21,10,000	-	-	-	-	-
Shared issued on conversion of compulsory convertible debenture	-	28,45,929	-	-	-	-	-	-	-	-

*On 15 December 2017, the scheme of amalgamation between the Company and its 100% subsidiary namely Waterwell Containers Private Limited (which is engaged in the manufacturing of roto moulded water tanks) was approved by Hon'ble High Court of Madhya Pradesh at Gwalior Bench . The appointed date as per the court order was 31 March 2014. Pursuant to the Scheme, authorised share capital of Waterwell Containers Private Limited has been merged in the authorised share capital of the Company. Accordingly, authorised share capital of the Company has increased by INR 2 millions.

(All amounts in millions of INR, unless stated otherwise)

20 Instrument entirely in the nature of equity	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016 Proforma Ind AS**	**As at 31 March 2015 Proforma Ind AS**	**As at 31 March 2014 Proforma Ind AS**
Compulsorily Convertible Debentures(CCD)					
Opening balance	-	1,111.16	1,111.16	-	-
Issued during the year	-	-	-	1,111.16	-
Issue of equity share capital during the year	-	(1,111.16)	-	-	-
Closing balance	-	-	**1,111.16**	**1,111.16**	-

Compulsorily Convertible Debentures (CCDs)

Compulsorily Convertible Debentures (CCDs) are issued at face value of INR 1,000 per debenture and convertible into equity shares within 7 years from the Closing Date (i.e. 20 June 2014) . Conversion Ratio was based on the pre money valuation which is set forth in Schedule XI of the Investment Agreement between Vectus Industries Limited and Latinia Limited, which was based on profit for the year ended 31 March 2015. These debentures were considered as financial liabilities till 31 March 2015 owing to which INR 111.96 millions has been recorded as finance cost during earlier year During the year ended 31 March 2017 these debentures have been converted into 2,845,829 equity shares of INR 10 each at a price of INR 351.27 each.

21 Other equity

Securities premium reserve					
Opening balance	**1,093.50**	**10.35**	**10.35**	**10.00**	**10.00**
Changes during the year upon conversion of CCDs	-	1,083.15	-	0.35	-
Balances at the end of the year	**1,093.50**	**1,093.50**	**10.35**	**10.35**	**10.00**
Capital reserve					
Opening balance	**10.65**	**10.65**	**10.65**	**10.65**	**14.10**
Changes during the year	-	-	-	-	(3.45)
Balances at the end of the year	**10.65**	**10.65**	**10.65**	**10.65**	**10.65**
General reserve					
Opening balance	**12.08**	**12.08**	**12.08**	**12.08**	**33.18**
Business combination of entities under common control	-	-	-	-	(21.10)
Balances at the end of the year	**12.08**	**12.08**	**12.08**	**12.08**	**12.08**
Retained earnings					
Opening balance	**1,312.10**	**1,029.59**	**786.08**	**647.84**	**444.28**
Net profit during the year	344.64	280.01	240.74	138.32	207.36
Other comprehensive income	(0.49)	2.50	2.77	(0.08)	(1.73)
Business combination under common control	-	-	-	-	(2.07)
	1,656.25	**1,312.10**	**1,029.59**	**786.08**	**647.84**
Total	**2,772.48**	**2,428.33**	**1,062.67**	**819.16**	**680.57**

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.

Capital reserve

This represents the capital reserve on account of business combination under common control. The amount of capital reserve represents the difference between the consideration paid for acquisition and the share capital of the acquired entities.

Retained earnings

All the profits or losses made by the Company are transferred to retained earnings from restated consolidated statement of profit and loss and it also includes pre-acquisition profits of entities acquired under business combination under common control.

General reserve

This represents accumulated free reserves of the Group

(All amounts in millions of INR, unless stated otherwise)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
22 Non-current borrowings					
Secured *					
Term loans					
From banks					
Rupee loan	-	-	8.23	5.00	89.14
Vehicle loan	-	-	0.09	0.72	0.69
From other parties					
Financial institutions	-	2.97	6.51	22.26	73.71
Vehicle loan	-	-	-	0.29	-
	-	2.97	14.83	28.27	163.54
Finance lease obligations	1.78	1.79	1.80	1.80	1.81
	1.78	1.79	1.80	1.80	1.81
	1.78	**4.76**	**16.63**	**30.07**	**165.35**

* Refer note 22 (a) for details related to repayment terms, interest rates and securities etc. Also refer note 42 for information on company's exposure to interest rates and liquidity rates.

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Vectus Indutries Limited
Annexure VI: Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

22 (a) Details of borrowings

S. No.	Nature of loan	Name of Lender	As at 31 March 2018		31 March 2017		31 March 2016 Proforma Ind AS		31 March 2015 Proforma Ind AS		31 March 2014 Proforma Ind AS		Nature of Securities	Current Interest Rate (per annum)	Tenure of Repayment
			Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current			
1	Term Loan	State Bank of India	-	-	-	-	-	-	-	-	70.31	28.61	The loan secured by first charge over the Company's entire property, plant and equipments situated at leasehold land at Haridwar, Kashipur and Tumkur, Equitable Mortgage of Factory land situated at Haridwar, Kashipur and Tumkur. Further the Company has also given collateral security of house situated at Gwalior, land & building of M/s Waterwell Containers Private Limited, Pure Ganga Water Systems Private Limited and office building situated at Noida. The Company has made pre-payment of this loan during the year ended 31 March 2015.	13.15%	Term loan amounting to INR 198.00 million is repayable in 60 monthly installments.
2	Term Loan	Bank of India	-	-	-	-	-	-	-	-	9.46	8.20	Term loan I from Bank of India carries interest @ 14.75% per annum and is repayable in 60 monthly installment of INR 0.3893 million and Term Loan II carries interest @ 14.75% per annum and is repayable in 59 monthly installments of INR 0.3333 million each and 60 monthly installments of INR 0.3329 million plus interest. The loan secured by first charge on stocks and book debts of the Company as well as on all the assets of the Company. Further the Company has also provided collateral security of its factory land and building situated at C-36 Sikandrabad industrial area along with individual guarantee of Ashish Baheti and Atul Ladha and their relatives . The Company has made pre-payment of this loan during the year ended 31 March 2015.	14.75%	Term Loan I repayable in 60 monthly installment of INR 0.3893 million. Term Loan II repayable in 59 monthly installments of INR 0.3333 million each and 60 monthly installments of INR 0.3329 million plus interest.
3	Term Loan	Tata Capital Financial Services Limited	-	-	-	-	-	-	-	-	38.88	14.54	Term loan from Tata Capital Financial Services Ltd carries interest @ 13.25% per annum and is repayable in 48 months including initial moratorium of 4 months and another term loan from Tata Capital Financial Services Ltd carries interest @ 15% per annum and is repayable in 60 months including initial moratorium of 1 months The loan secured by movable assets i.e blow moulding machine, injection moulding machine and irrevocable and unconditional personnel guarantee of Mr. Atul Ladha and Mr. Ashish Baheti. The Company has made pre-payment of this loan during the year ended 31 March 2015.	13.50%	The loan is repayable in 48 monthly installments.
4	Finance Lease	Group has finance lease obligation towards the land taken from : 1. State Infrastructure and Industrial Development Corporation 2.Karnataka Industrial Development Corporation 3.Gujrat Industrial Development Corporation 4.Chattisgarh State Development Corporation	1.78	0.01	1.79	0.01	1.80	0.01	1.80	0.01	1.81	0.02	Company has land on lease against which finance lease obligation has been created as per the requirement of Ind AS .	11%	The annual payout of finance lease obligation is INR 0.06 millions out of which interest portion amounts to INR 0.04 millions
5	Cash Credit	State Bank of India	-	275.43	-	250.54	-	286.23	-	250.51	-	380.80	Cash credit facilities from State Bank of India is secured against the hypothecation of entire current assets of the Company, comprising stocks of raw material, stores, spares stocks in process and finished goods including goods in transit and book debts/receivable.	8.65%	Repayment on Demand

Vectus Indutries Limited
Annexure VI: Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

22 (a) Details of borrowings

S. No.	Nature of loan	Name of Lender	As at 31 March 2018 Non-Current	31 March 2018 Current	31 March 2017 Non-Current	31 March 2017 Current	31 March 2016 Proforma Ind AS Non-Current	31 March 2016 Proforma Ind AS Current	31 March 2015 Proforma Ind AS Non-Current	31 March 2015 Proforma Ind AS Current	31 March 2014 Proforma Ind AS Non-Current	31 March 2014 Proforma Ind AS Current	Nature of Securities	Current Interest Rate (per annum)	Tenure of Repayment
6	Cash Credit	ICICI Bank	-	30.23	-	106.76	-	129.77	-	-	-	-	Cash credit facilities from ICICI Bank is secured against the following: i) hypothecation comprising stocks of raw material, semi finished goods, finished goods, consumable stores, packing material and spares and also includes charge on trade receivables. ii) equitable mortgage on factory land and building situated as Haridwar, Kashipur, Tumkur, Banmore and Noida. iii) charge on entire movable property, plant and equipments of the Company.	8.75%	Repayment on Demand
7	Cash Credit	YES Bank	-	23.17	-	-	-	-	-	-	-	-	Cash credit facilities from Yes Bank is subservient charge on all current assets and movable fixed assets of the borrower.	8.55%	Repayment on Demand
8	Overdraft facilities	HSBC Bank	-	100.08	-	-	-	-	-	-	-	-	Secured Against personal Gurantee of Director	8.50%	Repayment on Demand
9	Vehicle Loan	HDB Financial Services	-	-	-	-	-	-	0.03	0.32	0.35	0.48	Secured against hypothecation of the vehicle from HDB (Housing and development Commercial Bank) Financial Services carries an interest @ 13% per annum, Loans from HDFC Bank carries an interest @ 14.02% per annum.	13% & 14.02 %	Repayable in 33 equal monthly Installment of INR 0.04656/- million and 23 monthly Installment of INR 0.0172/- million .
10	Vehicle Loan	HDFC Bank Limited								0.01		0.19	Secured against hypothecation of the vehicle	14.02%	Repayment on monthly Installment basis
11	Unsecured loan	Directors	-	-	-	-	-	-	-	-	-	13.82	Not Applicable	Nil	Unsecured loans are repayable on demand
12	Unsecured loan	Directors & Relative	-	-	-	-	-	-	-	-	-	19.77	Not Applicable	14% & 15%	Unsecured loans are repayable on demand
13	Term loan	Electronica Finance Limited	-	-	-	-	-	-	-	-	-	1.47	Secured against hypothecation of Plant and Machinery	13.50%	Repayable in INR 0.15 million monthly installment
14	Vehicle loan	Mahindra & Mahindra	-	-	-	-	-	-	-	-	-	0.11	Secured against hypothecation of the vehicle	13.90%	Repayable in INR 0.03 million monthly Installment
15	Cash Credit	ICICI Bank	-	49.03	-	47.19	-	40.43	-	-	-	-	Sunrise Tanks Private Limited: Cash credit from ICICI Bank is secured by a pari passu charge on inventories.	10.55%	On Demand
16	Cash Credit	ICICI Bank	-	-	-	-	-	19.06	-	-	-	-	Gangotri Polymers Private Limited: Cash credit facilities are secured against hypothecation of entire current assets which include stock of Raw Materials, Finished goods, Stores Spares , Packing material of the company at their factory premises or at such other places as may be approved by the bank from time to time including goods in transit /shipment , outstanding moneys, Book Debts, receivables.	12.30%	On Demand
17	Cash Credit	Tata Capital Financial Services Limited	-	-	-	-	-	-	-	16.55	-	11.99	Gangotri Polymers Private Limited: Short term working capital loan is secured by a pari passu charge on the company's current assets and property, plant and equipments.	13.20%	On Demand
18	Vehicle Loan	Axis Bank	-	-	-	0.09	0.00	0.42	0.42	0.62	0.34	0.47	Gangotri Polymers Private Limited: Secured against hypothecation of the vehicle .	12.05%	As Per Installment
19	Term Loan	Tata Capital Financial Services Limited	-	-	-	0.00	0.00	0.00	12.11	4.44	21.28	4.56	Gangotri Polymers Private Limited The loan is secured by a first charge on the Company's current assets and property, plant and equipments. Further the company has given collateral security of its property situated at Mandideep, Bhopal as well as irrevocable and unconditional personal guarantee of Mr. Atul Ladha, Mr. Ashish Baheti and Mr. Ashish Ladha.	12.75%	60 equal monthly installments including initial moratorium of 4 months.

Vectus Indutries Limited
Annexure VI: Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

22 (a) Details of borrowings

S. No.	Nature of loan	Name of Lender	As at										Nature of Securities	Current Interest Rate (per annum)	Tenure of Repayment
			31 March 2018		31 March 2017		31 March 2016 Proforma Ind AS		31 March 2015 Proforma Ind AS		31 March 2014 Proforma Ind AS				
			Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current			
20	Unsecured Loan	Director & Relative : (Gangorti Polymers Private Limited)	-	-	-	-	-	-	-	1.42	-	4.42	Not Applicable	12.00%	On Demand
21	Unsecured Loan	Bright Star Vinimay Private Limited	-	-	-	-	-	-	-	-	-	3.50	Not Applicable	Nil	On Demand
22	Term Loan	State Bank of India	-	-	-	1.28	8.23	4.44	-	-	-	-	Gangorti Polymers Private Limited: The loan is secured by exclusive charge by way of hypothecation over Machines, Equipments and Property, plant and equipment.	12.40%	40 equal monthly installments.
23	Term Loan	State Bank of India	-	-	-	-	-	2.72	5.00	6.40	9.40	4.80	Sunrise Tanks Private Limited: Secured by a pari passu charge on the company's industrial property of land and Building.	12.35%	On Installment
24	Term Loan	Tata Capital Financial Services Limited	-	-	-	3.56	-	3.46	10.16	3.47	13.55	2.65	Sunrise Tanks Private Limited: Pari passu charge on the company's plant and machinery.	13.30%	Repayable in 60 equal monthly installments.
25	Cash Credit	State Bank of India	-	-	-	-	-	-	-	31.19		34.77	Secured by a pari passu charge on the company's inventories.	12.20%	On Demand
26	Vehicle Loan	HDFC Bank Limited	-	-	-	-		0.30	0.28	0.17	-	0.33	Sunrise Tanks Private Limited: Secured by hyphotecation of vehicle.	13.90%	On Installment
27	Vehicle Loan	Cholamandalam Investment and Finance	-	-	-	-	0.09	-	0.29	0.35	-	0.30	Vehicle loans from Cholamandalam investment and finance is secured against vehicles taken by the company	11.97%	On Installment
28	Unsecured loan	Directors & Relative (Sunrise Tanks Private Limited)	-	-	-	-	-	-	-	-	-	1.35	Not Applicable	Nil	On Demand
29	Term Loan	Tata Capital Financial Services Limited	-	2.99	2.98	-	6.51	-	-	-	-	-	Term loan is secured by a pari passu charge on the company's plant and machinery.	13.30%	Repayable in 60 equal monthly instalments.

Note:
1 Refer note 53 for details of assets pledged as security

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(All amounts in millions of INR, unless stated otherwise)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
23	**Non-current provision**					
	Provision for employee benefits (also refer note 44)					
	- Gratuity	12.71	14.00	16.60	16.06	14.45
	- Compensated absences	5.32	4.13	2.77	2.37	1.26
		18.03	**18.13**	**19.37**	**18.43**	**15.71**
24	**Other non-current liabilities**					
	Deferred income	2.26	3.15	1.64	1.93	2.22
		2.26	**3.15**	**1.64**	**1.93**	**2.22**

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(All amounts in millions of INR, unless stated otherwise)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
25	**Current borrowings**					
	Secured*					
	Repayable on demand :					
	Working capital loans repayable on demand	-	-	-	16.55	11.99
	Cash credit facility	377.86	404.48	475.49	281.69	415.57
	Unsecured*					
	Repayable on demand :					
	From other related parties	-	-	-	1.42	38.01
	Cash credit facility	100.08	-	-	-	-
	Other loan	-	-	-	-	3.50
		477.94	**404.48**	**475.49**	**299.66**	**469.07**

* Refer note 22 (a) for details related to repayment terms, interest rates and securities etc. Also refer note 42 for information on company's exposure to interest rates and liquidity rates.

26	**Trade payables**					
	Due to micro, small and medium-enterprises*	16.14	12.34	12.14	1.54	5.01
	Due to others	323.45	226.81	297.35	119.99	361.76
		339.59	**239.15**	**309.49**	**121.53**	**366.77**

*The Group has identified Micro, Small and Medium Enterprises on the basis of information made available. Details of dues to micro, small and medium enterprises as per MSMED Act, 2006 are:

1.) Principal amount remaining unpaid	16.14	12.34	12.14	1.54	5.01
2.) Interest due thereon	0.10	-	-	-	-
3.) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-	-	-
4.) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro,	-	-	-	-	-
5.) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.10	-	-	-	-
6.) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-	-	-	-

27	**Other financial liabilities (current)**					
	Employee related dues	44.94	42.54	37.60	19.48	17.14
	Creditors for expenses	89.54	74.34	63.63	34.65	31.26
	Current maturities of finance lease obligations	0.01	0.01	0.01	0.01	0.01
	Current maturities of long-term borrowings	2.99	4.93	11.34	15.78	68.05
	Interest accrued but not due on borrowings	-	-	0.18	0.36	2.85
	Security deposit	1.10	-	-	-	11.25
	Creditors for capital goods	44.39	28.39	30.33	12.38	17.83
	Other payables	59.04	68.50	25.07	20.57	18.49
		242.01	**218.71**	**168.16**	**103.23**	**166.88**
28	**Other current liabilities**					
	Advances from customers	27.94	37.30	24.26	11.91	11.82
	Payable to statutory authorities	34.72	74.91	62.70	45.80	41.23
	Deferred income	0.89	0.89	0.29	0.29	0.29
		63.55	113.10	87.25	58.00	53.34
29	**Current provisions**					
	Provision for employee benefits (also refer note 44)					
	- Gratuity	0.98	0.81	0.63	0.62	0.47
	- Compensated absences	0.50	0.40	0.21	0.17	0.15
	Provision for warranties	3.24	2.50	-	-	-
		4.72	3.71	0.84	0.79	0.62
	Movement in provision for warranties is as set out below					
	Opening balance	2.50	-	-	-	-
	Charged to restated consolidated statement of profit and loss for additional provision	0.74	2.50	-	-	-
	Closing balance	**3.24**	**2.50**	**-**	**-**	**-**
30	**Current tax liabilities (net)**					
	Provision for tax (net of advance tax)	0.19	9.65	11.47	5.43	25.30
		0.19	**9.65**	**11.47**	**5.43**	**25.30**

Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
31	**Revenue from operations**					
	Sale of products					
	- Manufactured goods	6,140.94	6,069.71	5,542.65	4,866.26	3,823.35
	- Traded goods	120.65	77.50	127.43	88.74	223.10
		6,261.59	**6,147.21**	**5,670.08**	**4,955.00**	**4,046.45**
	Other operating revenues					
	Scrap sales	9.07	9.56	6.12	4.29	0.28
	Job work income	-	-	-	-	0.46
	Goods and service tax (GST) refund	17.21	-	-	-	-
		26.28	**9.56**	**6.12**	**4.29**	**0.74**
		6,287.87	**6,156.77**	**5,676.20**	**4,959.29**	**4,047.19**

* Consequent to introduction of Goods and Service Tax ("GST") with effect from 1 July 2017, central excise and value added tax have been subsumed into GST. In accordance with Ind AS 18, GST is not considered a part of revenue unlike excise duties which used to be included in revenue in period before 1 July 2017. Accordingly, the figures for the year ending 31 March 2018 are not strictly comparable with the previous fiscal year(s). Further, in accordance with Ind AS 18, discounts, rebates and various promotional schemes passed on to distributors/dealers are netted off from the revenue. Accordingly, for the sake of comparison, revenue from operations have been presented as adjusted for excise duty and discounts, rebates and various promotional schemes as follows:

Sale of products (A)	**6,261.59**	**6,147.21**	**5,670.08**	**4,955.00**	**4,046.45**
Less: Excise duty (B)	169.73	597.61	381.92	316.10	232.67
Sale of products, net of excise duty (C=A-B)	**6,091.86**	**5,549.60**	**5,288.16**	**4,638.90**	**3,813.78**
Add: Discounts, rebates and various promotional schemes (already deducted while arriving at sale of products (A) above) (D)	265.34	265.45	251.14	141.37	140.47
Adjusted revenue from sale of products (net of excise) before discounts, rebates and various promotional schemes. (E=C+D)*	**6,357.20**	**5,815.05**	**5,539.30**	**4,780.27**	**3,954.25**
*Net revenue (C+D)					
- Water tanks	2,536.10	2,361.19	2,363.12	2,055.21	1,752.76
- Pipes and fittings	3,306.01	3,019.67	2,701.81	2,260.30	1,815.05
- Household plastics and others	515.09	434.19	474.37	464.76	386.44
Total	**6,357.20**	**5,815.05**	**5,539.30**	**4,780.27**	**3,954.25**

32	**Other income**					
	Recurring					
	Interest income					
	- Bank deposits	0.37	1.13	1.50	1.79	0.95
	- Others	2.75	2.83	1.21	1.54	2.75
	Non-recurring					
	Net gain on foreign currency transaction	2.19	1.37	1.04	1.61	-
	Guarantee income	-	-	3.39	-	-
	Amount written back	2.52	0.79	1.53	1.74	0.22
	Profit on sale of non current Investment	0.09	-	-	-	-
	Gain on fair valuation of investments in mutual funds	0.38	2.39	0.27	-	-
	Profit on sale of investments	3.25	0.13	-	3.21	-
	Subsidy received/ government grant	13.01	3.89	0.29	0.29	0.19
	Profit on sale of fixed assets (net)	1.25	-	-	5.01	24.93
	Commission income	-	1.05	1.42	2.85	0.99
	Miscellaneous income	0.98	2.47	1.71	0.22	2.50
		26.79	**16.05**	**12.36**	**18.26**	**32.53**
33	**Cost of materials consumed**					
	Opening stock	287.26	366.43	249.47	195.94	139.52
	Add: Purchases	3,936.99	3,524.03	3,574.28	3,183.18	2,659.03
	Less: Closing stock	236.69	287.26	366.43	249.47	195.94
		3,987.56	**3,603.20**	**3,457.32**	**3,129.65**	**2,602.61**

(All amounts in millions of INR, unless stated otherwise)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
34	**Purchase of stock-in-trade**					
	Purchase of stock-in-trade	83.44	31.80	35.88	52.53	50.90
		83.44	**31.80**	**35.88**	**52.53**	**50.90**
35	**Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares**					
	Opening stock					
	- Manufactured goods	412.32	400.39	323.81	243.84	216.75
	- Work-in-progress	144.57	122.81	110.12	117.25	87.21
	- Traded goods	23.29	21.77	26.86	20.63	26.51
	- Stores and spares	13.45	13.39	9.87	8.22	6.61
	Total	**593.63**	**558.36**	**470.66**	**389.94**	**337.08**
	Closing stock					
	- Manufactured goods	426.57	412.32	400.39	323.81	243.84
	- Work-in-progress	226.16	144.57	122.81	110.12	117.25
	- Traded goods	39.46	23.29	21.77	26.86	20.63
	- Stores and spares	16.44	13.45	13.39	9.87	8.22
	Total	**708.63**	**593.63**	**558.36**	**470.66**	**389.94**
		(115.00)	**(35.27)**	**(87.70)**	**(80.72)**	**(52.86)**
36	**Excise duty**					
	Excise duty	169.73	597.61	381.92	316.10	232.67
	Excise duty refund	(2.60)	(6.85)	(6.33)	(2.15)	-
	(Increase)/decrease in excise duty on finished goods	(28.74)	5.67	9.87	0.28	2.92
		138.39	**596.43**	**385.46**	**314.23**	**235.59**
37	**Employee benefits expense**					
	Salaries, wages and bonus	556.91	485.97	410.90	307.77	220.56
	Contribution to provident and other funds	22.60	20.98	19.35	15.99	8.63
	Staff welfare expenses	12.01	13.37	10.14	6.56	4.62
		591.52	**520.32**	**440.39**	**330.32**	**233.81**
38	**Finance costs**					
	Interest expenses					
	- Banks	33.74	44.47	40.86	44.26	84.53
	- Others	11.49	5.76	3.36	151.61	21.48
	Interest on delayed payment of income-tax	0.27	0.76	1.23	-	-
	Other borrowings cost	-	4.14	4.53	0.93	6.99
		45.50	**55.13**	**49.98**	**196.80**	**113.00**
39	**Depreciation and amortisation expense**					
	Depreciation of tangible assets (Also refer note 1)	123.30	102.92	220.12	169.19	132.03
	Amortisation of intangible assets (Also refer note 3)	18.71	15.50	4.78	4.25	2.84
		142.01	**118.42**	**224.90**	**173.44**	**134.87**

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(All amounts in millions of INR, unless stated otherwise)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
40	**Other expenses**					
	Manufacturing expenses					
	Purchase of stores and spare parts	59.95	59.63	69.07	42.29	37.66
	Factory expenses	11.25	11.42	11.68	10.61	16.34
	Insurance - factory	2.89	2.74	3.15	2.10	2.62
	Loading and unloading charges	9.89	11.57	5.01	4.94	2.09
	Rates and taxes	21.29	41.02	30.56	20.85	32.32
	Rent - factory	10.06	5.84	3.62	2.78	1.51
	Repairs and maintenance					
	- Buildings	3.03	3.21	6.29	1.35	2.25
	- Plant and machinery	18.93	13.61	15.75	15.38	13.35
	Power and fuel	302.60	250.11	213.90	191.53	160.85
	Security expenses - factory	14.11	13.11	10.86	8.65	6.83
	Selling expenses					
	Advertisement expenses	36.75	32.45	66.78	11.69	16.60
	Business convention expenses	14.60	15.32	32.29	8.62	5.06
	Freight outward	190.15	170.50	155.32	128.88	92.11
	Rebates and discount	39.16	21.33	33.24	2.92	2.46
	Rent - depot	20.13	22.15	17.28	11.99	6.78
	Royalty expenses	4.03	4.49	3.75	3.41	-
	Sales promotion expenses	40.31	45.27	40.18	72.13	31.98
	Travelling and conveyance expenses	44.61	40.93	33.92	23.24	19.96
	Vehicle running and maintenance	22.57	21.04	16.81	13.62	9.27
	Administrative expenses					
	Provision for diminution (other than temporary) in long-term investments	-	0.61	-	-	-
	Provision for doubtful advances	-	-	0.54	0.13	-
	Provision for warranty claims	0.74	2.50	-	-	-
	Insurance - office	2.51	1.79	0.69	0.97	0.35
	Net loss on foreign currency transaction	-	-	-	-	0.66
	Loss on sale of fixed assets (net)	-	2.01	-	-	-
	Repairs and maintenance					
	- Others	3.23	4.04	4.27	4.08	3.05
	Security expenses - office	6.21	6.99	4.61	2.65	2.16
	Office maintenance	1.95	2.53	4.11	2.37	1.20
	Payment to auditors*	3.71	3.57	4.32	2.84	0.53
	Advances written off	3.12	0.54	0.23	1.15	4.58
	Provision for doubtful debts	1.28	1.15	0.96	2.00	9.31
	Electricity and water expenses	2.98	2.92	1.86	1.82	1.31
	Communication expenses	8.07	9.40	6.28	4.85	4.42
	Guest house expenses	0.76	0.90	1.26	1.20	0.42
	Legal and professional expenses	28.76	25.71	20.52	11.08	6.73
	Information technology (IT)	18.71	10.44	3.01	0.84	0.22
	Legal and professional expenses	18.95	19.77	17.51	10.24	6.51
	Bank Charges	3.20	1.87	1.96	4.60	4.61
	Guarantee expenses	-	-	3.39	-	-
	Printing and stationery	5.55	3.89	4.74	-	-
	Miscellaneous expenses	5.35	6.28	4.88	6.95	5.00
	Loss on sale of Investments	-	-	-	-	4.78
		952.63	**866.94**	**834.08**	**623.67**	**509.15**
	***Payment to auditors (excluding applicable taxes):**					
	As auditors	3.30	3.30	3.81	2.60	0.51
	For reimbursement of expenses	0.41	0.25	0.31	0.24	0.02
	Other services	-	0.02	0.20	-	-
		3.71	**3.57**	**4.32**	**2.84**	**0.53**

(All amounts in millions of INR, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
41 Exceptional items					
Payment towards financial guarantee given for associate	-	15.31	-	-	-
Provision for advances given to associates	-	-	11.74	-	-
Provision for diminution of long-term investments	-	-	6.49	-	-
	-	**15.31**	**18.23**	**-**	**-**

During the year ended 31 March 2017, the Company has sold off its stake in Vectus Kenya Limited pursuant to the agreement for sale of shares entered with the purchaser. Owing to the agreement, the Company has provided for INR 15.31 millions towards the final settlement of the dues payable by Vectus Kenya Limited to the banks which needs to be paid off by shareholders of Vectus Kenya Limited. Accordingly, such additional liability of INR 15.31 millions has been disclosed as an 'exceptional item' in the restated consolidated statement of profit and loss.

During the year ended 31 March 2016 Company has made the provision of INR 11.74 millions towards advances given to Vectus Kenya Limited. In addition, the investment made INR 6.49 millions in Vectus Kenya limited have also fully provided for.

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Vectus Industries Limited
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(All amounts in millions of INR, unless stated otherwise)

42 Financial instruments

(i) Fair value hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statement and are entityed into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and liabilities measured at fair value – recurring fair value measurements

31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	25.83	-	-	**25.83**
Total financial asset	25.83	-	-	**25.83**

31 March 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	17.37	-	-	**17.37**
Total financial asset	17.37	-	-	**17.37**

31 March 2016 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	6.46	-	-	**6.46**
Total financial asset	6.46	-	-	**6.46**

31 March 2015 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	-	-	-	**-**
Total financial asset	-	-	-	**-**

31 March 2014 - Proforma Ind AS	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in mutual funds	-	-	-	**-**
Total financial asset	-	-	-	**-**

There are no financial liabilities at Fair value.

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
The mutual funds are valued using the closing NAV.

Financial risk management

(i) Financial instruments by category

Particulars	31 March 2018		31 March 2017		31 March 2016 Proforma Ind AS		31 March 2015 Proforma Ind AS		31 March 2014 Proforma Ind AS	
	FVTPL (Fair value through profit and loss)	Amortised cost	FVTPL (Fair value through profit and loss)	Amortised cost	FVTPL (Fair value through profit and loss)	Amortised cost	FVTPL (Fair value through profit and loss)	Amortised cost	FVTPL (Fair value through profit and loss)	Amortised cost
Financial assets										
Investments	25.83	-	17.37	-	6.46	-	-	-	-	-
Loans	-	50.19	-	44.18	-	35.53	-	44.26	-	36.92
Other financial assets	-	53.37	-	40.94	-	63.05	-	65.99	-	29.19
Trade receivable	-	897.82	-	698.83	-	624.36	-	566.80	-	386.91
Cash and cash equivalents	-	142.45	-	76.68	-	44.38	-	131.77	-	14.99
Other bank balances	-	7.26	-	5.69	-	90.19	-	6.61	-	14.47
Total financial assets	**25.83**	**1,151.09**	**17.37**	**866.32**	**6.46**	**857.51**	**-**	**815.43**	**-**	**482.48**
Financial liabilities										
Borrowings	-	479.72	-	409.24	-	492.12	-	329.73	-	634.42
Other financial liabilities	-	242.01	-	218.71	-	168.16	-	103.23	-	166.88
Trade payables	-	339.59	-	239.15	-	309.49	-	121.53	-	366.77
Total financial liabilities	**-**	**1,061.32**	**-**	**867.10**	**-**	**969.77**	**-**	**554.49**	**-**	**1,168.07**

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalent are considered to be the same as their fair values, due to short-term in nature.
The fair value of security deposits is calculated based on cash flows discounted using current lending rate.
The carrying value of the amortised financial assets and liabilities approximate to the fair value on the respective reporting dates.

(All amounts in millions of INR, unless stated otherwise)

(ii) Risk management

The entity's activities expose it to market risk, liquidity risk and credit risk. The entity board of directors has overall responsibility for the establishment and oversight of the entity's risk 'management framework.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

(A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the entity. The entity's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The entity continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

a) Credit risk management

(i) Credit risk rating

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorization	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss

Based on business environment in which the entity operates, there have been no defaults on financial assets of the entity by the counterparty. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the entity. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Aggregate credit risk exposure of the Group

Credit rating	Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	1,170.46	884.41	874.45	831.41	496.46

b) Credit risk exposure

(i) Provision for expected credit losses

The entity provides for 12 month expected credit losses for following financial assets:

31 March 2018

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	142.45	-	142.45
Other bank balances	7.26	-	7.26
Loans	50.19	-	50.19
Trade receivables	917.19	19.37	897.82
Other financial assets	53.37	-	53.37

31 March 2017

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	76.68	-	76.68
Other bank balances	5.69	-	5.69
Loans	44.18	-	44.18
Trade receivables	716.92	18.09	698.83
Other financial assets	40.94	-	40.94

31 March 2016 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	44.38	-	44.38
Other bank balances	90.19	-	90.19
Loans	35.53	-	35.53
Trade receivables	641.30	16.94	624.36
Other financial assets	63.05	-	63.05

31 March 2015 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	131.77	-	131.77
Other bank balances	6.61	-	6.61
Loans	44.26	-	44.26
Trade receivables	582.78	15.98	566.80
Other financial assets	65.99	-	65.99

(All amounts in millions of INR, unless stated otherwise)

31 March 2014 - Proforma Ind AS

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	14.99	-	14.99
Other bank balances	14.47	-	14.47
Loans	36.92	-	36.92
Trade receivables	400.89	13.98	386.91
Other financial assets	29.19	-	29.19

(ii) Expected credit loss for trade receivables under simplified approach

31 March 2018

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	872.67	15.87	28.65	917.19
Expected loss rate	0.60%	13.05%	42.07%	
Expected credit loss (provision)	5.25	2.07	12.05	19.37
Carrying amount (net of impairment)	867.42	13.80	16.60	897.82

31 March 2017

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	683.34	17.89	15.69	716.92
Expected loss rate	0.63%	11.48%	74.95%	
Expected credit loss (provision)	4.28	2.05	11.76	18.09
Carrying amount (net of impairment)	679.06	15.83	3.93	698.83

31 March 2016 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	618.22	12.32	10.76	641.31
Expected loss rate	0.62%	14.51%	105.04%	
Expected credit loss (provision)	3.85	1.79	11.31	16.94
Carrying amount (net of impairment)	614.37	10.54	(0.54)	624.36

31 March 2015 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	567.97	14.81	-	582.78
Expected loss rate	0.63%	30.32%	0.00%	
Expected credit loss (provision)	3.61	4.49	7.89	15.98
Carrying amount (net of impairment)	564.37	10.32	(7.89)	566.80

31 March 2014 - Proforma Ind AS

Particulars	Less than 6 months	6 months - 1 years	More than 1 years	Total
Gross carrying value	380.17	15.82	4.91	400.90
Expected loss rate	0.72%	9.09%	199.34%	
Expected credit loss (provision)	2.76	1.44	9.79	13.98
Carrying amount (net of impairment)	377.41	14.38	(4.88)	386.91

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Total
Loss allowance as on 1 April 2013 - Proforma Ind AS	**4.68**
Changes in provision	9.31
Loss allowance on 31 March 2014 - Proforma Ind AS	**13.98**
Changes in provision	2.00
Loss allowance on 31 March 2015 - Proforma Ind AS	**15.98**
Changes in provision	0.96
Loss allowance on 31 March 2016 - Proforma Ind AS	**16.94**
Changes in provision	1.15
Loss allowance on 31 March 2017	**18.09**
Changes in provision	1.28
Loss allowance on 31 March 2018	**19.37**

(B) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity’s liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the entity’s financial liabilities into relevant maturity entitling based on their contractual maturities.

31 March 2018	Less than 1	1 - 5 years	More than 5	Total
Non-derivatives				
Borrowings	477.94	1.78	-	**479.72**
Trade payable	339.59	-	-	**339.59**
Other financial liabilities	242.01	-	-	**242.01**
Total	**1,059.54**	**1.78**	**-**	**1,061.32**

31 March 2017	Less than 1	1 - 5 years	More than 5	Total
Non-derivatives				
Borrowings	404.48	4.76	-	**409.24**
Trade payable	239.15	-	-	**239.15**
Other financial liabilities	218.71	-	-	**218.71**
Total	**862.34**	**4.76**	**-**	**867.10**

31 March 2016 - Performa Ind AS	Less than 1	1 - 5 years	More than 5	Total
Non-derivatives				
Borrowings	475.49	16.63	-	**492.12**
Trade payable	309.49	-	-	**309.49**
Other financial liabilities	168.16	-	-	**168.16**
Total	**953.14**	**16.63**	**-**	**969.77**

31 March 2015 - Performa Ind AS	Less than 1	1 - 5 years	More than 5	Total
Non-derivatives				
Borrowings	299.66	30.07	-	**329.73**
Trade payable	121.53	-	-	**121.53**
Other financial liabilities	103.23	-	-	**103.23**
Total	**524.42**	**30.07**	**-**	**554.49**

31 March 2014 - Performa Ind AS	Less than 1	1 - 5 years	More than 5	Total
Non-derivatives				
Borrowings	469.07	165.35	-	**634.42**
Trade payable	366.77	-	-	**366.77**
Other financial liabilities	166.88	-	-	**166.88**
Total	**1,002.72**	**165.35**	**-**	**1,168.07**

(C) Market risk

(i) Foreign exchange risk

The entity has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The company as per its overall strategy uses forward contracts and swaps to mitigate its risks associated with fluctuations in foreign currency and interest rates on borrowings and such contracts are not designated as hedges under Ind AS 109. The company does not use forward contracts and swaps for speculative purposes.

Foreign currency risk exposure:

		Balance in foreign currency						Balance in Indian currency				
Particulars	**Currency**	**31 March 2018**	**31 March 2017**	**31 March 2016 - Performa Ind AS**	**31 March 2015 - Performa Ind AS**	**31 March 2014 - Performa Ind AS**	**Currency**	**31 March 2018**	**31 March 2017**	**31 March 2016 - Performa Ind AS**	**31 March 2015 - Performa Ind AS**	**31 March 2014 - Performa Ind AS**
Creditor	USD	19,620	14,142	1,076	1,63,540	1,94,869	INR in millions	1.28	0.92	0.07	10.24	11.65
Loans/ advances*	KES	-	-	-	3,20,00,000	2,55,00,000	INR in millions	-	-	-	20.64	16.44

*given to an associate Company

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	**Currency**	**31 March 2018**		**31 March 2017**		**31 March 2016 - Performa Ind AS**		**31 March 2015 - Performa Ind AS**		**31 March 2014 - Performa Ind AS**	
		Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
INR/USD- increase by 4.24% (31 March 2017 4.09%, 31 march 2016 4.92%, 31 March 2015 5.26%, 31 March 2014 4.24%)*	USD	0.05	(0.05)	0.00	(0.00)	1.52	(1.52)	0.54	(0.54)	0.49	(0.49)
INR/KES- increase by 5% (31 March 2015 5%, 31 March 2014 5%)*	KES	-	-	-	-	-	-	1.03	(1.03)	0.82	(0.82)

** Holding all other variables constant*

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b) Interest rate risk

i) Liabilities

The entity’s policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the entity is exposed to changes in market interest rates through borrowings at variable interest rates.

The entity’s investments in Fixed Deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the entity to interest rate risk:

Particulars	31 March 2018	31 March 2017	31 March 2016 - Performa Ind AS	31 March 2015 - Performa Ind AS	31 March 2014 - Performa Ind AS
Variable rate borrowing	477.93	407.44	490.31	327.93	632.61
Fixed rate borrowing	1.79	1.80	1.81	1.80	1.81
Total borrowings	**479.72**	**409.24**	**492.12**	**329.73**	**634.42**
	-	-	-	-	-

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31 March 2018	31 March 2017	31 March 2016 - Performa Ind AS	31 March 2015 - Performa Ind AS	31 March 2014 - Performa Ind AS
Interest sensitivity*					
Interest rates – increase by 100 basis points	(4.78)	(4.07)	(4.90)	(3.28)	(6.33)
Interest rates – decrease by 100 basis points	4.78	4.07	4.90	3.28	6.33

** Holding all other variables constant*

b) Price risk

The Company does not have exposure to price risk other than its investments in mutual funds, which are considered immaterial.

43 Capital management

For the purpose of the entity's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the entity's capital management is to maximise the shareholder value.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep an optimum gearing ratio. The entity includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

Particulars	31 March 2018	31 March 2017	31 March 2016 - Performa Ind AS	31 March 2015 - Performa Ind AS	31 March 2014 - Performa Ind AS
Long-term borrowings including finance lease obligations	1.78	4.76	16.63	30.07	165.35
Current maturities of long-term borrowings including finance lease obligations	3.00	4.94	11.53	16.15	70.91
Short-term borrowings	477.94	404.48	475.49	299.66	469.07
Total Borrowings	**482.72**	**414.18**	**503.65**	**345.88**	**705.33**
Less:					
Cash and cash equivalents	142.45	76.68	44.38	131.77	14.99
Other bank balances	7.26	5.69	90.19	6.61	14.47
Investments	25.83	17.37	6.46	-	-
Net debt	**307.18**	**314.44**	**362.62**	**207.50**	**675.87**
Total Equity*	2,903.95	2,559.80	2,277.29	2,033.78	783.07
Net debt to equity ratio	**10.58%**	**12.28%**	**15.92%**	**10.20%**	**86.31%**

**Equity includes capital and all reserves of the Group that are managed as capital.*

In order to achieve this overall objective, the entity's capital management, amongst other things, aims to ensure that it meets financial covenants and attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

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44 Employee benefits

A Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Disclosure of gratuity

(i) Asset/ (Liability) recognised in restated consolidated statement of assets and liabilities

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Present Value of the obligation at end of the year	**27.80**	**24.17**	**23.50**	**21.07**	**15.42**
Fair value of plan assets	**14.11**	**9.36**	**6.27**	**4.39**	**0.50**
Net assets / (liability) recognized in restated consolidated statement of assets and liabilities as provision	**(13.69)**	**(14.81)**	**(17.23)**	**(16.68)**	**(14.92)**

(ii) Amount recognised in the restated consolidated statement of profit and loss is as under:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Current service cost	5.47	4.71	4.98	**4.29**	**3.16**
Net interest cost	1.12	1.34	1.28	1.15	0.65
Expense recognized in the consolidated Income Statement	**6.59**	**6.05**	**6.26**	**5.44**	**3.81**

(iii) Amount recognised in other comprehensive income is as under:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Actuarial gain / (loss) for the year on defined benefit obligation	(0.83)	3.64	4.15	(0.14)	(2.58)
Actuarial gain /(loss) for the year on plan assets	0.13	0.09	0.06	0.05	0.01
Total actuarial gain/(loss) for the year	**(0.70)**	**3.73**	**4.21**	**(0.09)**	**(2.57)**

(iv) Movement in the liability recognised in the restated consolidated statement of assets and liabilities is as under:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Present value of defined benefit obligation as at the start of the year	**24.17**	**23.50**	21.07	15.42	9.01
Current service cost	4.67	4.72	5.00	4.29	3.13
Interest cost	1.83	1.85	1.62	1.19	0.69
Actuarial loss/(gain) recognised during the year	0.83	(3.85)	(4.15)	0.17	2.61
Benefits paid	(4.59)	(2.05)	(0.04)	-	(0.02)
Past Service Cost including curtailment Gains/Losses	0.89	-	-	-	-
Present value of defined benefit obligation as at the end of the year	**27.80**	**24.17**	**23.50**	**21.07**	**15.42**

(v) Movement in the plan assets recognised in the restated consolidated statement of assets and liabilities is as under:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Fair Value of plan assets at beginning of year	**9.36**	**6.27**	**4.39**	0.50	0.47
Expected return on plan assets	0.71	0.50	0.35	0.04	0.04
Employer's contribution	4.00	2.50	1.50	3.80	-
Benefits paid	(0.09)	-	(0.04)	-	(0.02)
Actuarial gain/(loss) on plan assets	0.13	0.09	0.07	0.05	0.01
Fair Value of plan assets at the end of the year	**14.11**	**9.36**	**6.27**	**4.39**	**0.50**
Actual return on plan assets	**0.84**	**0.59**	**0.42**	**0.09**	**0.05**

(vi) Breakup of actuarial (gain)/loss on defined benefit obligation:

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Actuarial (gain)/loss on arising from change in demographic assumption	-	-	-	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(0.55)	(5.86)	(0.67)	-	-
Actuarial (gain)/loss on arising from experience adjustment	1.25	2.13	(3.54)	0.09	2.57
Total actuarial (gain)/loss	**0.70**	**(3.73)**	**(4.21)**	**0.09**	**2.57**

(All amounts in millions of INR, unless stated otherwise)

(vii) Actuarial assumptions

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Discount rate	7.71%	7.54%	7.94%	7.75%	7.75%
Future salary increase	5%	5.00%	7.00%	7.00%	7.00%
Expected average remaining working lives of employees (years)	22.30-24.47	23.50-24.72	24.13-25.49	24.54-28.11	22.96-26.88

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraiser. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(viii) Sensitivity analysis for gratuity liability

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Impact of the change in discount rate					
Present value of obligation at the end of the year	27.80	24.17	23.50	21.07	15.42
- Impact due to increase of 0.50 %	(1.56)	(1.48)	(1.64)	(1.42)	(1.02)
- Impact due to decrease of 0.50 %	1.69	1.61	1.81	1.56	1.12
Impact of the change in salary increase					
Present value of obligation at the end of the year	27.80	24.17	23.50	21.07	15.42
- Impact due to increase of 0.50 %	1.61	1.65	1.83	1.56	1.12
- Impact due to decrease of 0.50 %	(1.48)	(1.52)	(1.65)	(1.44)	(1.03)

Sensitivities due to mortality and withdrawals are not material & hence impact of change not calculated.
Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

(ix) Maturity profile of defined benefit obligation

Description	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Within next 12 months	0.98	0.82	0.63	0.60	0.46
Between 1-5 years	3.27	2.06	2.11	1.75	1.21
Beyond 5 years	23.45	21.29	20.75	18.68	13.73

(x) Category of plan assets :

Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
LIC	100%	100%	100%	100%	100%
Others	-	-	-	-	-
Total	100%	100%	100%	100%	100%

B Defined contribution plans

The Group makes provident fund contributions which are defined contribution plans, for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised INR 22.60 millions for provident fund contributions (previous year INR 20.98 millions) in the restated consolidated statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme.
The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

45 Operating lease: Company as leasee

Lease payable under cancellable operating leases amounting to INR 30.19 (31st March 2017: INR 27.99, 31st March 2016: INR 20.90, 31st March 2015: INR 14.77, 31st March 2014: INR 8.29) are recognised an expense in the restated consolidated statement of profit and loss accounts as rental expense.

46 Segment reporting

The board of directors, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, based on the analysis of the various performance indicators of the Group, and also from the fact that all operations are within India, the board has decided that there is no separate reportable segments- business or geographical, for the Group.

47 Capitalisation of expenditure:

The expenditure incidental to the setting up of the project is included in capital work in progress (CWIP) which is apportioned to the assets on completion of the project and commencement of commercial operations. The entity has capitalised the following expenses to the cost of fixed asset/ capital work-in-progress (CWIP):

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017	Year Ended 31 March 2016 Proforma Ind AS	Year Ended 31 March 2015 Proforma Ind AS	Year Ended 31 March 2014 Proforma Ind AS
Salaries, wages and bonus	2.06	9.88	4.92	1.52	-
Other expenses	6.32	18.02	47.25	2.93	0.19
Total amount capitalized	**8.38**	**27.90**	**52.17**	**4.45**	**0.19**

(All amounts in millions of INR, unless stated otherwise)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
48	**Contingent liabilities and litigation**					
1	Claims against the group not acknowledge as debts					
	(i) Demands raised by the Sales Tax authorities against which appeals have been filed	5.77	12.01	5.86	15.48	15.48
	(ii) Demand raised by the Commissioner, Central excise against which appeal has been filed	-	-	15.18	15.18	15.18
	(iii) Demand raised by Excise department under CENVAT Credit Rules,2004	0.43	1.00	-	-	-
	(iv) Demands raised by Service-tax authorities against which appeals have been filed	5.02	4.00	-	-	-
	(v) Demands raised by the Income-Tax authorities against which appeals have been filed	-	0.57	0.41	0.44	0.44
2	Contingent liabilities, not acknowledged as debt, include:					
	(i) Corporate guarantee issued by the group	-	177.71	177.71	202.65	208.11
	(ii) Bonus as per The Payment of Bonus (Amendment) Act, 2015 for the year ended 31 March 2015	3.74	3.74	3.74	-	-

Notes :

The Group is contesting the above demands and the management, including its solicitor, believe that position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for tax demand raised.

Other than above, the Group is also involved in certain litigations with employee and certain customer Claims involved may be payable by the Group as and when the outcome of the related matters is finally determined and hence has not been included above. Management based on legal advice, believes that Group has a reasonably good chance of succeeding in respect of these matter

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
49	**Capital and other commitments**					
	Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for (net of advances)	119.86	73.54	103.36	151.41	56.05

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(All amounts in millions of INR, unless stated otherwise)

50 Finance lease

The Group has taken certain land on lease which has been classified under leasehold land under note 5, disclosure for finance lease obligations under Ind AS - 17 leases is as under.

As lessee

Finance lease obligation of the Company as of 31 March 2018 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	1.58	0.19	1.39
Later than one year but less than five year	0.18	0.17	0.01
Later than five years	17.80	17.41	0.39
	19.56	**17.77**	**1.79**

Finance lease obligation of the Company as of 31 March 2017 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.20	0.19	0.01
Later than one year but less than five year	1.73	0.32	1.40
Later than five years	19.38	18.99	0.39
	21.31	**19.50**	**1.80**

Finance lease obligation of the Company as of 31 March 2016 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.20	0.20	0.01
Later than one year but less than five year	1.88	0.48	1.41
Later than five years	19.59	19.19	0.39
	21.67	**19.87**	**1.81**

Finance lease obligation of the Company as of 31 March 2015 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.20	0.20	-
Later than one year but less than five year	2.04	0.63	1.41
Later than five years	19.80	19.40	0.40
	22.04	**20.23**	**1.81**

Finance lease obligation of the Company as of 31 March 2014 - Proforma Ind AS is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	0.23	0.22	-
Later than one year but less than five year	2.19	0.78	1.41
Later than five years	19.99	19.58	0.40
	22.41	**20.58**	**1.81**

51 Related Party Transactions

In accordance with the requirements of Indian Accounting Standard (Ind AS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

A Holding Company

Vectus Industries Limited

B Associate

Vectus Kenya Limited (till 31 December 2016)

C Key management personnel and their relatives

1 Atul Ladha
2 Ashish Baheti
3 Sunita Ladha
4 Sarika Baheti
5 Aruna Ladha
6 Ashish Ladha
7 Manorama Ladha (mother of Atul Ladha)
8 GD Ladha (Father of Atul Ladha)
9 Madan Mohan Baheti (Father of Ashish Baheti)
10 Nidhi Ladha (Wife of Ashish Ladha)
11 Divyan Baheti (Son of Ashish Baheti)
12 Santosh Kumar Maheshwari (Independent Director)
13 Kapilesh Manglik (Independent Director)

E Enterprises owned or significantly influenced by key management personnel or their relatives

1 Ladha Real Estate Private Limited
2 Shivangi Polymers Private Limited
3 Satya Sagar
4 Ladha GD & Co.
5 Atul Ladha and Sons-HUF
6 Ashish Baheti-HUF
7 Nidhi Trade Link

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(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiary Companies/ Fellow subsidiaries/ Joint ventures					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/ or their relatives having transactions with the Group					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
a)Transactions with related parties																				
Rent paid																				
Manorama Ladha	-	-	-	-	-	0.18	0.18	0.18	0.18	0.18	-	-	-	-	-	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	0.30	0.30	0.30	0.30	-	**0.30**	**0.30**	**0.30**	**0.30**	**-**
Remuneration																				
Ashish Baheti	-	-	-	-	-	15.18	15.18	13.80	13.80	13.26	-	-	-	-	-	**15.18**	**15.18**	**13.80**	**13.80**	**13.26**
Atul Ladha	-	-	-	-	-	15.18	15.18	13.80	13.80	9.39	-	-	-	-	-	**15.18**	**15.18**	**13.80**	**13.80**	**9.39**
Sarika Baheti	-	-	-	-	-	1.32	1.32	1.20	1.20	3.00	-	-	-	-	-	**1.32**	**1.32**	**1.20**	**1.20**	**3.00**
Sunita Ladha	-	-	-	-	-	1.32	1.58	1.46	1.48	1.48	-	-	-	-	-	**1.32**	**1.58**	**1.46**	**1.48**	**1.48**
Ashish Ladha	-	-	-	-	-	2.27	1.95	1.73	1.60	1.30	-	-	-	-	-	**2.27**	**1.95**	**1.73**	**1.60**	**1.30**
Anil Ladha	-	-	-	-	-	-	-	-	-	0.80	-	-	-	-	-	**-**	**-**	**-**	**-**	**0.80**
Sitting fees																				
Santosh Kumar Maheshwari	-	-	-	-	-	0.10	0.14	-	-	-	-	-	-	-	-	**0.10**	**0.14**	**-**	**-**	**-**
Kapilesh Manglik	-	-	-	-	-	0.08	0.10	-	-	-	-	-	-	-	-	**0.08**	**0.10**	**-**	**-**	**-**
Travelling expenses paid																				
Director travelling Expenses Paid	-	-	-	-	-	2.00	2.80	2.65	0.79	1.72	-	-	-	-	-	**2.00**	**2.80**	**2.65**	**0.79**	**1.72**
Legal and professional charges																				
Madan Mohan Baheti	-	-	-	-	-	0.96	0.99	0.99	1.02	1.00	-	-	-	-	-	**0.96**	**0.99**	**0.99**	**1.02**	**1.00**
Ladha G.D. & Co.	-	-	-	-	-	-	-	-	-	-	2.03	2.02	0.07	0.23	0.15	**2.03**	**2.02**	**0.07**	**0.23**	**0.15**
Unsecured loan taken																				
Ashish Baheti	-	-	-	-	-	-	-	-	-	18.19	-	-	-	-	-	**-**	**-**	**-**	**-**	**18.19**
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	**-**	**-**	**-**	**-**	**0.09**
Sarika Baheti	-	-	-	-	-	-	-	-	-	1.98	-	-	-	-	-	**-**	**-**	**-**	**-**	**1.98**
Sunita Ladha	-	-	-	-	-	-	-	-	-	1.35	-	-	-	-	-	**-**	**-**	**-**	**-**	**1.35**
Divyan Baheti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11	**-**	**-**	**-**	**-**	**0.11**
Transactions during the year with Vectus Kenya Limited							-													
Financial guarantee created	-	0.61	0.61	0.61	3.25	-	-	-	-	-	-	-	-	-	-	**-**	**0.61**	**0.61**	**0.61**	**3.25**
Gain on release of financial guarantee	-	1.05	1.32	1.32	0.99	-	-	-	-	-	-	-	-	-	-	**-**	**1.05**	**1.32**	**1.32**	**0.99**
Provision for investment written off	-	1.02	0.61	3.86	-	-	-	-	-	-	-	-	-	-	-	**-**	**1.02**	**0.61**	**3.86**	**-**
Interest on unsecured loan paid																				
Ashish Baheti	-	-	-	-	-	-	-	-	0.67	-	-	-	-	-	-	**-**	**-**	**-**	**0.67**	**-**
Sarika Baheti	-	-	-	-	-	-	-	-	0.16	-	-	-	-	-	-	**-**	**-**	**-**	**0.16**	**-**
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	**-**	**-**	**-**	**0.02**	**-**
Divyan Baheti	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	**-**	**-**	**-**	**0.03**	**-**
Atul Ladha and Sons - HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	**-**	**-**	**-**	**0.06**	**-**
Sunita Ladha	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-	-	**-**	**-**	**-**	**0.02**	**-**
G.D.Ladha	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22	-	**-**	**-**	**-**	**0.22**	**-**
Satya Sagar	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.17	0.21	**-**	**-**	**0.01**	**0.17**	**0.21**
Nidhi Trade Link	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	**-**	**-**	**-**	**-**	**0.02**

Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiary Companies/ Fellow subsidiaries/ Joint ventures					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/ or their relatives having transactions with the Group					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Repayment of unsecured loan																				
Ashish Baheti	-	-	-	-	-	-	-	-	22.49	3.69	-	-	-	-	-	**-**	**-**	**-**	**22.49**	**3.69**
Atul Ladha	-	-	-	-	-	-	-	-	-	0.26	-	-	-	-	-	**-**	**-**	**-**	**-**	**0.26**
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	0.80	-	-	-	-	-	-	**-**	**-**	**-**	**0.80**	**-**
Atul Ladha & Sons-HUF	-	-	-	-	-	-	-	-	2.10	1.38	-	-	-	-	-	**-**	**-**	**-**	**2.10**	**1.38**
Sarika Baheti	-	-	-	-	-	-	-	-	5.32	-	-	-	-	-	-	**-**	**-**	**-**	**5.32**	**-**
Sunita Ladha	-	-	-	-	-	-	-	-	0.77	2.86	-	-	-	-	-	**-**	**-**	**-**	**0.77**	**2.86**
Divyan Baheti	-	-	-	-	-	-	-	-	1.02	-	-	-	-	-	-	**-**	**-**	**-**	**1.02**	**-**
G.D.Ladha	-	-	-	-	-	-	-	-	3.56	1.10	-	-	-	-	-	**-**	**-**	**-**	**3.56**	**1.10**
Satya Sagar	-	-	-	-	-	-	-	-	-	-	-	-	1.42	0.20	0.02	**-**	**-**	**1.42**	**0.20**	**0.02**
Salary and bonus																				
Sunita Ladha	-	-	-	-	-	-	0.13	0.16	0.16	0.16	-	-	-	-	-	**-**	**0.13**	**0.16**	**0.16**	**0.16**
Nidhi Ladha	-	-	-	-	-	-	0.27	1.04	0.90	0.65	-	-	-	-	-	**-**	**0.27**	**1.04**	**0.90**	**0.65**
Guest house rent																				
Ashish Ladha	-	-	-	-	-	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**
Corporate guarantee released																				
Vectus Kenya Limited	-	-	42.75	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**42.75**	**-**	**-**
Guarantee received																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sunita Ladha and Sarika Baheti	-	-	-	-	-	167.50	-	35.01	-	-	-	-	-	-	-	**167.50**	**-**	**35.01**	**-**	**-**
Guarantee released																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sunita Ladha and Sarika Baheti	-	-	-	-	-	-	6.00	-	243.09		-	-	-	-	-	**-**	**6.00**	**-**	**243.09**	**-**
Provision for doubtful advances																				
Vectus Kenya Limited	-	-	20.64	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**20.64**	**-**	**-**
Loan given																				
Vectus Kenya Limited	-	-	-	4.19	8.82	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**4.19**	**8.82**
Liability incurred towards release of guarantee																				
Vectus Kenya Limited	-	15.31	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**15.31**	**-**	**-**	**-**
b) Outstanding balances :																				
Loan and advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**-**
Vectus Kenya Limited	-	-	-	20.64	16.44	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**20.64**	**16.44**
Atul Ladha	-	-	-	-	-	-	5.68	2.06	0.00	-	-	-	-	-	-	**-**	**5.68**	**2.06**	**0.00**	**-**
Sunita Ladha	-	-	-	-	-	-	0.36	0.32	-	-	-	-	-	-	-	**-**	**0.36**	**0.32**	**-**	**-**
Ashish Baheti	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	**-**	**-**	**0.01**	**-**	**-**
Trade receivables																				
Ladha Real Estate Private Limited	-	-	-	-	-	-	-	-	-	-	-	1.74	1.74	1.74	-	**-**	**1.74**	**1.74**	**1.74**	**-**
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	**-**	**-**	**-**	**0.02**	**-**

Vectus Industries Limited
Annexure VI : Notes to Restated Consolidated Financial Information
(All amounts in millions of INR, unless stated otherwise)

Particulars	Subsidiary Companies/ Fellow subsidiaries/ Joint ventures					Key management personnel and their relatives					Entities where significant influence is exercised by KMP and/ or their relatives having transactions with the Group					Total				
	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Loan & Advances																				
Madan Mohan Baheti	-	-	-	-	-	0.14	0.27	0.05	0.15	-	-	-	-	-	-	**0.14**	**0.27**	**0.05**	**0.15**	**-**
Shivangi Polymers Private Limited	-	-	-	-	-	-	-	-	-	-	4.92	0.49	0.26	-	-	**4.92**	**0.49**	**0.26**	**-**	**-**
Manorama Ladha	-	-	-	-	-	0.18	0.25	0.10	-	-	-	-	-	-	-	**0.18**	**0.25**	**0.10**	**-**	**-**
Ladha GD & Co	-	-	-	-	-	-	-	-	-	-	0.29	0.17	-	-	3.40	**0.29**	**0.17**	**-**	**-**	**3.40**
Ashish Baheti	-	-	-	-	-	-	-	-	-	22.49	-	-	-	-	-	**-**	**-**	**-**	**-**	**22.49**
Sunita Ladha	-	-	-	-	-	-	-	-	-	0.77	-	-	-	-	-	**-**	**-**	**-**	**-**	**0.77**
Sarika Baheti	-	-	-	-	-	-	-	-	0.58	5.32	-	-	-	-	-	**-**	**-**	**-**	**0.58**	**5.32**
Ashish Baheti-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80	**-**	**-**	**-**	**-**	**0.80**
Atul Ladha & Sons-HUF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.10	**-**	**-**	**-**	**-**	**2.10**
Satya Sagar	-	-	-	-	-	-	-	-	-	-	-	-	-	1.42	1.46	**-**	**-**	**-**	**1.42**	**1.46**
Divyan Baheti	-	-	-	-	-	-	-	-	-	1.02	-	-	-	-	-	**-**	**-**	**-**	**-**	**1.02**
Provision for doubtful advances																				
Vectus Kenya Limited	-	-	20.64	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**20.64**	**-**	**-**
Remuneration payable																				
Ashish Baheti	-	-	-	-	-	0.73	0.23	0.86	2.15	-	-	-	-	-	-	**0.73**	**0.23**	**0.86**	**2.15**	**-**
Sunita Ladha	-	-	-	-	-	-	-	0.01	0.03	-	-	-	-	-	-	**-**	**-**	**0.01**	**0.03**	**-**
Sarika Baheti	-	-	-	-	-	0.03	0.16	0.42	1.74	-	-	-	-	-	-	**0.03**	**0.16**	**0.42**	**1.74**	**-**
Ashish Ladha	-	-	-	-	-	-	0.25	0.21	-	0.40	-	-	-	-	-	**-**	**0.25**	**0.21**	**-**	**0.40**
Atul Ladha	-	-	-	-	-	-	-	-	0.10	-	-	-	-	-	-	**-**	**-**	**-**	**0.10**	**-**
Guarantee given																				
Vectus Kenya Limited	-	-	177.71	202.65	208.11	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**177.71**	**202.65**	**208.11**
Financial guarantee obligation	-	-	0.84	1.55	2.26											**-**	**-**	**0.84**	**1.55**	**2.26**
Guarantee received*																				
Atul Ladha, Ashish Baheti, Ashish Ladha, Sunita Ladha and Sarika Baheti	-	-	-	-	-	762.30	594.80	600.80	565.79	808.88	-	-	-	-	-	**762.30**	**594.80**	**600.80**	**565.79**	**808.88**

*The above disclosed balances of corporate guarantees and personal guarantees taken include original sanctioned limits of working capital borrowings and term loans by the continuing banks. However, at the reporting date, the outstanding balance of working capital borrowings and term loans in respect of which corporate guarantees and personal guarantees have been taken stands at INR 457.68 millions (31 March 2017 – INR 412.38 millions, 31 March 2016 – INR 501.57 millions, 31 March 2015- INR 323.28 millions, 31 March 2014 INR 625.61 millions)

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(All amounts in millions of INR, unless stated otherwise)

52 Earnings per share

	Particulars	As at 31 March 2018	As at 31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
a)	Profit attributable to equity shareholders	344.64	280.01	240.74	138.32	207.36
b)	Weighted number of equity shares for calculation of basic and diluted earnings per share*	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
c)	Nominal value per share (INR)	10.00	10.00	10.00	10.00	10.00
d)	Earning per share (face value of INR 10)					
	- Basic	26.21	21.30	18.31	13.44	26.20
	- Diluted	26.21	21.30	18.31	13.44	26.20

* During the year ended 31 March 2015, the Company entered into an agreement with Latinia Limited to issue Compulsorily Convertible Debentures (CCDs). As set forth in Schedule XI of the Investment Agreement the number of equity shares to be converted were based on profit for the year ended 31 March 2015.
Referring to para 23 of Ind AS 33 "Earnings per share", these debentures were considered as ordinary shares during the period these were outstandaing for the calculation of basic and diluted earning per share.

53 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016 Proforma Ind AS	As at 31 March 2015 Proforma Ind AS	As at 31 March 2014 Proforma Ind AS
Current					
Inventories	945.32	880.89	924.81	720.13	585.88
Trade receivables	897.82	698.83	624.36	566.80	386.91
	1,843.14	**1,579.72**	**1,549.17**	**1,286.93**	**972.79**
Non current					
Property, plant and equipment	1,717.66	1,547.80	1,287.16	851.79	717.09
	1,717.66	**1,547.80**	**1,287.16**	**851.79**	**717.09**

54 In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Group had constituted a Corporate Social Responsibility (CSR) Committee. In terms with the provisions of the said Act, the Group was to spend a sum of INR 6.28 millions (31 March 2017: INR 5.69 millions and 31 March 2016: INR 5.02 millions) towards CSR activities during the year ended 31 March 2018. The details of amounts actually spent by the Group are:

Particulars	Amount paid	Amount yet to be paid	Total
31 March 2018			
Purposes : Animal welfare and promoting sanitation	3.83	-	3.83
31 March 2017			
Purposes : Animal welfare and promoting sanitation	2.89	-	2.89
31 March 2016	-	-	-
31 March 2015		Not Applicable	
31 March 2014		Not Applicable	

(All amounts in millions of INR, unless stated otherwise)

55 Disclosure of additional information pertaining to the Holding Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013 :

Name of entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive	Amount
Holding Company								
Vectus Industries Limited								
31 March 2018	93.94%	2,772.99	87.85%	311.89	121.38%	(0.57)	87.81%	311.32
31 March 2017	94.78%	2,461.67	87.41%	252.38	109.22%	2.67	87.59%	255.05
31 March 2016 - Proforma Ind AS	95.69%	2,206.62	79.66%	198.88	102.57%	2.83	79.91%	201.71
31 March 2015 - Proforma Ind AS	96.83%	2,012.43	84.78%	134.21	433.92%	(0.18)	84.65%	134.02
31 March 2014 - Proforma Ind AS	94.65%	765.94	94.89%	204.57	108.56%	(1.81)	94.79%	202.76
Subsidiaries (group's share)								
Indian Subsidiaries								
Sunrise Tanks Private Limited								
31 March 2018	3.50%	103.44	3.40%	12.06	-24.28%	0.11	3.43%	12.17
31 March 2017	3.51%	91.25	4.30%	12.43	-19.45%	(0.48)	4.11%	11.95
31 March 2016 - Proforma Ind AS	3.44%	79.30	9.11%	22.74	-1.93%	(0.05)	8.99%	22.69
31 March 2015 - Proforma Ind AS	1.70%	56.62	2.04%	11.10	-24.06%	0.09	2.05%	11.18
31 March 2014 - Proforma Ind AS	4.00%	45.43	4.24%	17.73	-6.00%	0.14	4.32%	17.87
				-		-		
Gangotri Polymers Private Limited				-		-		
31 March 2018	3.25%	95.93	8.75%	31.07	2.90%	(0.01)	8.76%	31.06
31 March 2017	2.50%	64.86	8.36%	24.15	10.23%	0.25	8.38%	24.40
31 March 2016 - Proforma Ind AS	1.77%	40.71	5.76%	14.39	-0.65%	(0.02)	5.69%	14.37
31 March 2015 - Proforma Ind AS	1.28%	26.34	7.28%	10.53	-68.77%	0.04	7.31%	10.56
31 March 2014 - Proforma Ind AS	1.95%	15.78	0.72%	1.74	1.15%	(0.02)	0.71%	1.72
Shri Chakradhar Paper and Board Private Limited								
31 March 2018	0.00%	-	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
31 March 2017	-0.09%	(2.26)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
31 March 2016 - Proforma Ind AS	-0.10%	(2.25)	-0.01%	(0.02)	0.00%	-	-0.01%	(0.02)
31 March 2015 - Proforma Ind AS	-0.11%	(2.23)	-1.23%	(1.81)	0.00%	-	-1.23%	(1.81)
31 March 2014 - Proforma Ind AS	-0.05%	(0.43)	0.00%	-	0.00%	-	0.00%	-
Vectus Containers Private Limited								
31 March 2018	0.21%	6.31	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
31 March 2017	0.24%	6.32	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
31 March 2016 - Proforma Ind AS	0.27%	6.33	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
31 March 2015 - Proforma Ind AS	0.31%	6.34	-0.03%	(0.04)	0.00%	-	-0.03%	(0.04)
31 March 2014 - Proforma Ind AS	0.80%	6.38	0.00%	-	0.00%	-	0.00%	-

(All amounts in millions of INR, unless stated otherwise)

55 Disclosure of additional information pertaining to the Holding Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013 :

Name of entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive	Amount
Vectus Mouldings Private Limited				-				
31 March 2018	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2016 - Proforma Ind AS	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2015 - Proforma Ind AS	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2014 - Proforma Ind AS	0.19%	1.53	0.68%	1.53	0.00%	-	0.69%	1.53
				-				
Non-controlling interest in all subsidiaries				-				
31 March 2018	1.62%	47.86	0.00%	-	0.00%	-	0.00%	-
31 March 2017	1.44%	37.46	0.00%	-	0.00%	-	0.00%	-
31 March 2016 - Proforma Ind AS	1.25%	28.79	0.00%	-	0.00%	-	0.00%	-
31 March 2015 - Proforma Ind AS	0.96%	19.90	0.00%	-	0.00%	-	0.00%	-
31 March 2014 - Proforma Ind AS	1.83%	14.68	0.00%	-	0.00%	-	0.00%	-
Inter company eliminations & consolidation adjustments								
31 March 2018	-2.53%	(74.72)	0.00%	0.00	0.00%	-	0.00%	0.00
31 March 2017	-2.39%	(62.03)	-0.07%	(0.20)	0.00%	-	-0.07%	(0.20)
31 March 2016 - Proforma Ind AS	-2.32%	(53.42)	5.48%	13.68	0.00%	-	5.42%	13.68
31 March 2015 - Proforma Ind AS	-2.77%	(65.71)	-0.39%	(10.47)	0.00%	-	-0.39%	(10.47)
31 March 2014 - Proforma Ind AS	-6.59%	(51.57)	-5.49%	(11.68)	0.00%	-	-5.53%	(11.68)
TOTAL								
31 March 2018	**100.00%**	**2,951.81**	**100.00%**	**355.01**	**100.00%**	**(0.47)**	**100.00%**	**354.54**
31 March 2017	**100.00%**	**2,597.26**	**100.00%**	**288.73**	**100.00%**	**2.44**	**100.00%**	**291.18**
31 March 2016 - Proforma Ind AS	**100.00%**	**2,306.08**	**100.00%**	**249.67**	**100.00%**	**2.76**	**100.00%**	**252.42**
31 March 2015 - Proforma Ind AS	**100.00%**	**2,053.68**	**100.00%**	**143.51**	**341.10%**	**(0.06)**	**92.37%**	**143.45**
31 March 2014 - Proforma Ind AS	**100.00%**	**797.75**	**100.00%**	**213.90**	**103.71%**	**(1.69)**	**94.97%**	**212.21**

(All amounts in millions of INR, unless stated otherwise)

56 Below is the reconciliation of tax expense and accounting profit multiplied by India's tax rate:

Particulars	**31 March 2018**	**31 March 2017**	**31 March 2016 Proforma Ind AS**	**31 March 2015 Proforma Ind AS**	**31 March 2014 Proforma Ind AS**
Profit before tax	**488.61**	**400.54**	**330.02**	**227.54**	**253.32**
Tax rate applicable for holding company	34.61%	34.61%	34.61%	33.99%	33.99%
Tax as per applicable rate	169.11	138.62	114.21	77.34	86.10
Tax effects of disallowances	(1.50)	6.60	11.95	41.15	4.47
Income not chargeable to tax	(31.04)	(25.06)	(44.69)	(32.19)	(44.96)
Income taxable at different rate	1.32	-	(0.05)	(2.30)	(6.14)
Deferred tax not recognised for carry forward loss	-	(7.84)	-	-	-
Difference in subsidiary tax rates	(4.06)	(0.57)	(1.22)	(0.04)	(0.90)
Others	(0.23)	0.06	0.17	0.07	0.85
Tax expense	**133.60**	**111.81**	**80.37**	**84.03**	**39.42**

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57 First time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.
The accounting policies set out in Note 2 of Annexure V have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 . An explanation of how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

1 Deemed cost for property, plant and equipment and intangible assets
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and
equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

2 Deemed cost for investments in subsidiaries, associates and joint ventures
The Group has elected to continue with the carrying value of all of its investments in subsidiaries, joint ventures and associates recognised as of 1 April 2013 (transition date) measured as per the Previous GAAP as its deemed cost as at the date of transition.

3 Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application that would require restatement of all business combinations prior to date of transition However, this exemption does not extend to business combinations that occurred after the date of transition to Ind ASs but within the comparative period. Accordingly, business combinations in the comparative period have been restated to comply with Ind AS 103.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to date of transition have not been restated. The Group has applied same exception for investments in associates and joint ventures.

B Ind AS mandatory exemptions

1 Estimates
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates for comparative periods as at each reporting year are consistent with the estimates as at the same date made in conformity with previous GAAP except for computation of expected credit losses, which were not required to be estimated as per previous GAAP.

2 Classification and measurement

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

(a) The effects of the retrospective application or retrospective restatement are not determinable;
(b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;
(c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3 De-recognition of financial assets and liabilities
Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(All amounts in millions of INR, unless stated otherwise)

C Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

1 Reconciliation of total equity

Particulars	Note	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Total equity (shareholder's funds) as per Previous GAAP		2,612.65	1,323.41	1,066.76	883.79
Accounting for Financial Guarantee contracts	**1**	(0.00)	(0.84)	(1.55)	0.99
Adjustment for expected credit losses	**2**	(9.63)	(8.60)	(7.98)	(6.59)
Share of profit/(loss) of investments accounted for using equity method		-	-	(5.03)	1.20
Adjustments due to restatement		(7.07)	(6.92)	2.73	(80.88)
Financial assets and liabilities accounted for at amortised cost	**10**	(0.00)	999.91	999.87	1.14
Government grant accounted for as deferred income	**4**	(1.64)	(1.93)	(2.22)	(2.51)
Leasehold land accounted for as Finance Lease	**5**	(3.09)	(2.75)	(2.34)	(2.02)
Investments in mutual fund carried at Fair Value	**6**	2.66	0.27	-	-
Others		0.46	0.01	0.01	0.01
Income tax effects of Ind AS adjustments	**7**	2.92	3.54	3.44	2.63
Total adjustments		(15.39)	982.68	986.93	(86.03)
Total equity as per IndAS		**2,597.26**	**2,306.08**	**2,053.68**	**797.75**

2 Reconciliation of total comprehensive income for the year

Particulars	Note	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
Profit after tax as per Previous GAAP		289.60	256.64	197.28	299.31
Adjustments:					
Accounting for Financial Guarantee contracts	**1**	0.84	(3.15)	1.32	0.99
Adjustment for expected credit losses	**2**	(1.02)	(0.62)	(1.39)	(4.04)
Share of profit/(loss) of investments accounted for using equity method		-	8.89	(10.09)	0.67
Loss on disposal of subsidiary	**8**	-	-	-	(12.36)
Investments in mutual fund carried at Fair Value	**6**	2.39	0.27	-	-
Adjustments on account of errors in previous GAAP		(0.16)	(9.49)	68.58	(62.55)
Financial assets and liabilities accounted for at amortised cost	**3**	(0.26)	0.03	(112.87)	(2.87)
Government grant accounted for as deferred income	**4**	0.29	0.29	0.29	0.19
Leasehold land accounted for as Finance Lease	**5**	(0.35)	(0.40)	(0.35)	(0.40)
Others		0.46	-	-	2.57
Remeasurement of defined benefit obligations	**9**	(3.73)	(4.21)	0.09	-
Income tax effects of Ind AS adjustments	**7**	0.67	1.40	0.65	(7.62)
Total adjustments		(0.87)	(6.99)	(53.77)	(85.41)
Profit after tax as per Ind AS		**288.73**	**249.65**	**143.51**	**213.90**
Remeasurement of defined benefit obligations	**9**	3.73	4.21	(0.09)	(2.57)
Income tax effects of Ind AS adjustments	**7**	(1.28)	(1.46)	0.04	0.87
Total comprehensive income as per Ind AS		**291.18**	**252.40**	**143.46**	**212.20**

(All amounts in millions of INR, unless stated otherwise)

3 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

* Column (1) represents financial information prepared under previous GAAP framework, which has been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

* Column (2) represents adjustments on account of transition from previous GAAP to Ind AS, and restatement adjustments made to the comparative information presented in the audited consolidated financial statements for the respective years, as explained in notes below;

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Non-current assets				
Property, plant and equipment	5	1,549.09	(1.29)	1,547.80
Capital work-in-progress		38.42	-	38.42
Intangible assets		68.01	-	68.01
Intangible assets under development		1.04	-	1.04
Financial assets				
Loans	3	35.84	(1.79)	34.05
Other financial assets		1.89	-	1.89
Deferred tax assets	7	62.66	(3.78)	58.88
Income tax assets (net)		3.33	-	3.33
Other non-current assets	3	33.23	0.19	33.42
Total non-current assets		**1,793.51**	**(6.67)**	**1,786.84**
Current assets				
Inventories		880.89	-	880.89
Financial assets				
Investments	6	14.71	2.66	17.37
Trade receivables	2	708.46	(9.63)	698.83
Cash and cash equivalents		76.68	-	76.68
Other bank balances		5.69	-	5.69
Loans	3	8.75	1.38	10.13
Other financial assets		39.05	-	39.05
Other current assets	3	97.57	0.04	97.61
Total current assets		**1,831.80**	**(5.54)**	**1,826.25**
TOTAL ASSETS		**3,625.31**	**(12.21)**	**3,613.09**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		131.47	-	131.47
Other equity		2,481.18	(15.39)	2,465.79
		2,612.65	**(15.39)**	**2,597.26**
LIABILITIES				
Non-current liabilities				
Financial liabilities				-
Non-Current borrowings	3	2.98	1.78	4.76
Non- Current Provisions		18.13	-	18.13
Deferred tax liabilities	7	0.97	0.02	0.99
Other non-current liabilities	4	1.80	1.35	3.15
Total non current liabilities		**23.88**	**3.15**	**27.03**
Current liabilities				
Financial liabilities				
Current Borrowings	3	404.92	(0.43)	404.48
Trade payables		239.15	-	239.15
Other financial liabilities	3	218.72	(0.01)	218.71
Other current liabilities	4	112.82	0.28	113.10
Current Provisions		3.71	-	3.71
Current tax liabilities (net)		9.46	0.19	9.65
Total current liabilities		**988.78**	**0.03**	**988.80**
TOTAL EQUITY AND LIABILITIES		**3,625.31**	**(12.21)**	**3,613.09**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	**Note**	**Per Previous GAAP (1)**	**Ind AS adjustment (2)**	**Per Ind AS**
Revenue				
Revenue from operations	**1**	6,156.77	-	6,156.77
Other income	**1, 3 & 6**	34.68	(18.63)	16.05
		6,191.45	**(18.63)**	**6,172.82**
Expenses				
Purchase of traded goods		31.80	-	31.80
Cost of materials consumed		3,603.20	-	3,603.20
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(35.27)	-	(35.27)
Employee benefits expense	**9**	516.59	3.73	520.32
Excise duty		596.43	-	596.43
Depreciation and amortisation expense	**5**	118.06	0.36	118.42
Finance costs	**5**	54.68	0.45	55.13
Other expenses	**2 & 3**	888.25	(21.31)	866.94
		5,773.74	**(16.77)**	**5,756.97**
Profit /(Loss) before tax and exceptional item		417.70	(1.85)	415.85
Exceptional item		15.72	(0.41)	15.31
Profit /(Loss) before tax		**401.99**	**(1.45)**	**400.54**
Tax expense				
Current tax		92.86	0.03	92.89
Earlier years		(0.10)	0.10	-
Deferred tax	**7**	19.62	(0.70)	18.92
Total tax expense		**112.38**	**(0.57)**	**111.81**
Profit for the year		**289.60**	**(0.87)**	**288.73**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement of defined benefit plans	**9**	-	3.73	3.73
Income tax relating to items that will not be reclassified to profit or loss	**7**	-	(1.28)	(1.28)
Other comprehensive income	**9**	**-**	**2.45**	**2.45**
Total comprehensive income		**289.60**	**1.58**	**291.18**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2016 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Non-current assets				
Property, plant and equipment	**5**	1,288.09	(0.93)	1,287.16
Capital work-in-progress		5.07	-	5.07
Intangible assets		10.82	-	10.82
Intangible assets under development		46.22	-	46.22
Financial assets				
Loans	**3**	31.90	(3.97)	27.93
Other financial assets		5.37	-	5.37
Deferred tax assets	**7**	81.25	(3.15)	78.10
Income tax assets (net)		2.63	-	2.63
Other non-current assets	**3**	33.36	0.31	33.67
Total non-current assets		**1,504.71**	**(7.74)**	**1,496.97**
Current assets				
Inventories		924.81	-	924.81
Financial assets				
Investments	**6**	6.19	0.27	6.46
Trade receivables	**2**	632.96	(8.60)	624.36
Cash and cash equivalents		44.38	-	44.38
Other bank balances		90.19	-	90.19
Loans	**3**	4.27	3.33	7.60
Other financial assets		57.68	-	57.68
Other current assets	**3**	143.85	0.12	143.97
Total current assets		**1,904.34**	**(4.89)**	**1,899.45**
TOTAL ASSETS		**3,409.05**	**(12.63)**	**3,396.42**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		103.01	-	103.01
Instrument entirely in the nature of equity		-	1,111.61	1,111.61
Other equity		1,191.61	(128.94)	1,062.67
Non-controlling interests		28.79	-	28.79
		1,323.41	**982.67**	**2,306.08**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Non-current borrowings	**3**	1,014.60	(997.97)	16.63
Non-current provisions		19.37	-	19.37
Other non-current liabilities	**4**	-	1.64	1.64
Total non current liabilities		**1,033.97**	**(996.33)**	**37.64**
Current liabilities				
Financial liabilities				
Current Borrowings		475.49	-	475.49
Trade payables		309.49	-	309.49
Other financial liabilities	**3**	167.47	0.69	168.16
Other current liabilities	**4**	86.97	0.28	87.25
Current provisions		0.84	-	0.84
Current tax liabilities (net)		11.41	0.06	11.47
Total current liabilities		**1,051.67**	**1.03**	**1,052.70**
TOTAL EQUITY AND LIABILITIES		**3,409.05**	**(12.63)**	**3,396.42**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2016 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Revenue				
Revenue from operations	**1**	5,676.20	-	5,676.20
Other income	**1, 3 & 6**	10.19	2.17	12.36
		5,686.39	**2.17**	**5,688.56**
Expenses				
Purchase of traded goods		35.88	-	35.88
Cost of materials consumed		3,457.32	-	3,457.32
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(87.70)	-	(87.70)
Employee benefits expense	**9**	436.18	4.21	440.39
Excise duty		385.46	-	385.46
Depreciation and amortisation expense	**5**	224.54	0.36	224.90
Finance costs	**5**	49.85	0.13	49.98
Other expenses	**2 & 3**	833.29	0.78	834.08
		5,334.81	**5.49**	**5,340.31**
Profit /(Loss) before tax and exceptional item		351.58	(3.32)	348.25
Exceptional item		22.65	(4.42)	18.23
Profit /(Loss) before tax		**328.93**	**1.10**	**330.02**
Tax expense				
Current tax		83.09	0.08	83.17
Earlier years		(5.19)	5.19	-
Deferred tax	**7**	(7.96)	5.16	(2.80)
Deferred tax of earlier years		2.35	(2.35)	-
Total tax expense		**72.28**	**8.09**	**80.37**
Profit for the year		**256.65**	**(6.99)**	**249.65**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement of defined benefit plans	**9**	-	4.21	4.21
Income tax relating to items that will not be reclassified to profit or loss	**7**	-	(1.46)	(1.46)
Other comprehensive income	**9**	**-**	**2.75**	**2.75**
Total comprehensive income		**256.65**	**(4.24)**	**252.40**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2015 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Non-current assets				
Property, plant and equipment	5	852.36	(0.57)	851.79
Capital work-in-progress		101.13	-	101.13
Intangible assets		11.69	-	11.69
Financial assets				
Loans	3	41.95	0.16	42.11
Other financial assets		4.74	-	4.74
Deferred tax assets	7	75.63	1.12	76.75
Income tax assets (net)		2.08	-	2.08
Other non-current assets	3	71.90	0.57	72.47
Total non-current assets		**1,161.48**	**1.28**	**1,162.76**
Current assets				
Inventories		720.13	-	720.13
Financial assets				
Investments	6	5.88	(5.88)	-
Trade receivables	2	574.78	(7.98)	566.80
Cash and cash equivalents		131.77	-	131.77
Other bank balances		6.61	-	6.61
Loans		2.15	-	2.15
Other financial assets		61.25	-	61.25
Other current assets	3	41.29	(0.01)	41.28
Total current assets		**1,543.86**	**(13.87)**	**1,529.99**
TOTAL ASSETS		**2,705.33**	**(12.58)**	**2,692.75**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		103.01	-	103.01
Instrument entirely in the nature of equity		-	1,111.61	1,111.61
Other equity		943.85	(124.69)	819.16
Non-controlling interests		19.90	-	19.90
		1,066.76	**986.92**	**2,053.68**
LIABILITIES				
Non-current liabilities				
Financial liabilities				-
Non-current borrowings	3	1,028.02	(997.95)	30.07
Non-current provisions		18.43	-	18.43
Other non-current liabilities	4	-	1.93	1.93
Total non current liabilities		**1,046.45**	**(996.02)**	**50.43**
Current liabilities				
Financial liabilities				
Current Borrowings		299.66	-	299.66
Trade payables		121.53	-	121.53
Other financial liabilities	3	101.78	1.45	103.23
Other current liabilities	4	57.71	0.29	58.00
Current provisions		0.79	-	0.79
Current tax liabilities (net)		10.65	(5.22)	5.43
Total current liabilities		**592.12**	**(3.48)**	**588.64**
TOTAL EQUITY AND LIABILITIES		**2,705.33**	**(12.58)**	**2,692.75**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2015 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Revenue				
Revenue from operations	**1**	4,959.29	-	4,959.29
Other income	**1, 3 & 6**	20.40	(2.14)	18.26
		4,979.69	**(2.14)**	**4,977.55**
Expenses				
Purchase of traded goods		52.53	-	52.53
Cost of materials consumed		3,129.65	-	3,129.65
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(80.72)	-	(80.72)
Employee benefits expense	**9**	329.91	0.41	330.32
Excise duty		314.23	-	314.23
Depreciation and amortisation expense	**5**	173.08	0.36	173.44
Finance costs	**5**	53.02	143.78	196.80
Other expenses	**2 & 3**	653.03	(29.36)	623.67
		4,624.74	**115.18**	**4,739.92**
Profit /(Loss) before exceptional items, share of profit of investments accounted for using equity method and tax		354.95	(117.32)	237.63
Share of profit/(loss) of investments accounted for using equity method	**6**	-	(10.09)	(10.09)
Profit before tax and exceptional item		**354.95**	**(127.41)**	**227.54**
Prior period item		92.00	(92.00)	-
Profit /(Loss) before tax		**262.95**	**(35.41)**	**227.54**
Tax expense				
Current tax		75.69	(5.10)	70.59
Earlier years		7.54	(7.54)	-
Deferred tax	**7**	(34.03)	47.47	13.44
Deferred tax of earlier years		16.48	(16.48)	-
Total tax expense		**65.68**	**18.35**	**84.03**
Profit for the year		**197.27**	**(53.76)**	**143.51**
Attributable to:				
Owners of Vectus Industries Limited		138.32	-	138.32
Non-controlling interest		5.19	-	5.19
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement of defined benefit plans	**9**	-	(0.09)	(0.09)
Income tax relating to items that will not be reclassified to profit or loss	**7**	-	0.04	0.04
Other comprehensive income		**-**	**(0.05)**	**(0.05)**
Total comprehensive income		**197.27**	**(53.81)**	**143.46**
Profit attributable to owners				
Owners of Vectus Industries Limited		138.24	-	138.24
Non-controlling interest		5.22	-	5.22
		143.46	**-**	**143.46**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2014 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Non-current assets				
Property, plant and equipment	5	774.30	(57.21)	717.09
Capital work-in-progress		39.89	-	39.89
Intangible assets		17.08	(0.99)	16.09
Goodwill on consolidation		15.15	(15.15)	-
Investments accounted for using equity method	6	2.02	4.45	6.47
Financial assets				
Loans	3	35.70	(0.47)	35.23
Other financial assets		8.93	-	8.93
Deferred tax assets	7	64.88	30.51	95.39
Income tax assets (net)		0.37	-	0.37
Other non-current assets	3	88.84	0.76	89.61
Total non-current assets		**1,047.19**	**(38.10)**	**1,009.07**
Current assets				
Inventories		585.88	-	585.88
Financial assets				
Trade receivables	2	393.50	(6.59)	386.91
Cash and cash equivalents		14.99	-	14.99
Other bank balances		14.47	-	14.47
Loans		1.69	-	1.69
Other financial assets		20.26	-	20.26
Other current assets	3	40.25	(5.27)	34.98
Total current assets		**1,071.04**	**(11.86)**	**1,059.18**
TOTAL ASSETS		**2,118.23**	**(49.96)**	**2,068.25**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		102.50	-	102.50
Other equity		766.61	(86.04)	680.57
Non-controlling interests		14.68	-	14.68
		883.79	**(86.04)**	**797.75**
LIABILITIES				
Non-current liabilities				
Financial liabilities				-
Non-current borrowings	3	163.76	1.59	165.35
Non-current provisions	9	-	15.71	15.71
Deferred tax liabilities	7	6.81	(1.57)	5.24
Other non-current liabilities	4	-	2.22	2.22
Total non current liabilities		**170.57**	**17.95**	**188.52**
Current liabilities				
Financial liabilities				
Current borrowings		469.07	-	469.07
Trade payables		366.77	-	366.77
Other financial liabilities	3	154.08	12.80	166.88
Other current liabilities	4	55.71	(2.37)	53.34
Current provisions	9	0.35	0.27	0.62
Current tax liabilities (net)		17.88	7.42	25.30
Total current liabilities		**1,063.86**	**18.12**	**1,081.98**
TOTAL EQUITY AND LIABILITIES		**2,118.23**	**(49.98)**	**2,068.25**

(All amounts in millions of INR, unless stated otherwise)

Reconciliation of statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2014 - Proforma Ind AS is as follows:

Particulars	Note	Per Previous GAAP (1)	Ind AS adjustment (2)	Per Ind AS
Revenue				
Revenue from operations	1	4,047.19	-	4,047.19
Other income	1, 3 & 6	30.01	2.52	32.53
		4,077.20	**2.52**	**4,079.72**
Expenses				
Purchase of traded goods		50.90	-	50.90
Cost of materials consumed		2,602.61	-	2,602.61
Changes in inventories of finished goods, work-in-progress,traded goods and stores and spares		(52.86)	-	(52.86)
Employee benefits expense	9	229.17	4.64	233.81
Excise duty		235.59	-	235.59
Depreciation and amortisation expense	5	114.64	20.23	134.87
Finance costs	5	107.23	5.77	113.00
Other expenses	2 & 3	492.79	16.36	509.15
		3,780.06	**47.01**	**3,827.07**
Profit /(Loss) before exceptional items, share of profit of investments accounted for using equity method and tax		297.13	(44.48)	252.65
Share of profit/(loss) of investments accounted for using equity method	6	-	0.67	0.67
Profit before tax and exceptional item		**297.13**	**(43.81)**	**253.32**
Prior period item		(0.77)	0.77	
Exceptional item		-	-	-
Profit /(Loss) before tax		**297.90**	**(44.58)**	**253.32**
Tax expense				
Current tax		59.27	7.42	66.69
Earlier years		(0.04)	0.04	-
Deferred tax	7	(60.65)	33.38	(27.27)
Deferred tax of earlier years		-	-	-
Total tax expense		**(1.41)**	**40.83**	**39.42**
Profit for the year		**299.31**	**(85.41)**	**213.90**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement of defined benefit plans	9	-	(2.57)	(2.57)
Income tax relating to items that will not be reclassified to profit or loss	7	-	0.87	0.87
Other comprehensive income		**-**	**(1.70)**	**(1.70)**
Total comprehensive income		**299.31**	**(87.11)**	**212.20**

Impact of adoption of IndAS on Statement of Cash Flow

There are no material adjustments of transition to the statement of cash flows for all the above years to conform to Ind AS presentation except for the effect of amalgamations due to restatement.

First time adoption of Ind AS

Note 1:
Accounting for financial guarantee contracts
The Company has issued corporate guarantee to banks on behalf of its associate, Vectus Kenya Pte. Ltd. Under previous GAAP, such corporate guarantee was disclosed as contingent liabilities. However, under Ind AS, financial guarantee contracts are financial liabilities measured at fair value on initial recognition. Subsequently, guarantee commission income is recognized in the Statement of Profit or Loss over the tenure of the loan for which guarantee is provided.

Note 2:
Adjustment for expected credit losses
Under the previous GAAP, the provision for doubtful receivables is recognized based on specific assessment of individual customer. Under Ind AS, the Company has recognised impairment loss on trade receivables based on the expected credit loss model as required by Ind AS 109.

Note 3:
Financial assets and liabilities accounted for at amortised cost
Under previous GAAP, all financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest/amortisation cost 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 fair value amount on the date of recognition of financial asset or financial liability.

Note 4:
Government grant accounted for as deferred income
Under previous GAAP, grant received from government for acquisition of capital assets in form of a contribution was added to capital reserve. However, under Ind AS, government grant is recognised initially as deferred income and subsequently, recognised in profit or loss as other operating revenue on over the life of the related capital asset.

Note 5:
Leasehold land accounted for as Finance Lease
Under previous GAAP, arrangement for lease of land was not covered as part of Accounting Standard 19 “Leases” and was treated as property, plant and equipment in the books of account. However, under Ind AS, lease of land is governed by Ind AS 17 “Leases” and needs to be classified as an operating or finance lease depending on fulfilment of certain conditions. The Company has evaluated such conditions for classification of leases and is of the view that certain leasehold lands of the Company are in the nature of a finance lease. Accordingly, the value of leasehold land has increased with a corresponding increase in finance lease obligations. Consequent to this change, the Company has increased depreciation expense and booked interest expense.

Note 6:
Investments in mutual funds
Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss.

Note 7:
Income tax effects of Ind AS adjustments
Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period.

Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various Ind AS adjustments have also lead to recognition of deferred taxes on new temporary differences.

Note 8:
Loss on disposal of subsidiary
Under previous GAAP, the company had accounted for loss on sale of subsidiary through reserves. Under IndAS, in case of sale of subsidiary resulting in loss of control, gain/loss is recognised in profit and loss. Accordingly, additional loss has been booked at the time of sale of its subsidiary i.e., Vectus Moulding Private Limited.

Note 9:
Remeasurement of defined benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note 10:
Borrowings under Previous GAAP classified as Instruments entirely in the nature of equity
Compulsorily convertible debentures issue by the Company have been classified as Instruments entirely in the nature of equity, as against part of borrowings under the previous GAAP

Under Ind AS an instrument is classified and accounted as debt or equity in accordance with its substance rather than it's legal form.

58 During the year ended 31 March 2017, the group has changed the method of valuation of inventories from First-in-First-out (FIFO) method to the weighed average method. The impact of change in the method on the profits of the group is not determinable. However, as per management, the impact, if any of such change would not be material to the consolidated financial statements.

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Vectus Industries Limited
Annexure VII: Statement on Adjustments to Audited Consolidated Financial Statements
(All amounts in millions of INR, unless stated otherwise)

Summarized below are the restatement adjustments made to the audited consolidated financial statements for the financial year ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 and their impact on the profit / (loss) of the Company:

	Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
	Net profit after tax as per Adjusted Previous GAAP computed after considering effect of amalgamation (as explained in note 57)		-	289.60	256.64	197.28	299.31
	Ind AS Adjustments						
	Aggregate impact of all Ind AS adjustments (refer notes 57 for detailed explanation), net of tax		-	(0.87)	(6.99)	(53.77)	(80.60)
	Net profit after tax as per Ind AS		**355.01**	**288.73**	**249.65**	**143.51**	**218.71**
(i)	**Material restatement adjustments**						
	Audit qualifications	**(i) (a)**	-	-	-	-	6.98
	Deferred tax impact on above restatement adjustments	**(i) (b)**					(2.16)
	Total		**-**	**-**	**-**	**-**	**4.81**
(ii)	**Other adjustments**						
	Total Impact of Adjustments		-	-	-	-	4.81
	Net Profit as restated		355.01	288.73	249.65	143.51	213.90

Notes to above adjustments:-

(i) (a) Adjustments to audit qualifications

Till the financial year ended 31 March 2014, the Company used to record retirement payment for defined benefit plan (gratuity) and other long term employee benefit plans (leave encashment) on cash basis which was not in accordance with Accounting Standard (AS) 15 "Employee benefits".

However, the necessary adjustments in the Restated Consolidated Financial Information has been made in regards to the same in the respective year.

(i) (b) The tax rate applicable for the respective years has been used to calculate the deferred tax impact on other material adjustments.

(ii) The impact of prior period adjustments have been considered for disclosure under note 57 and have accordingly not been disclosed again.

(iii) Material regroupings

Appropriate adjustments have been made in the Restated Consolidated Financial Information, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the requirements of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended) and as per the audited financials of the Company for the year ended 31 March 2018 prepared in accordance with the Schedule II of the Companies Act, 2013.

(iv) Reconciliation of retained earnings as at 1 April 2013

	As at 1 April 2013
A. Retained earnings as per Adjusted Previous GAAP computed after considering effect of amalgamation	525.02
Ind AS adjustments:	
Aggregate impact of all Ind AS adjustments, net of tax	(7.97)
B. Total Ind AS adjustments	(7.97)
Material restatement adjustments	
Audit qualifications	9.85
Deferred tax impact on above restatement adjustments	(3.05)
C. Total impact of adjustments	6.80
Opening balance as at 01 April 2013 as restated (A+B+C)	**523.85**

v) Modifications in the auditor's report and statements/comments included in the Annexure's to the Audit Report on the audited financial statements of the Company for the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 which do not required any corrective adjustments in the Restated consolidated Financial Information are as follows:

Audit reservations / qualifications, which do not require any corrective adjustment in the consolidated financial information:

(v) (a) In respect of classification between specified bank notes and other denomination notes

The Group has made requisite disclosures (an extract of which is given below) in notes to the audited financial statements regarding holdings as well as dealings in specified bank notes during the period from 08 November 2016 to 30 December 2016. However, owing to the nature of records of the Group and in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of disclosures made under the specified bank notes and other denomination notes of permitted receipts, permitted payments and amount deposited in banks.

Extract of the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 from the audited financial statements for the year ended 31 March 2017:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	**0.44**	**3.43**	**3.87**
(+) Permitted receipts	-	5.08	**5.08**
(-) Permitted payments	-	5.76	**5.76**
(-) Amount deposited in banks	0.44	-	**0.44**
Closing cash in hand as on 30 December 2016	**-**	**2.76**	**2.76**

*For the purpose of this note, the term Specified Bank Notes (SBN), shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

(All amounts in millions of INR, unless stated otherwise)

(v) (b) Other than the above, following observations have been made in the auditor's reports by way of Emphasis of Matter paragraphs in the audit reports on financial statements :

i) **Financial Year ended 31 March 2018**

We draw attention to Note 2(a) to the financial statements, which states that the Group has voluntarily adopted Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as prescribed under Section 133 of the Act for preparation of the consolidated financial statements for the year ended 31 March 2018 including preparation of comparative financial information, being financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016. Our opinion is not modified in respect of this matter.

Management note in reference to above

Basis of preparation and statement of compliance with Ind AS

The Group has voluntarily adopted Ind AS for the year commencing from 1 April 2017. These financial statements for the year ended 31 March 2018 are the first financial statements which the Group has prepared under Ind AS. For purpose of comparatives, financial statements for year ended 31 March 2017 and opening Balance Sheet as at 1 April 2016 are also prepared under Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, refer note 58 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

ii) **Financial Year ended 31 March 2015**

We draw attention to note 44 to the financial statement with respect to management's assessment of, other than temporary, diminution in value of investment in and recoverability of loan from an associate company aggregating to INR 20,635,815. Our opinion is not qualified in respect of this matter.

Management note in reference to above

The management performed a detailed impairment assessment for loans given to Vectus Kenya Limited as at 31 March 2015 to determine that they are recoverable. Such assessment is based on certain estimates and assumptions including successful implementation of business plans, external market conditions and improved liquidity, among other factors. Based on aforesaid plans and other conditions, the management has not recognised any impairment on loans given to Vectus Kenya Limited, an associate of INR 20,635,815.

Auditor's comments on matters to be reported under Companies (Auditor's Report) Order, as amended time to time;-

Financial Year ended 31 March 2015

Clause (iii)

The subsidiary companies have not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable to them. The Holding Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act; ¬and with respect to the same:

(a) there is no repayment schedule; hence, we are unable to comment as to whether receipt of the principal amount is regular; and

(b) in the absence of stipulated terms and conditions, we are unable to comment as to whether there is any overdue amount in excess of ₹ one lakh and whether reasonable

Clause (vii) (b)

There are no dues, in four subsidiary companies, in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in the Holding Company and two subsidiary companies in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of Due	Forum where dispute is pending	Period to which the amount relates	Amount Paid Under protest	Amount
Rajasthan Value Added Tax	Sales Tax demand (including interest and penalty)	Commissioner Sales Tax (Appeals)	9 March 2011 to 31 March 2011	9,118	2,86,299
Rajasthan Value Added Tax	Sales Tax demand (including interest and penalty)	Commissioner Sales Tax (Appeals)	1 April 2011 to 30 October 2011	1,97,355	60,19,315
UP Value Added Tax	Sales Tax demand	Hon'ble High court of Allahabad	Financial year 2009-10	4,26,230	2,66,126
UP Value Added Tax	Sales Tax demand	Hon'ble High court of Allahabad	Financial year 2010-11	15,07,345	15,07,345
UP Value Added Tax	Sales Tax demand	Hon'ble High court of Allahabad	Financial year 2011-12	32,44,451	30,06,314
UP Value Added Tax	Sales Tax demand	Hon'ble High court of Allahabad	From April 2012 to August 2012	11,47,668	10,78,304
Income Tax Act, 1961	Income Tax demand	Assessing officer	Assessment year 2008-09	Nil	3,00,520
Income Tax Act, 1961	Income Tax demand	Assessing officer	Assessment year 2011-12	Nil	1,37,880
Central Excise Act, 1944	Central Excise	Commissioner of excise	FY 2005-06	Nil	32,64,000
Central Excise Act, 1944	Central Excise	Commissioner of excise	FY 2006-07	Nil	32,64,000
Central Excise Act, 1944	Central Excise	Commissioner of excise	FY 2007-08	Nil	43,26,000
Central Excise Act, 1944	Central Excise	Commissioner of excise	FY 2008-09	Nil	43,26,000
Value added tax	Sales tax (including interest and penalty)	Commissioner Sales Tax (Appeals)	From 9 March 2011 to 31 March 2011	Nil	1,75,218
Value added tax	Sales tax (including interest and penalty)	Commissioner Sales Tax (Appeals)	From 1 April 2011 to 19 August 2011	Nil	21,76,824
Value added tax	Sales tax (including interest)	Commissioner Sales Tax (Appeals)	From 20 August 2011 to 25 March 2012	Nil	9,61,251

Vectus Industries Limited
Annexure VIII: Restated Consolidated Statement of Accounting Ratios
(All amounts in millions of INR, unless stated otherwise)

	Particulars	31 March 2018	31 March 2017	31 March 2016 Proforma Ind AS	31 March 2015 Proforma Ind AS	31 March 2014 Proforma Ind AS
A	Net worth	2,903.95	2,559.80	2,277.29	2,033.78	783.07
B	Profit attributable to the owners of the Company	344.64	280.01	240.74	138.32	207.36
	Weighted average number of equity shares outstanding during the year					
C	For basic earnings per share	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
D	For diluted earnings per share	1,31,46,829	1,31,46,829	1,31,46,829	1,02,92,562	79,14,110
F	Number of shares outstanding at the end of the year	1,31,46,829	1,31,46,829	1,03,01,000	1,03,01,000	1,02,50,000
G	Restated basic earnings per share (INR) (B/C)	26.21	21.30	18.31	13.44	26.20
H	Restated diluted earnings per share (INR) (B/D)	26.21	21.30	18.31	13.44	26.20
I	Return on net worth (%) **(B/A)**	11.87%	10.94%	10.57%	6.80%	26.48%
J	Net assets value per share of INR 10 each **(A/F)**	220.89	194.71	221.07	197.44	76.40
K	Face value (INR)	10.00	10.00	10.00	10.00	10.00

Notes:

1. The ratio has been computed as below:

$$\text{Basic earnings per share (INR)} = \frac{\text{Net profit after tax attributable to owners of the Company, as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted earnings per share (INR)} = \frac{\text{Net profit after tax attributable to owners of the Company, as restated}}{\text{Weighted average number of potential equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax attributable to the owners of the Company, as restated}}{\text{Net worth as restated as at year end}}$$

$$\text{Net asset value per share (INR)} = \frac{\text{Net worth, as restated}}{\text{Number of equity shares outstanding as at year end}}$$

2. Earning per shares (EPS) calculation is in accordance with the notified Indian Accounting Standard 33 'Earnings per share' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

3. The amounts disclosed above are based on the Restated consolidated Financial Information of the Company.

4. Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account and excluding non-controlling interests as per Restated Consolidated Statement of Assets and Liabilities of the Company.

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Vectus Industries Limited
Annexure IX: Restated Consolidated Statement of Capitalisation
(All amounts in millions of INR, unless stated otherwise)

Particulars	Pre - Issue (as at 31 March 2018)	Post - Issue*
Borrowings:		
Short-term borrowings	477.94	-
Long-term borrowings **(A)**	4.77	-
Total debt (B)	**482.71**	-
Shareholders' fund (Net worth)		
Share capital	131.47	-
Reserves and surplus	2,772.48	-
Total shareholders' fund (Net worth) (C)	**2,903.95**	-
Long-term borrowings/shareholders' fund (Net worth) ratio (A/C)	0.00	-
Total borrowings/shareholders' fund (Net worth) ratio (B/C)	0.17	-

Notes:
1. Short-term borrowings and current maturities of long term borrowings are debts which are due for repayment within 12 months from 31 March 2018.

2. Long-term borrowings is considered as borrowings other than short-term borrowings and includes current maturities of long term borrowings.

3. The amounts disclosed above are based on the Restated Consolidated Financial Information of the Company.
* These amounts (as adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

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Vectus Industries Limited
Annexure X: Restated Consolidation Statement of Dividend
(All amounts in millions of INR, unless stated otherwise)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016 Proforma Ind AS	For the year ended 31 March 2015 Proforma Ind AS	For the year ended 31 March 2014 Proforma Ind AS
Equity shares					
Number of shares					
Face value (INR)	10	10	10	10	10
Amount	-	-	-	-	-
Final dividend					
Rate of dividend (%)	-	-	-	-	-
Dividend per share (INR)	-	-	-	-	-
Amount of dividend (INR)	-	-	-	-	-
Corporate dividend tax (INR)	-	-	-	-	-
Interim dividend					
Rate of dividend (%)	-	-	-	-	-
Dividend per share (INR)	-	-	-	-	-
Amount of dividend (INR in millions)	-	-	-	-	-
Corporate dividend tax (INR in millions)	-	-	-	-	-

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FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail loans in the ordinary course of business for meeting the working capital and business requirements. Our Company and our Promoters also provide guarantees in relation to the loans availed by our Subsidiaries as and when required. Our Company has obtained the necessary consents required under the relevant loan documentation for undertaking activities, such as change in our board of directors, change in our capital structure, change in our shareholding pattern and change in our constitution.

Our Company has, pursuant to the Shareholders' resolution dated June 5, 2018, authorised our Board to borrow sums of money for the purpose of our company with or without security, which together with the monies borrowed by our Company (apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 1,000 million at any point of time.

The details of aggregate indebtedness of our Company and our Subsidiaries as on May 31, 2018 is provided below:

Category of borrowing	Sanctioned amount (in ₹ million)	Outstanding amount (in ₹ million)*
Working capital facilities**		
Secured		
Fund based	362.50	310.49
Non-fund based	20.00	9.22
Total (A)	**382.50**	**319.71**
Unsecured		
Fund based	230.00***	181.28
Non-fund based		11.69
Total (B)	**230.00**	**192.97**
Total Working capital borrowings (A + B)	**612.50**	**512.68**
Term loan		
Equipment Finance	19.80	2.37
Total (C)	**19.80**	**2.37**
Total borrowings (A + B + C)	**632.30**	**515.05**

* *As certified by Jitendra Chander & Associates, Chartered Accountants by way of their certificate dated June 16, 2018.*

** *The working capital facilities include sub-limits for other facilities, including letter of credit, cash credit, import credit, buyer's credit, overdraft facility and bank guarantee.*

*** *Of the total sanctioned amount, ₹ 50.00 million and ₹ 100.00 million availed from Yes Bank Limited and the Hongkong and Shanghai Corporation Limited, respectively, can be utilised by our Company as both fund based and non-fund based facility.*

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 borrowing arrangements entered into by us.

1. ***Interest:*** In terms of the borrowings availed by us, the interest rate is typically linked to the MCLR of the lender and ranges from 8.15% to 13.80% per annum.

2. ***Prepayment Penalty:*** Some of the facilities availed by us carry a pre-payment penalty of up to 3.00% on the pre-paid amount or such other penalty as may be levied at the discretion of the lenders.

3. ***Penal Interest***: The terms of facilities availed by us prescribe penalties for delayed payment or default in the repayment obligations, delay in creation of the stipulated security or certain other specified obligations, which typically ranges from 1.00% to 6.00% of the outstanding amount.

4. ***Validity/Tenor:*** The tenor of the term loan availed by us is for 60 months and tenor of working capital facilities ranges from 90 days to one year, with an option of renewal every year.

5. ***Security:*** In terms of our borrowings where security needs to be created, such securities typically include:

    (a) A *pari passu* charge by way of hypothecation on movable fixed assets and all other current assets, both present and future;

    (b) Charge by way of mortgage on both present and future movable fixed assets and immovable assets, owned or leased;

(c) Personal guarantees from Atul Ladha, Sunita Ladha, Ashish Baheti, Sarika Baheti, and Aruna Ladha (the "**Guarantors**"). Our Promoters have provided guarantees to State Bank of India, ICICI Bank Limited, The Hongkong and Shanghai Banking Corporation Limited and Tata Capital Financial Services Limited aggregating to ₹ 582.30 million with respect to the borrowings availed by us. These guarantees are valid for the duration of such borrowings. In case of default, the Guarantors shall be liable to pay all monies advanced by the respective lenders, interest, cost and any other money due thereon. There was no consideration received by them in providing such guarantees and no security has been provided by them against such guarantees.

6. ***Repayment:*** The term loan availed by our Company is typically repayable in monthly instalments and the working capital facilities are typically repayable on demand.

7. ***Key Covenants:*** Several of our financing arrangements entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take the prior approval of the respective lender before carrying out such actions, including for:

(a) any change in the capital structure;

(b) undertaking any scheme of expansion, modernisation, diversification, renovation or acquiring any fixed asset;

(c) any drastic change in the management setup or permitting any transfer of controlling interest;

(d) any change in the remuneration payable to directors in the form of sitting fees or otherwise;

(e) paying commission to our Promoters, Directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any liability in connection with any financial obligation obtained by our Company;

(f) any change in the accounting methods or policies followed;

(g) any alteration in the constitutional documents;

(h) cross defaults;

(i) any further issue of securities whether on a preferential basis or in any other manner;

(j) any management contract or similar arrangement whereby the business or operations of our Company are managed by any other person;

(k) any change of any terms with the private equity investor including exit leading to a change in the management control, dilution in customer's net worth etc.

(l) any withdrawal of the capital invested in the business by the proprietor /directors of our Company during the currency of the loan facility; and

(m) entering into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or person.

Please note that the abovementioned list is indicative and there may be additional restrictive covenants and conditions where we may be required to take prior approval of respective lender under the various borrowing arrangements entered into by us.

8. ***Events of Default:*** In terms of borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

(a) change in ownership, management, and/or control without prior written consent of the lender;

(b) all or substantially all of the undertaking, assets or properties or the interest therein being seized, nationalized, expropriated or compulsorily acquired by the authority of the Government

(c) failure to create, perfect or maintain security in the opinion of the lender as provided for the secured borrowings;

(d) upon any distress, attachment, execution or other process or enforcement of any of the securities;

(e) non-payment or defaults of any amounts including the principal, interest or other charges;

(f) breach of any representation, warranty, declaration, covenant or undertaking furnished by us under the loan documentation; and

(g) upon happening of any circumstances or event which would or is likely to prejudicially or adversely affect in any manner the capacity to repay the loan.

Please note that the abovementioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

9. ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangements for the facilities availed by us, upon the occurrence of events of default, our lenders may:

(a) suspend or cancel any of their obligation for any advance under the loan documentation;

(b) have the right to recover the entire dues of the loan under the respective facilities;

(c) substitute/restructure the management set up of our Company, or require our Company to reconstitute the Board with sufficiently qualified or experienced persons;

(d) take possession of the assets provided as security;

(e) transfer any of the secured asset in favour of the respective lender or such other person by way of lease, leave and licence, sale or otherwise;

(f) appoint nominee director on the board of our Company;

(g) declare all amount outstanding to become payable immediately under the respective facilities;

(h) convert the entire facility/unpaid interest and/or other monies payable into fully paid-up equity shares.

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 "Financial Statements" on page 174 of this Draft Red Herring Prospectus, prepared in accordance with the Companies Act, Ind AS and the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "Financial Statements" on page 174. Unless otherwise stated, financial information used in this section is derived from the Restated Financial Statements.

Ind AS differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to U.S. GAAP or IFRS. Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will be meaningful, is entirely dependent on the reader's level of familiarity with Indian accounting practices presently applicable to the Company.

This discussion contains certain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections "Forward Looking Statements" and "Risk Factors" on pages 15 and 16, respectively.

In this section, unless the context otherwise requires, references to "we", "us" or "our" or is a reference to our Company on a consolidated basis.

The term 'Adjusted Revenue' refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty.

Overview

Our Company is a B2C focussed water storage and piping solutions provider in India, catering to residential, commercial, industrial, infrastructure and agricultural sectors. We operate across three distinct product verticals namely: (i) water tanks, (ii) pipes and fittings, and (iii) household plastics and others. We are among the top two players in the plastic water tanks vertical in terms of revenue with a pan-India presence and strong brand recall (*Source: CRISIL Report*). We have one of the most diversified product portfolios in the pipes segment (*Source: CRISIL Report*). We are also considered a quality focused and value for money brand in the water tanks and pipes and fittings segment (*Source: CRISIL Report*). We manufacture a diverse range of products using a variety of polymers, including linear low density polyethylene ("**LLDPE**"), high density polyethylene ("**HDPE**"), chlorinated polyvinyl chloride ("**CPVC**"), polypropylene random copolymer ("**PPR**") and polyvinyl chloride ("**PVC**"). We were also the first to introduce blow moulded tanks in India and are currently the largest manufacturer of blow-moulded tanks in India (*Source: CRISIL Report*).

Our Promoters, Ashish Baheti and Atul Ladha have significant experience in the water storage and piping solutions industry and had set up their own separate water tank businesses in 1990 and 1993, respectively. Our Promoters formed a partnership firm which was converted into our Company in August 2007 subsequent to which their separate businesses were consolidated under our Company. In June 2014, Latinia Limited invested ₹ 1,000 million in our Company, which further augmented our capital and growth.

Presently, our Company operates through three primary product verticals, primarily under our flagship brand '*Vectus*'. Our Company also manufactures water tanks under our legacy brand names '*Waterwell*' and '*Ganga*', which were transferred to us pursuant to amalgamations with Sintir Plast Containers Private Limited and Baheti Rotoplast Private Limited.

Water tanks

We are one of the fastest growing water tanks player in the industry (*Source: CRISIL Report*). Our water tanks segment has outpaced industry growth over the past five years (*Source: CRISIL Report*). Our water tanks product vertical comprised over 1,000 SKUs as at March 31, 2018 and our product range includes overhead (including loft tanks) and underground tanks (including septic tanks), in a variety of colours and layers with varied capacities ranging from 60 litres to 2,000 litres for blow moulded tanks and from 100 litres to 10,000 litres for rotational moulded tanks. We manufacture water tanks using LLDPE and HDPE through the rotational moulding and blow moulding process, respectively.

The key differences between the rotational moulding and blow moulding process are set forth below.

Rotational moulding process	Blow moulding process
Traditional technology	Relatively new technology
3-stage process	1-stage process

Requires LLDPE as raw material	Requires HDPE as raw material
Can produce up to 50,000 litre tanks	Suitable for smaller tanks (up to 2,000 litre)
Complex designs can be manufactured	Comparatively simple design can be manufactured
Used for overhead as well as underground tanks	Largely used for overhead tanks
Consumes more raw material per litre of tank and thus, relatively heavier tank for a given size	Consumes less raw material per litre of tank and, thus, relatively lighter tank for a given size
Slower production rate	Faster production rate
Relatively costlier tanks owing to higher raw material consumption	Relatively cheaper tanks owing to lesser raw material consumption

(*Source: CRISIL Report*)

Through our water tanks vertical, we cater to residential, commercial, industrial, infrastructure and agricultural sectors. In fiscals 2018, 2017, 2016, 2015 and 2014, our water tanks business contributed 39.89%, 40.60%, 42.66%, 42.99% and 44.33% of our Adjusted Revenue, respectively.

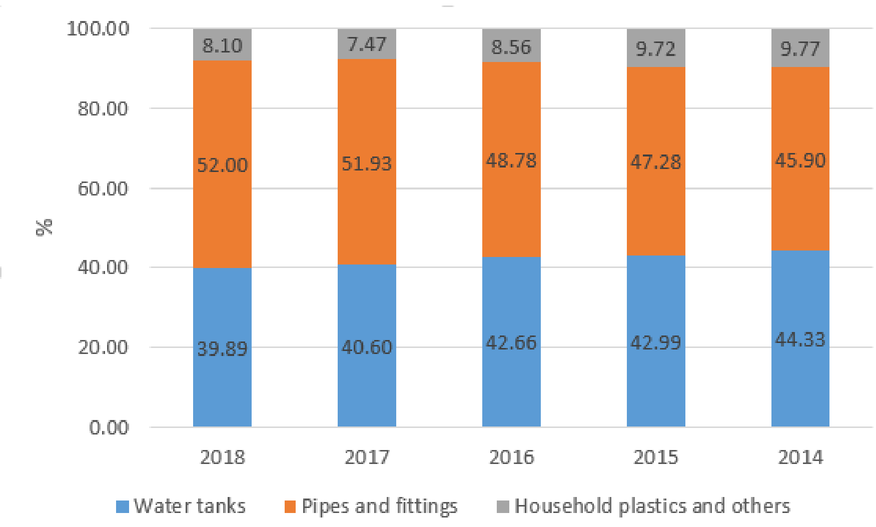
Pipes and fittings

Our pipes and fittings segment grew at one of the fastest pace in the industry (*Source: CRISIL Report*). This segment grew at a CAGR of 23.4% from FY 2012-17 compared to industry CAGR of 10-12% (*Source: CRISIL Report*). Our pipes and fittings vertical comprises over 2,500 SKUs as at March 31, 2018 and includes CPVC pipes and fittings, PVC (ASTM, SWR and Agri-drainage, Column and casing) pipes, composite pipes and fittings (PE-Aluminium-PE), PPR pipes and fittings, HDPE pipes and PE manholes. We have entered into an exclusive arrangement for license and technical assistance with Floteks Plastik Sanayi Ve Ticaret Anonim Sirketi ("**Floteks**"), a Turkish entity, with respect to technical know-how for manufacture and sale of PE manholes in India, in accordance with EN 13598 standards. In fiscals 2018, 2017, 2016, 2015 and 2014, our pipes and fittings contributed 52.00%, 51.93%, 48.78%, 47.28% and 45.90% of our Adjusted Revenue, respectively.

Household plastics and others

We also manufacture household plastics and other products, which comprised over 300 SKUs as at March 31, 2018 and includes buckets, dustbins, stools, planters, tubs, mugs and milk cans, using injection moulding and blow moulded technology. In fiscals 2018, 2017, 2016, 2015 and 2014, our household plastics and others contributed 8.10%, 7.47%, 8.56%, 9.72% and 9.77% of our Adjusted Revenue, respectively.

Revenue Mix



We are also a digitally driven company and were the first company to introduce SAP S/4 HANA 1511 Digital Core Enterprise Management Solution ("**SAP HANA**") in the plastic industry in India, which has enabled us to have a digital platform to support our business functions. We have received the SAP HANA Innovation Award for securing 2nd place in the social hero category by SAP in 2017. We have also launched a mobile application on the Android platform to provide information about our entire product range to plumbers, dealers and distributors and end-users and to also provide a medium of communication with regard to dealer queries and complaints.

Our products from all three product verticals are distributed through dealers and distributors, who resell our products to sub-dealers, retailers, contractors and end-users. As at March 31, 2018, we had a network of over 4,300 dealers and distributors across 24 States/Union Territories across India, of which 84.40% were from semi-urban and rural areas and contributed to

73.84% of our Adjusted Revenue in Fiscal 2018. We distribute our products through all our manufacturing facilities and our eight depots.

We manufacture our products at 13 strategically located manufacturing facilities in the States of Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh. The total installed capacity for our products in fiscal 2018, is set forth below.

Name of the product(s)	Installed capacity in Fiscal 2018
Water tanks (‘000 litres)	12,81,567
Pipes and fittings (MT)	39,081
Household plastics (MT)	5,930

Further, certain of our products are certified by the Bureau of Indian Standards and all our manufacturing facilities are ISO 9001:2015 certified. Our Company was recognised as being amongst ‘The World’s Greatest Brands 2015 Asia and GCC’ by URS International (Asia One) in 2015.

Certain of our key financial metrics are set forth below.

(in ₹ million, except otherwise stated)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	CAGR
Revenue from operations	6,287.87	6,156.77	5,676.20	4,959.29	4,047.19	11.64%
Adjusted Revenue*	6,357.20	5,815.05	5,539.30	4,780.27	3,954.25	12.60%
Gross Margin** on Adjusted Revenue	2,401.20	2,215.32	2,133.80	1,678.81	1,353.60	15.41%
Gross Margin on Adjusted Revenue %	37.77%	38.10%	38.52%	35.12%	34.23%	
EBIDTA	649.33	573.35	610.77	589.61	467.99	8.53%
EBIDTA Margin on Adjusted Revenue %	10.21%	9.86%	11.03%	12.33%	11.84%	
PAT	355.01	288.73	249.65	143.51	213.90	13.50%
PAT Margin on Adjusted Revenue %	5.58%	4.97%	4.51%	3.00%	5.41%	

** Adjusted Revenue refers to sale of our products before discounts, rebates and various promotional schemes, net of excise duty. For details see “Management’s Discussion and Analysis Of Financial Condition and Results Of Operations – Details of Adjusted Revenue” on page 339*

*** Gross Margin on Adjusted Revenue has been defined as Adjusted Revenue minus cost of materials consumed minus purchase of traded goods minus change in inventory of finished goods, work in progress, traded goods and stores and spares*

As at March 31, 2018, our Company did not have any long term debt and our growth has been funded primarily through internal accruals and equity investments made by our Promoters and Latinia Limited. Our Company has also received credit rating of Ind A/Stable from India Ratings.

Factors Affecting Our Results of Operations

Market conditions affecting our product verticals and industry size

Water tanks

Real estate investments, rising urbanisation, increasing fresh water withdrawal and consumption for various domestic and industrial applications have created substantial demand for economical water storage methods, which is expected to drive demand for plastic water storage tanks. The Indian plastic water tank industry has grown at a five-year CAGR of 10-12% to approximately ₹45 billion in Fiscal 2017 from approximately ₹ 26 billion in Fiscal 2012. This was in the backdrop of slower growth during Fiscal 2017 owing to disruptions caused by demonetisation. The growth rate of plastic water tanks moderated to 8-10% in Fiscal 2018 due to implementation of GST. Over the next five years, the plastic water tank industry is expected to continue to grow at a pace of 13-15% CAGR from Fiscal 2017 to Fiscal 2022 owing to increasing demand propelled by increase in the pace of real estate construction activity. The key growth drivers in this segment are (i) rise in affordable housing construction, (ii) growing necessity of water storage owing to irregularity in supply, and (iii) introduction of GST. (*Source: CRISIL Report*)

Pipes and fittings

In the past decade, new and emerging needs led to a rise in demand for specialised plastic products. The Indian plastic pipes and fittings industry, estimated at around ₹250 billion in value terms as of Fiscal 2017, grew at a 10-12% CAGR between Fiscal 2012 and Fiscal 2017. This is despite the slower growth of the industry during Fiscal 2017 owing to disruptions caused due to demonetisation. Growth was driven by rising demand from the construction and irrigation sectors. Within the construction space, the triggers were substitution of metal pipes with polymer pipes, replacement demand and increasing investments in real estate, water supply and sanitation projects. Also, with an increasing number of high rise constructions given the pressure on available land, need for value-added products such as silent PVC and specialised sewerage systems is on the rise. However, with disruption caused by GST implementation, the industry is estimated to have grown at a moderate pace of approximately 8% during Fiscal 2018 to ₹ 270 billion. The plastic pipes and fittings industry is expected to grow at a CAGR of 12-14% during Fiscal 2017 to Fiscal 2022, reaching approximately ₹ 460 billion. Key growth drivers in this segment are: (i) demand being supported by an increase in private investments, primarily in the real estate sector (ii) increased spending by state governments and municipal corporations to improve accessibility of water for an ever-increasing population; (iii) heightened thrust in the form of several central government-led schemes, to augment real estate, urban infrastructure and irrigation. Household plumbing segment is also expected to drive the plastic pipes demand. (*Source: CRISIL Report*)

Household plastics and others

The total market size of plastic bucket and related products, dustbins and milk cans is estimated at ₹ 43 billion as of Fiscal 2017. Over Fiscal 2017 to Fiscal 2022, the bucket and related products segment is expected to grow at a CAGR of 8-9% and the plastic dustbin segment by 10-11%. Similarly, the plastic milk cans segment is expected to post a CAGR of 10-11% over the same period. Economic growth and rising penetration of plastic products in end-user segments are the key growth drivers for the household plastic industry in India. (*Source: CRISIL Report*)

Our ability to take advantage of this market opportunity will determine our future growth and success and our continued results of operations and financial condition.

Our distribution network

Our revenue from operations arises primarily from sales of our (i) water tanks, (ii) pipes and fittings, and (iii) households plastics and others, to our dealers and distributors who resell our products to sub-dealers, retailers, contractors and end-users. As at March 31, 2018, we had a network of over 4,300 dealers and distributors across 24 States/Union Territories across India, and are not dependent on any single distributor. Our largest distributor contributed 2.59% of our Adjusted Revenue in Fiscal 2018 and our top 15 distributors contributed 12.09% of our Adjusted Revenue during this period. As at March 31, 2018, we had approximately 2,090, 600, 190, 170 and 1,250 distributors in North, South, East, West and Central India, respectively.

Our business is dependent on our ability to attract and retain third-party dealers and distributors and such parties' ability to promote, sell and market our products effectively. We believe that our continued relationships with our dealers and distributors plays a significant role in determining our continued growth and results of operations. We also have a sales and marketing team of 234 employees as at March 31, 2018, who aid the distribution process and are primarily engaged in dealer and distributor relationship management, appointment of dealers and distributors, procuring orders and collections.

We do not have long-term agreements with our dealers and distributors and rely on purchase orders for the sale of our products. Further, due to the lack of long term agreements, and in the absence of any exclusivity arrangements with us, our dealers and distributors are not contractually bound to provide us a specific volume of business and can terminate our relationship with or without cause, with little or no advance notice and without compensation. A significant decline in the number of dealers and distributors that we sell to, either pan-India or in a specific region, could adversely impact our results of operations.

Geographic spread and capacity expansion of our manufacturing facilities

Presently, we manufacture our products at 13 manufacturing facilities in the States of Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh. The total installed capacity for our products in fiscal 2018, is set forth below.

Name of the product(s)	Installed capacity in Fiscal 2018
Water tanks ('000 litres)	12,81,567
Pipes and fittings (MT)	39,081
Household plastics and others (MT)	5,930

Due to the voluminous nature of water tanks, transportation cost is high with respect to this product vertical. Accordingly, our geographically spread manufacturing presence allows us to distribute our products across such geographies. In addition, our freight outward cost has increased over fiscal 2018, fiscal 2017 and fiscal 2016 to ₹ 190.15 million, ₹ 170.50 million and ₹ 155.32 million, respectively, which is 2.99%, 2.93% and 2.80% respectively of our Adjusted Revenue, due to an increased supply of our manufactured products to our dealers/distributors, in line with the growth of our operations. Our ability to expand our capacity in line with demand at our existing locations, as well as our ability to set up new facilities at geographically suitable locations, will impact our financial performance and results of operations going forward.

Working capital management

Our working capital management efficiency plays a key role in determining our capital efficiency and profitability across all verticals of our business. As of March 31, 2018, March 31, 2017 and March 31, 2016, we had trade payables of ₹ 339.59 million, ₹ 239.15 million and ₹ 309.49 million, inventories of ₹ 945.32 million, ₹ 880.89 million and ₹ 924.81 million, and trade receivables of ₹ 897.82 million, ₹ 698.83 million and ₹ 624.36 million, respectively.

Our success in managing our working capital will depend on our ability to manage inventory across our manufacturing facilities and depots and monitor inventory of raw materials, as well as managing our debtors days and creditor days. Successfully managing our inventory will help us effectively prevent inventory pile-up, while reducing our debtor days will improve our cash flow cycle and enable us to redeploy working capital in an efficient manner. As of March 31, 2018, March 31, 2017 and March 31, 2016, we had debtor days of 52, 44 and 41, creditor days of 19, 15 and 20 and inventory days of 54, 55 and 61, respectively, calculated on the basis of our Adjusted Revenue. The increase in debtors days during Fiscal 2018 was primarily due to prevailing market conditions.

Raw material procurement

Our financial condition and results of operations are significantly impacted by the availability and cost of our key raw materials, particularly LLDPE, HDPE, CPVC, PPR and PVC, as this constitutes our largest expense. Our cost of goods sold (which comprises cost of materials consumed, purchase of traded goods and changes in inventories of finished goods, work-in-progress, traded goods and stores and spares) constituted 62.28%, 61.90% and 61.48% of our Adjusted Revenue in Fiscals 2018, 2017 and 2016, respectively. We typically enter into yearly MoUs with our key raw material suppliers, and do not have any long term contracts for purchase of primary raw materials. Under the terms of these MoUs, while the minimum contracted quantities of raw materials to be purchased from each key raw material supplier are fixed, the cost of procurement is determined by the prevailing market price at the time of placement of each purchase order, quantity and availability of raw material, which makes us vulnerable to price fluctuation risks. Being an organised player, we normally are able to pass on the variation in prices to our customers.

Expansion of product portfolio

Our markets present a diverse consumer base across the residential, commercial, industrial, infrastructure and agricultural sectors. We intend to capitalize on our market position in the water tanks, pipes and fittings and household plastics and others verticals to increase our market share.

To meet consumer needs, we offer and plan to continue to offer a variety of products at various price points with high quality, design and a combination of innovative features. We also intend to expand our portfolio by introducing higher end products to increase our margins, by making innovations in our existing product range. In this regard, we plan to launch double wall corrugated ("**DWC**") pipes, large diameter HDPE pipes, foam core underground drainage systems and low noise sewer system. We have over 3,800 SKUs as at March 31, 2018 of which we have added over 1,200 SKUs in the last two fiscal years, with improvements in technology and durability, as well as catering to design and colour preferences of end users.

Our ability to cater to and continue to launch innovative products will determine our future growth and success and our continued results of operations and financial condition.

Competition

We face competition in all our product verticals from players in the organised and unorganised sector.

The plastic water tank market is highly fragmented with unorganised players having a 70% market share and organised players account for only 30%. As a result, unorganised players are able to only partially pass on the increase in raw material prices to end-users due to intense competition. Owing to high competition, quality and price are the key differentiators in the plastic water tank industry. (*Source: CRISIL Report*)

Currently, the organised segment accounts for 60-65% share of the country's plastic pipes industry. Intense competition, owing to the presence of a large number of unorganised players, has put pressure on organised players' revenues and margins and players are only partially able to pass on the increase in raw material prices to end-users due to intensive competition. (*Source: CRISIL Report*)

Accordingly, our ability to compete effectively through competitive pricing by providing rebates and discounts, and ability to compete for and retain dealers and distributors, will be instrumental in our ability to maintain and grow our market share and our results of operations and financial condition.

Regulatory changes – impact of GST

It is expected that GST, which resulted in an emphasis on value addition, amalgamation of a large number of central and state taxes into a single tax, and the set-off allowance of prior-stage taxes, will mitigate the ill effects of cascading taxes. It is also expected to allow the free flow of tax credit in intra and inter-state transactions, leading to a more efficient and leaner tax structure.

While the new regime will have a structural impact on the supply chain of goods and services, in the medium term (2017-18 to 2019-20), the extent of efficiency is estimated to be higher in the supply chain of goods. Seamless transport of goods is also estimated to benefit companies/industries which have a pan-India logistic network, wherein supply clusters are concentrated around specific geographies and demand regions are spread across different states. It is expected that many companies will migrate from the current strategy of 'multiple warehousing' to the 'hub and spoke' model as tax treatment across India will be the same. From now on, most business decisions will be focused on supply chain efficiency and not on state-wise tax arbitrage. This, in turn, will bring down the overall warehousing and logistics cost owing to rationalization of warehouses. (*Source: CRISIL Report*)

The GST rate for plastic water tanks is 18%. Pre GST, effective tax rate including excise and VAT was approximately 28%. Therefore, with implementation of GST, there has been substantial reduction in tax rates which shall help organised players in capturing market and compete more effectively with the unorganised counterparts. Additionally, smoother inter-state goods movement and greater tax compliance will benefit the organised players. In addition, due to smooth movement of interstate goods, organised players will now be able to cater to the regions that were earlier serviced by local, small and unorganised players. Post GST, there is no change in the effective tax in the plastic pipes industry. However, it is expected that smoother inter-state goods movement and greater tax compliance to benefit the branded players. (*Source: CRISIL Report*)

We expect that going forward, implementation of GST will enable us to grow our market share and compete more effectively with the unorganised players in our products verticals.

Significant Accounting Policies

Our critical accounting estimates are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require our management's most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dedicated by applicable accounting policies with no need for the application of our judgment. In certain circumstances, however, the preparation of financial statements in conformity with applicable accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, critical accounting estimates are reflective of significant judgments and uncertainties and are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our critical accounting estimates are those described below.

Revenue recognition

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from sale of goods is recognised when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.

- Sale value is net of discount but includes excise duty and are shown net of sales tax, value added tax and goods and service tax (with effect from July 1, 2017).

Other Income

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate ("**EIR**") i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Government Grant

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Income taxes

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income ("**OCI**") or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that we 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 we will pay normal income tax during the specified period.

Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with original maturities 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.

Foreign currency transactions

The financial statements are presented in Indian Rupee ('INR' or 'INR') which is also the functional currency of the Company, rounded off to million with two decimal places.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/expenses, as the case maybe.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets

Initial recognition and measurement

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

i. at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

ii. in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. Financial assets at amortised cost

ii. Financial assets at fair value

Financial assets are measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the (EIR) method.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The effect of EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("**ECL**") model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and definition of asset is met. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Depreciation and amortisation, estimated useful life and residual value

Depreciation on fixed assets upto the year ended 31 March 2016 was provided on written down value method at rates specified under Schedule XIV of the Companies Act, 1956.

Depreciation on fixed assets for year ended 31 March 2017 & onwards is provided using the straight line method as per the estimated useful life which corresponds to the rates prescribed under Schedule II of the Companies Act, 2013:

Description of Asset Class	Useful life as per Schedule II (in years)
Buildings	30 years for factory building 60 years for office building
Plant and machinery	15 years
Office equipment's	5 years
Computers	3 years

Description of Asset Class	Useful life as per Schedule II (in years)
Servers	6 years
Furniture and fixtures	10 years
Vehicles	8 years for motor cars and 10 years for scooters

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets

Recognition and initial measurement

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

Subsequent measurement (depreciation and useful lives)

The Company amortises intangible assets with a finite useful life using the straight-line method over three to five years.

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For this purpose, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

Lease

Finance leases as a lessee

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating leases as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease, unless the increase in rent is to compensate the lessor for the effects of inflation.

Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19-Employee Benefits.

Defined benefit plans

<u>*Gratuity*</u>

The Company operates one defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gain and loss for the defined benefit plan is recognized in full in the period in which they occur in other comprehensive income.

<u>*Compensated absences*</u>

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

<u>*Other long-term benefits*</u>

Accumulated leave expected to be carried forward beyond twelve months, is treated as long-term employee benefit. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit.

Liability under continuity linked key resource and deferred salary schemes is provided for on actuarial valuation basis, which is done as per the projected unit credit method at the end of each financial period.

Defined contribution plans

<u>*Provident Fund*</u>

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Provident fund and Employee State Insurance Scheme

Employee benefits in the form of provident fund and employee state insurance scheme are defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the funds.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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 are adjusted for the effects of all dilutive potential equity shares.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the chief operating decision maker. The Company operates in a single operating segment and geographical segment.

Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Stores and spares cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- In case of work in progress-at raw material cost plus conversion costs depending upon the stage of completion.

- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.

Investments in subsidiaries and associates

Investments are stated at cost. Provision for impairment in the value of such investments in accordance with accounting policy on impairment of non-financial assets.

Recent accounting pronouncement

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Appendix B to Ind AS 21 “Foreign currency transactions and advance consideration” and Ind AS 115- “Revenue from Contract with Customers”. The amendments are applicable to the Company from 1 April 2017.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("**MCA**") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the restated standalone financial information and the impact is not material.

Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

We are not expected to have any impact of this pronouncement on our financial statements.

Significant accounting judgements, estimates and assumptions

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Significant judgements:

Evaluation of indicators for impairment of non-financial assets and investments in subsidiaries

The evaluation of applicability of indicators of impairment of non-financial assets and subsidiaries requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets and investments in subsidiaries.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

Contingent liabilities

The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on our estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of our debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Sources of estimation uncertainty

(i) Provisions

At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

(ii) Recoverability of advances/receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(iii) Provision for impairment of investments in subsidiaries and associates

At each balance sheet date, we assess the requirement of provisions for impairment of investments in subsidiaries and associates based on its expectation of successful implementation of proposed projects by those subsidiaries.

Business combination under common control

Business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and where that control is not transitory, is referred to as business combinations of entities under common control. Our accounting policy is to account for the assets and liabilities of acquired entities at their book values in its restated Consolidated Financial Information. The excess of the fair value of the consideration paid (in cash and in kind) over the acquirer's proportionate share of the net asset value acquired is adjusted in other equity. The restated Consolidated Financial Information and financial information presented for comparative year are restated since the common control existed.

Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

Principal Components of Income and Expenditure

Revenue

Revenue from operations

Revenue from operations include revenue from sale of products and other operating revenues. Sale of products is primarily classified as sales from (i) water tanks; (ii) pipes and fittings; and (iii) household plastics and others, primarily to our dealers and distributors. Other operating revenue primarily comprises of scrap sales and refund of indirect taxes. Sale of products accounted for 99.58%, 99.84%and 99.89% of our revenue from operations for Fiscals 2018, 2017 and 2016, respectively.

Details of Adjusted Revenue

Consequent to introduction of Goods and Service Tax ("**GST**") with effect from July 1, 2017, central excise and value added tax have been subsumed into GST. In accordance with Ind AS 18, GST is not considered a part of revenue unlike excise duties which used to be included in revenue in period before July 1, 2017. Accordingly, the figures for the year ending March 31, 2018 are not strictly comparable with the previous fiscal year(s). Further, in accordance with Ind AS 18, discounts, rebates and various promotional schemes passed on to distributors/dealers are netted off from the revenue. Accordingly, for the sake of comparison, revenue from operations have been presented as adjusted for excise duty and discounts, rebates and various promotional schemes as follows:

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Revenue from operations	6,287.87	6,156.77	5,676.20
Less : Other operating revenue	26.28	9.56	6.12
Sale of products (A)	**6,261.59**	**6,147.21**	**5,670.08**
Less: Excise duty (B) (upto June 30, 2017)	169.73	597.61	381.92
Revenue from operations excluding excise duty (C=A-B)	6,091.86	5,549.60	5,288.16
Add: Volume rebates and cash discount (D)	265.34	265.45	251.14
Sale of products before discounts, rebates and various promotional schemes, net of excise ("Adjusted Revenue") (E=C+D)*	**6,357.20**	**5,815.05**	**5,539.30**

Other income

Other income primarily includes recurring items such as interest income and certain other non-recurring items.

Expenses

Total expenses includes (i) cost of materials consumed; (ii) purchase of traded goods; (iii) changes in inventories of finished goods, work in progress, traded goods and stores and spares; (iii) excise duty on sales; (iv) employee benefit expenses; (v) finance costs; (vi) depreciation and amortization expenses; and (vii) other expenses.

Cost of materials consumed

Cost of materials consumed represents the cost of the raw materials consumed, such as CPVC, PVC, HDPE, LLDPE, PPR and packing materials in our manufacturing process.

Purchase of traded goods

Cost of purchase of traded goods represents the direct purchases by us of traded goods, which primarily comprises brass fittings, which we purchase from third parties to resell to our dealers and distributors, which forms part of our pipes and fitting product vertical.

Changes in inventories of finished goods, work in progress, traded goods and stores and spares

Changes in inventories of finished goods, work in progress, traded goods and stores and spares represent the difference between the closing and opening stock of finished goods, work in progress, traded goods and stores and spares.

Employee benefit expenses

Employee benefit expenses include salaries (including managerial remuneration), wages (including payment to contractual workers) and bonus, contribution to provident and other funds and staff welfare expenses relating to our employees.

Finance costs

Finance costs primarily comprise interest expenses in relation to our outstanding indebtedness, as well as other borrowing costs.

Other expenses

Other expenses include (i) manufacturing expenses such as costs of power and fuel, purchase of stores and spare parts, loading and unloading charges, repair and maintenance costs (ii) selling expenses including in relation to advertising, business convention, travel and conveyance, sales promotion and other related expenses, freight, and (iii) administrative expenses including auditors' remuneration, legal and professional expenses and IT expenditure.

Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particular	Fiscal

	2018		2017		2016	
	(In ₹ million)	Percentage of total revenue (%)	(In ₹ million)	Percentage of total revenue (%)	(In ₹ million)	Percentage of total revenue (%)
Revenue						
Revenue from operations	6,287.87	99.58	6,156.77	99.74	5,676.20	99.78
Other income	26.79	0.42	16.05	0.26	12.36	00.22
Total Revenue	**6,314.66**	**100.00**	**6,172.82**	**100.00**	**5,688.56**	**100.00**
Expenses						
Cost of materials consumed	3,987.56	63.15	3,603.20	58.37	3,457.32	60.78
Purchase of traded goods	83.44	1.32	31.80	0.52	35.88	0.63
Changes in inventories of finished goods, work-in-progress, traded goods and stores and spares	(115.00)	(1.82)	(35.27)	(0.57)	(87.70)	(1.54)
Excise duty on sales	138.39	2.19	596.43	9.66	385.46	6.78
Employee benefits expense	591.52	9.37	520.32	8.43	440.39	7.74
Finance costs	45.50	0.72	55.13	0.89	49.98	0.88
Depreciation and amortization expense	142.01	2.25	118.42	1.92	224.90	3.95
Other expenses	952.63	15.09	866.94	14.04	834.08	14.66
Total expenses	**5,826.05**	**92.26**	**5,756.97**	**93.26**	**5,340.31**	**93.88**
Profit before exceptional items, share of profit of investments accounted for using equity method and tax	**488.61**	**7.74**	**415.85**	**6.74**	**348.25**	**6.12**
Share of profit/(loss) of investments accounted for using equity method						
Profit before tax and exceptional item	**488.61**	**7.74**	**415.85**	**6.74**	**348.25**	**6.12**
Exceptional item	-	-	15.31	0.25	18.23	0.32
Profit before tax	488.61	7.74	400.54	6.49	330.02	5.80
Tax expense						
Current tax	107.23	1.70	92.89	1.50	83.17	1.46
Deferred tax (credit)/charge	26.37	0.42	18.92	0.31	(2.80)	(0.05)
Total tax expense	**133.60**	**2.12**	**111.81**	**1.81**	**80.37**	**1.41**
Profit for the year	**355.01**	**5.62**	**288.73**	**4.68**	**249.65**	**4.39**

Fiscal 2018 compared to Fiscal 2017

Revenues

Our total revenue increased by ₹ 141.84 million, to ₹ 6,314.66 million in fiscal 2018 from ₹ 6,172.82 million in fiscal 2017, which constituted our revenue from operations and other income.

Revenue from operations

Our revenue from operations increased by ₹ 131.10 million, or 2.13%, to ₹ 6,287.87 million in fiscal 2018 from ₹ 6,156.77 million in fiscal 2017. Further, our Adjusted Revenue increased by 9.32% to ₹ 6,357.20 million in fiscal 2018 from ₹ 5,815.05 million in fiscal 2017. The growth during fiscal 2018 was primarily on account of volume growth. The industry growth was affected on account of implementation of GST from July 2017 (*Source: CRISIL Report*). Our Company increased its focus on the household plastics and others vertical by appointing a dedicated sales head for this vertical, which led to a growth of 18.63% during fiscal 2018, despite GST related disruptions.

The growth of each of our product verticals during fiscal 2018 is provided below.

Product Verticals	Adjusted Revenue (in ₹ million)		Growth
	Fiscal 2018	Fiscal 2017	
Water tanks	2,536.10	2,361.19	7.41%
Pipes and fittings	3,306.01	3,019.67	9.48%
Household plastics and others	515.09	434.19	18.63%
Total	**6,357.20**	**5,815.05**	**9.32%**

Other income

Our other income increased by ₹ 10.74 million, or 66.92%, to ₹ 26.79 million in fiscal 2018 from ₹ 16.05 million in fiscal 2017, primarily on account of receipt of Government subsidies in the State of Madhya Pradesh with respect to sales tax on sales from our Banmore and Bhopal facilities of ₹ 11.57 million.

Expenses

Cost of materials consumed

Our cost of materials consumed increased by ₹ 384.36 million, or 10.67%, to ₹ 3.987.56 million in fiscal 2018 from ₹ 3,603.20 million in fiscal 2017, primarily on account of higher production resulting from an increase in volume of sales, broadly in line with Adjusted Revenue growth during this period. The cost of materials consumed increased to 62.73% of our Adjusted Revenue in Fiscal 2018 from 61.96% of our Adjusted Revenue in Fiscal 2017.

Purchase of traded goods

Our purchase of stock in trade increased by ₹ 51.64 million, or 162.39%, to ₹ 83.44 million in fiscal 2018 from ₹ 31.80 million in fiscal 2017, primarily due to increase in sales of traded items, primarily comprising of brass fittings. The purchase of traded goods increased to 1.31% of our Adjusted Revenue in Fiscal 2018 from 0.55% of our Adjusted Revenue in Fiscal 2017.

Changes in inventories of finished goods, work in progress, traded goods and stores and spares

Our changes in inventories of finished goods, work in progress traded goods and stores and spares amounted to a net increase of ₹ 115.00 million for fiscal 2018, compared to a net increase of ₹ 35.27 million for fiscal 2017, primarily due to the increase in stock of manufactured and traded finished goods during this period, driven by increased production and addition of new manufacturing location at Dahej, Gujarat. Changes in inventories of finished goods, work in progress, traded goods and stores and spares increased to (1.81)% of our Adjusted Revenue in fiscal 2018 from (0.61)% of our Adjusted Revenue in fiscal 2017.

Excise Duty on sales

Our excise duty on sales expenses decreased by ₹ 458.04 million, or 76.80%, to ₹ 138.39 million in fiscal 2018 from ₹ 596.43 million in fiscal 2017, due to the implementation of GST with effect from July 1, 2017 and excise duty ceasing to be in effect since such date.

Employee benefit expenses

Our employee benefit expenses increased by ₹ 71.20 million, or 13.68%, to ₹ 591.52 million in fiscal 2018 from ₹ 520.32 million in fiscal 2017, primarily due to increase in employee headcount in sales (including appointment of vertical heads), full year impact of employees and staff at Jaipur plant which started operations in December 2016 and increments in salary and wages. In addition, expenses in relation to contractual workers also increased in line with the increase in operations during this period. Our employee benefit expenses were 9.30% of our Adjusted Revenue in fiscal 2018 compared to 8.95% of our Adjusted Revenue in fiscal 2017.

Finance costs

Our finance costs decreased by ₹ 9.63 million, or 17.47%, to ₹ 45.50 million in fiscal 2018 from ₹ 55.13 million in fiscal 2017, as a result of a decrease in our interest expenses during this period arising from reduction in interest rates, including as a result of our improved credit rating.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased by ₹ 23.59 million, or 19.92%, to ₹ 142.01 million in fiscal 2018 from ₹ 118.42 million in fiscal 2017, due to full year impact of Jaipur facility, which was commissioned in December 2016 and capital expenditure during Fiscal 2018 which was primarily due to expansion of our product portfolio and improvement of existing infrastructure.

Other expenses

Our other expenses increased by ₹ 85.69 million, or 9.88%, to ₹ 952.63 million in fiscal 2018 from ₹ 866.94 million in fiscal 2017, which constitutes manufacturing expenses, selling expenses and administrative expenses, as set forth in the table below.

	Fiscal 2018	**% of Adjusted Revenue (2018)**	**Fiscal 2017**	**% of Adjusted Revenue (2017)**
Manufacturing expenses	454.00	7.14%	412.26	7.09%
Selling expenses	412.31	6.49%	373.48	6.42%
Administrative expenses	86.32	1.36%	81.20	1.40%
Total (Other expenses)	**952.63**	**14.99%**	**866.94**	**14.91%**

Manufacturing expense, which is primarily linked to production volumes, increased by 10.12% in fiscal 2018, broadly in line with increase in Adjusted Revenue, primarily as a result of increase in power and fuel costs. Selling expenses increased by 10.40% in fiscal 2018 broadly in line with increase in Adjusted Revenue, primarily as a result of an increase in freight and other selling expenses. Administrative expenses, which are largely fixed overheads related to centralized functions, increased by 6.31% in fiscal 2018 primarily due to higher IT expenditure.

Profit before exceptional items, share of profit of investments accounted for using equity method and tax

As a result of the above, our profit before exceptional items, share of profit of investments accounted for using equity method and tax increased by ₹ 72.76 million, or 17.50%, to ₹ 488.61 million in fiscal 2018 from ₹ 415.85 million in fiscal 2017.

Total tax expenses

Our total tax expenses increased by ₹ 21.79 million, or 19.49%, to ₹ 133.60 million in fiscal 2018 from ₹ 111.81 million in fiscal 2017 primarily due to increased profitability in fiscal 2018.

Profit for the year

As a result of the foregoing, our profit for the year increased by ₹ 66.28 million, or 22.96%, to ₹ 355.01 million in fiscal 2018 from ₹ 288.73 million in fiscal 2017. Our margins stood at 5.58% in fiscal 2018 as compared to 4.97% in fiscal 2017, in terms of our Adjusted Revenue.

Fiscal 2017 compared to Fiscal 2016

Revenues

Our total revenue increased by ₹ 484.26 million, or 8.51%, to ₹ 6,172.82 million in fiscal 2017 from ₹ 5,688.56 million in fiscal 2016, which constituted our revenue from operations and other income.

Revenue from operations

Our revenue from operations increased by ₹ 480.57 million, or 8.47%, to ₹ 6,156.77 million in fiscal 2017 from ₹ 5,676.20 million in fiscal 2016 and on an Adjusted Revenue basis the growth rate was 4.98%. The industry growth during this period was impacted due to demonetisation in November 2016 (*Source: CRISIL Report*). The growth in Fiscal 2017 was primarily on account of growth in our pipes and fittings vertical.

The growth of each of our product verticals during fiscal 2017 is provided below.

	Fiscal 2017	Fiscal 2016	Growth
Water Tanks	2,361.19	2,363.12	(0.08)%
Pipe & Fittings	3,019.67	2,701.81	11.76%
Household plastics and others	434.19	474.37	(8.47)%
Adjusted Revenue	**5,815.05**	**5,539.30**	**4.98%**

Other income

Our other income increased by ₹ 3.69 million, or 29.85%, to ₹ 16.05 million in fiscal 2017 from ₹ 12.36 million in fiscal 2016, primarily on account of one time capital investment subsidy received during this period for our facility in Jammu and one of our Subsidiaries, STPL.

Expenses

Cost of materials consumed

Our cost of materials consumed increased by ₹ 145.88 million, or 4.22%, to ₹ 3,603.20 million in fiscal 2017 from ₹ 3,457.32 million in fiscal 2016, which is on account of increase in operations.

Purchase of traded goods

Our purchase of traded goods decreased by ₹ 4.08 million, or 11.37%, to ₹ 31.80 million in fiscal 2017 from ₹ 35.88 million in fiscal 2016, due to lower sales of traded fittings.

Changes in inventories of finished goods, work in progress, traded goods and stores and spares

Our changes in inventories of finished goods, work in progress traded goods and stores and spares amounted to a net increase of ₹ 35.27 million for fiscal 2017, compared to a net increase of ₹ 87.70 million for fiscal 2016 on account of better inventory management.

Excise Duty on sales

Our excise duty on sales expenses increased by ₹ 210.97 million, or 54.73%, to ₹ 596.43 million in fiscal 2017 from ₹ 385.46 million in fiscal 2016. The increase was primarily on account of expiry of excise exemption available to one of our manufacturing facilities at Haridwar in June 2017.

Employee benefit expenses

Our employee benefit expenses increased by ₹ 79.93 million, or 18.15%, to ₹ 520.32 million in fiscal 2017 from ₹ 440.39 million in fiscal 2016, primarily due to full year impact of salary expenses for Banmore manufacturing facility which commenced production in September 2015, increase in employee headcount corresponding to the growth in business and increments in salaries and wages during this period.

Finance costs

Our finance costs increased by ₹ 5.15 million, or 10.30%, to ₹ 55.13 million in fiscal 2017 from ₹ 49.98 million in fiscal 2016 on account of increase in working capital borrowings.

Depreciation and amortization expenses

Our depreciation and amortization expenses decreased by ₹ 106.48 million, or 47.35%, to ₹ 118.42 million in fiscal 2017 from ₹ 224.90 million in fiscal 2016 which is primarily on account of change in the method of accounting for depreciation, from written down value method to straight line method, in line with the industry practice.

Other expenses

Our other expenses increased by ₹ 32.86 million, or 3.94%, to ₹ 866.94 million in fiscal 2017 from ₹ 834.08 million in fiscal 2016, primarily in line with an increase in our operations, which constitutes manufacturing expenses, selling expenses and administrative expenses, as set forth in the table below.

	Fiscal 2017	**As a percentage of Adjusted Revenue (fiscal 2017)**	**Fiscal 2016**	**As a percentage of Adjusted Revenue (fiscal 2016)**
Manufacturing expenses	412.26	7.09%	369.89	6.68%
Selling expenses	373.48	6.42%	399.57	7.21%
Administrative expenses	81.20	1.40%	64.62	1.17%
Total	**866.94**	**14.91%**	**834.08**	**15.06%**

Manufacturing expenses increased by 11.45% in fiscal 2017 primarily on account of full year impact of Banmore manufacturing facility, which commenced production in September 2015. Selling expenses declined by 6.53% in fiscal 2017 primarily on account of lower spend on advertisements. Administrative expenses increased by 25.67% in fiscal 2017 primarily due to higher IT expenses.

Profit before exceptional items, share of profit of investments accounted for using equity method and tax

As a result of the above, our profit before exceptional items, share of profit of investments accounted for using equity method and tax increased by ₹ 67.60 million, or 19.41%, to ₹ 415.85 million in fiscal 2017 from ₹ 348.25 million in fiscal 2016.

Total tax expenses

Our total tax expenses increased by ₹ 31.44 million, or 39.12%, to ₹ 111.81 million in fiscal 2017 from ₹ 80.37 million in fiscal 2016 due to higher effective tax rate owing to expiry of income tax exemption available to one of our manufacturing facilities at Haridwar during Fiscal 2017.

Profit for the year

As a result of the foregoing, our profit for the year increased by ₹ 39.08 million, or 15.65%, to ₹ 288.73 million in fiscal 2017 from ₹ 249.65 million in fiscal 2016.

Liquidity and Capital Resources

Historically, we have maintained liquidity for our business operations primarily from the cash generated from operations, bank borrowings and issuance of shareholder equity. As of March 31, 2018, we had cash and bank balances available to for use in our operations of ₹ 149.71 million. Based on our current level of expenditures, we believe that our current working capital, together with cash flows from operating activities and the proceeds from the Offer contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditure and working capital for the next 12 months.

Cash flows

The table below summarizes our cash flows for the periods indicated:

(In ₹ million)

Particulars	**Fiscal**

	2018	2017	2016
Net cash flow from operating activities	318.68	531.59	445.59
Net cash from investing activities	(275.95)	(354.87)	(640.76)
Net cash used in financing activities	23.04	(144.42)	107.78
Increase in cash and cash equivalents	65.77	32.30	(87.39)

Operating Activities

Net cash generated from operating activities was ₹318.68 million in fiscal 2018, primarily consisting of an operating profit of ₹ 657.64 million before working capital changes. The working capital adjustments primarily consisted of increases in inventories of ₹ 64.43 million, increase in trade receivables of ₹ 200.27 million, driven by market conditions and increased sales, which was partially offset by an increase in trade payables of ₹ 100.44 million.

Net cash generated from operating activities was ₹ 531.59 million in fiscal 2017, primarily consisting of an operating profit of ₹ 585.05 million before working capital changes. The working capital adjustments primarily consisted of decrease in inventories of ₹ 43.92 million as a result of improved inventory management, increase in trade receivables of ₹ 75.62 million, corresponding to an increase in sales during this period, which was partially offset by a decrease in trade payables of ₹ 70.34 million.

Net cash generated from operating activities was ₹ 445.59 million in fiscal 2016, primarily consisting of an operating profit of ₹ 618.74 million before working capital changes. The working capital adjustments primarily consisted of an increase in inventories of ₹ 204.68 million, decrease in trade receivables and current and non-current assets aggregating ₹ 167.04 million which was partially offset by increase in trade payables of ₹ 187.96 million.

Investing Activities

Net cash used in investing activities was ₹ 275.95 million in fiscal 2018, primarily due to purchase of property, plant and equipment of ₹ 289.80 million arising from setting up a new plant at Dahej in March 2018, which was partially offset by the sale of mutual fund investment worth ₹ 26.75 million.

Net cash used in investing activities was ₹354.87 million in fiscal 2017, primarily due to purchase of property, plant and machinery of ₹ 441.08 million primarily arising from setting up a new plant at Jaipur in December 2016 offset by increase in term deposits of ₹ 87.98 million.

Net cash from investing activities was ₹ 640.76 million in fiscal 2016, primarily due to purchase of property, plant and machinery of ₹ 557.29 million primarily arising from expansion of the Banmore facility and commencement of operations from of Trichy facility, offset by decrease in term deposit with bank by ₹ 84.21 million.

Financing Activities

Net cash from financing activities was ₹ 23.04 million in fiscal 2018, primarily due to increased utilisation of working capital borrowings of ₹ 73.46 million, which was partially offset by finance costs of ₹ 45.50 million.

Net cash used in financing activities was ₹ 144.42 million in fiscal 2017, primarily due lower utilisation of working capital borrowings of ₹ 71.01 million and finance costs of ₹ 55.13 million.

Net cash from financing activities was ₹ 107.78 million in fiscal 2016, primarily due to increased utilisation of working capital borrowings of ₹ 175.83 million which was partially offset by finance costs of ₹ 50.17 million.

Indebtedness

As of March 31, 2018, we had working capital loans of ₹477.94 million.

Inventories

Our inventory includes, inventory of finished goods, work-in-progress, traded goods and stores and spares. Inventory days are calculated as total inventory at the end of the period divided by the Adjusted Revenue multiplied by 365 days. Inventory days were 54 days as of March 31, 2018, 55 days as of March 31, 2017 and 61 days as of March 31, 2016.

Contingent liabilities and off-balance sheet arrangements

The following table sets forth certain information relating to our contingent liabilities as at March 31, 2018:

(In ₹ million)

Particulars	Amount
Claims against us not acknowledge as debts:	

	Particulars	Amount
1.	Demands raised by the Sale-Tax authorities against which appeals have been filed	5.77
2.	Demand raised by excise department under CENVAT Credit Rules,2004	0.43
3.	Demands raised by Service-tax authorities against which appeals have been filed	5.02
1.	Bonus as per The Payment of Bonus (Amendment) Act, 2015 for the year ended 31 March 2015	3.74

For further information, see our "*Financial Statements*" on page 174.

Except as disclosed in our Restated Financial Statements or in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Historical and Planned Capital Expenditures

Our historical capital expenditures were primarily on setting up new plants, expansion of existing facilities and infrastructure and we expect our future capital expenditures to be, primarily for setting up a manufacturing facility in Tumkur, Karnataka and expansion at existing facilities. In fiscals 2018, 2017 and 2016, our net capital expenditure was ₹ 267.32 million, ₹428.07 million and ₹553.07 million, respectively.

Quantitative and Qualitative Disclosures about Market Risk

Raw material pricing risk

We are exposed to market risk in relation to the prices of raw materials consumed in our processing business. While we have contracted quantities, for a portion of our raw material requirements with certain polymer suppliers, we typically do not have fixed-price, long-term contracts for the purchase of key raw materials. Being an organised player, we are normally able to pass on the price increase to end users.

Interest rate risk

Interest rates for borrowings have been fluctuating in India in recent periods. Our current working capital facilities typically carry variable rates of interest. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations.

Credit Risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables. We typically have credit terms ranging from 21 to 45 days with our dealers and distributors. As of March 31, 2018, March 31, 2017 and 2016, our trade receivables were of ₹ 897.82 million, ₹ 698.83 million and ₹624.36 million, respectively.

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance. During the fiscal year ended March 31, 2017, we had changed the method of valuation of inventories from first-in-first-out method to the weighted average method. The impact of change in the method on our profits is not determinable.

Significant economic changes that materially affect or are likely to affect income from continuing operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "- *Factors Affecting our Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" on page 327 and 16, respectively.

Known trends or uncertainties

Our than as described in the section "*Risk Factors*" on page 16 and under the heading *"-Factors Affecting Our Results of Operations"* on page 327, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between cost and income

Other than as described in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 16, 121 and 325, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

Publicly announced new products or business segments /material increases in revenue due to increased disbursements and introduction of new products

Other than as disclosed in this section, in "*Our Business*" on page 121, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Significant dependence on single or few customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of business

Our business operations are not subject to significant seasonal trends.

Competitive conditions

We operate in a competitive environment. Please refer to the sections "*Business*", "*Industry Overview*" and "*Risk Factors*" on pages 121, 90 and 16, respectively for further information on our industry and competition.

Significant developments after March 31, 2018 that may affect our future results of operations

On June 15, 2018, we experienced a fire at our manufacturing facility located in Jammu which has resulted in partial damage to some of our machinery, inventory and buildings at this facility, as a result of which there may be an interruption in our normal production at this facility. While we maintain insurance in relation to this facility, there can be no assurance that our insurance against such an event will be sufficient to cover the losses incurred, or that any claims will be resolved in a timely manner or at all. Further, while demand for the products manufactured at our Jammu facility may be met through the additional capacity we have at other manufacturing facilities, we may incur additional transportation and logistics costs in supplying such products from alternate locations. These could result in an adverse impact on our results of operations and financial performance for the period subsequent to March 31, 2018.

The Jammu facility is engaged in the manufacturing of water tanks with an installed capacity of 132,000,000 litres out of our total installed capacity of 1,281,567,000 litres as on March 31, 2018.

To our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (I) criminal proceedings, (II) actions taken by statutory or regulatory authorities, (III) claims related to direct and indirect taxes, (IV) material litigation, in each case involving our Company, Promoters, Directors, Subsidiaries, Group Companies (the "**Relevant Parties**"), or (V) material dues to small scale undertakings and other creditors by our Company.*

For the purpose of (IV) above, our Board in its meeting held on May 18, 2018, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board, all pending litigation involving the Relevant Parties, other than criminal proceedings, tax matters, and statutory or regulatory actions, would be considered 'material' if:

(a) The potential financial liability or monetary amount of claim by or against the Relevant Party in any such pending proceeding is in excess of 1% of the standalone profit after tax of the Company as per the Restated Standalone Financial Information of the Company for Fiscal 2018, which amounts to ₹ 3.12 million,; and

(b) The monetary liability is not quantifiable, the outcome of such pending legal proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company, irrespective of the amount involved in the matter.

Further, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that the Relevant Parties are impleaded as party in litigation proceedings before any judicial forum, and accordingly have not been disclosed in this section.

*For the purpose of (V) above, our Board in its meeting held on May 18, 2018 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of the materiality policy, any outstanding dues (trade payables) which exceed five percent of the total dues (trade payables) owed by our Company as per the Restated Standalone Financial Information for the last full financial year disclosed in the offer documents, shall be considered as 'material'. During Fiscal 2018, our total trade payables were ₹ 304.65 million and accordingly, any outstanding dues exceeding ₹ 15.23 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a small-scale undertaking ("**SSU**") or a micro, small or a medium enterprise ("**MSME**"), the disclosure is based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.*

Litigation involving our Company

Litigation against our Company

A. Actions initiated by regulatory and statutory authorities

1. An investigation has been initiated by the Employees' Provident Fund Organization (the "**EPFO**") against our Company pursuant to a complaint by Ms. Simple Kaviya and Mr. Anand Singh (the "**Complainants**"), who have alleged that they are employees of our Company, and have further alleged evasion and non-submission of the amounts in relation to the provident fund and employees' state insurance of the Complainants. Our Company has furnished certain records requisitioned by EPFO and has clarified through our letter dated December 25, 2017 ("**Reply Letter**") that the Complainants are not enrolled with our Company but with M/s Gangotri Enterprises, a contractor of our Company, and our Company is, therefore, not associated with the Complainants. Further, vide the Reply Letter, our Company has requested that an enquiry be conducted in terms of the Employees' Provident Fund Scheme, 1952 to resolve the dispute. The matter is currently pending.

2. A show-cause notice (the "**Notice**") has been issued to our Company, Ashish Baheti and Atul Ladha by the Office of the Registrar of Companies, Madhya Pradesh, (the "**Registrar**") alleging a violation of Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014 (the "**AoD Rules**") for non-filing of Form DPT-3 with the Registrar for the financials years ended March 2015, March 2016 and March 2017. Our Company, in its response dated May 6, 2018 to the Notice, has denied the alleged violation of the AoD Rules. There has been no further communication from the Registrar in relation to the Notice.

3. A show-cause notice (the "**Notice**") has been issued to our Company, Ashish Baheti and Atul Ladha by the Office of the Registrar of Companies, Madhya Pradesh, (the "**Registrar**") alleging a violation of Rule 4(i) of the Companies (Restriction of Number of Layers) Rules, 2017 (the "**Layer Rules**") for non-filing of Form CRL-1 with the Registrar within a period of one hundred and fifty days from the date of publication of the Layer Rules.

Our Company, in its response dated May 15, 2018 to the Notice, has denied the alleged violation of the Layer Rules. There has been no further communication from the Registrar in relation to the Notice.

B. Tax Proceedings

We have disclosed claims relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims.

Particulars	Number of cases	Aggregate amount involved* (*in ₹ million*)
Indirect Tax		
Excise	2	0.43
VAT	11	9.73
Service Tax	2	5.02
Entry Tax	1	0.98
Direct Tax	-	-
Total	**16**	**16.16**

* *To the extent ascertainable.*

Litigation by our Company

A. Criminal Proceedings

Our Company, in the ordinary course of business, has initiated 25 recovery proceedings against various parties, including several of its distributors, alleging dishonour of cheques under section 138 of the Negotiable Instruments Act, 1881. Such proceedings are pending before various courts, at various stages of adjudication. The aggregate amount involved in such proceedings is ₹ 5.39 million, to the extent ascertainable. The matters are currently pending.

Litigation involving our Directors

Litigation against our Directors

1. Ashish Baheti

A. Actions initiated by regulatory and statutory authorities

For details of actions initiated against Ashish Baheti by regulatory and statutory authorities which also involve our Company, see *"- Litigation involving our Company – Litigation against our Company – Actions initiated by regulatory and statutory authorities"* on page 347.

2. Atul Ladha

A. Actions initiated by regulatory and statutory authorities

For details of actions initiated against Atul Ladha by regulatory and statutory authorities which also involve our Company, see *"Litigation involving our Company – Litigation against our Company – Actions initiated by regulatory and statutory authorities"* on page 347.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

1. Gangotri Polymers Private Limited

Gangotri Polymers Private Limited is not involved in any legal proceedings.

2. Sunrise Tanks Private Limited

A. Tax Proceedings

Particulars	Number of cases	Aggregate amount involved (*in ₹ million*)
Direct Tax	-	-
Indirect Tax		
VAT	1	0.39

3. **Vectus Containers Private Limited**

Vectus Containers Private Limited is not involved in any legal proceedings.

Litigation by our Subsidiaries

1. **Gangotri Polymers Private Limited**

A. Criminal Proceedings

Gangotri Polymers Private Limited has initiated four proceedings against M/s. Mahalaxmi Enterprises, alleging the dishonour of cheques under section 138 of the Negotiable Instruments Act, 1881. Such proceedings are pending before the Judicial Magistrate, First Class, Gwalior at various stages of adjudication. The aggregate amount involved in such proceedings is ₹ 0.49 million, to the extent ascertainable.

Litigation involving our Promoters

Litigation against our Promoters

1. **Ashish Baheti**

For details in relation to litigation against Ashish Baheti, see *"Litigation involving our Company – Litigation against our Company – Actions initiated by regulatory and statutory authorities"* on page 347.

2. **Atul Ladha**

For details in relation to litigation against Atul Ladha, see *"Litigation involving our Company – Litigation against our Company – Actions initiated by regulatory and statutory authorities"* on page 347.

Litigation involving our Group Companies

Our Group Companies are not involved in any material legal proceedings as per the materiality policy adopted by our Board.

Outstanding dues to Creditors

As of March 31, 2018, we had 412 creditors, on a consolidated basis. The aggregate amount outstanding to such creditors as on March 31, 2018 was ₹ 339.59 million, on a consolidated basis.

As per the materiality policy adopted by our Board, such creditors to whom, any outstanding dues exceed 5% percent of the total dues (trade payables) owed by our Company as per Restated Standalone Financial Information for the last completed Fiscal shall be considered as 'material'. Accordingly, in this regard, the creditors to whom an amount exceeding ₹ 15.23 million was owed as on March 31, 2018, were considered 'material' creditors. Based on the above, there are three material creditors of the Company as on March 31, 2018, to whom an aggregate amount of ₹ 120.31 million was outstanding on such date.

Our Company had outstanding dues aggregating to ₹16.14 million owed to 32 small scale undertakings.

The details pertaining to amounts due towards such creditors are available on the website of our Company at the following link: http://www.vectus.in/pdfs/list-of-creditors-doc.pdf.

Material Developments

Except as disclosed in "*Management's Discussion And Analysis of Financial Condition and Results of Operations*" on page 325, there have not arisen since March 31, 2018, the date of the last restated financial statements disclosed in DRHP, any circumstances which materially and adversely affect, or are likely to affect, our profitability or operations taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

Disciplinary action taken by SEBI or stock exchanges against our Company

There are no disciplinary actions taken by SEBI or stock exchanges against our Company, Promoters or Directors.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein and in "Risk Factors" on page 16, we have obtained all material consents, licenses, permissions and approvals from various governmental, statutory and regulatory authorities in India for our manufacturing facilities and depots, which are necessary for undertaking our business. The list below is indicative and does not include Offer and incorporation related approvals, which are set out in the sections entitled "Other Regulatory and Statutory Disclosures" and "History and Certain Corporate Matters" on pages 352 and 140, respectively. In view of these approvals, our Company can undertake its current business activities. Unless stated otherwise, we have obtained necessary approvals from the relevant government authorities with respect to our manufacturing facilities and depots and such approvals are valid as on the date of this Draft Red Herring Prospectus.

The material approvals, consents, licenses, registrations and permits obtained by our Company, which enable it to undertake its current business activities, are set out below:

1. **Approvals in relation to our establishments and business operations**

Approvals in relation to our manufacturing facilities at (i) Banmore (two units), Madhya Pradesh; (ii) Bhopal, Madhya Pradesh; (iii) Haridwar (two units), Uttarakhand; (iv) Jaipur, Rajasthan; (v) Jammu, Jammu and Kashmir; (vi) Kashipur, Uttarkhand; (vii) Raipur, Chattisgarh; (viii) Sikandarabad, Uttar Pradesh; (ix) Tiruchirapalli, Tamil Nadu; (x) Tumkur, Karnataka; and (xi) Dahej, Gujarat:

(a) Consent to operate issued by the respective pollution control board under the Water (Prevention and Control of Pollution) Act 1974;

(b) Consent to operate issued by the respective pollution control board under the Air (Prevention and Control of Pollution) Act 1981;

(c) Registration issued by the respective pollution control board under the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016, wherever applicable;

(d) License to work a factory issued by the relevant state government under the Factories Act, 1948;

(e) Certificate of registration of establishments employing contract labour issued by the office of the registering officer, under the Contract Labour (Regulation and Abolition) Act, 1970;

(f) Registration of establishment for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and

(g) Registration of factory/establishment for employees' insurance issued by the relevant regional office of the Employees State Insurance Corporation of different states in India under the Employees' State Insurance Act, 1948, wherever applicable.

Approvals in relation to our depots at (i) Ahmedabad, Gujarat; (ii) Bhopal, Madhya Pradesh; (iii) Jalandhar, Punjab; (iv) Jammu, Jammu and Kashmir; (v) Kanpur, Uttar Pradesh; (vi) Raipur, Chattisgarh; (vii) Sikandarabad, Uttar Pradesh; and (viii) Una, Himachal Pradesh:

(a) Shops and establishments registrations issued by the respective state/ labour department under the respective state's shops and establishment legislation, wherever applicable;

(b) Registration of establishment for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and

(c) Registration of factory/establishment for employees' insurance issued by the relevant regional office of the Employees State Insurance Corporation of different states in India under the Employees' State Insurance Act, 1948.

2. **Tax related approvals of our Company**

(a) Permanent account number AACCV5516B issued by the Income Tax Department under the Income Tax Act, 1961;

(b) Tax deduction account number BPLV01607E issued by the Income Tax Department under the Income Tax Act, 1961;

(c) GST Registration number 09AACCV5516B2ZJ of our corporate office for GST payments under the Central Goods and Services Tax Act, 2017; and

(d) GST registration number of our manufacturing facilities and depots for GST payments under the central and state goods and services tax legislations.

3. **Approvals applied for but not received**

Our Company has made the following applications to the relevant central or state government authorities for grant of material approvals, consents, licenses, registrations and permits that are required by our Company for undertaking its current business activities:

(a) Application for registration of establishment for employing contract labour under the Contract Labour (Regulation and Abolition) Act, 1970 for our Subsidiary, Sunrise Tank's manufacturing facility at Raipur, Chattisgarh;

(b) Application for license to work a factory under the Factories Act, 1948 for our manufacturing facility at Dahej, Gujarat;

(c) Application for consolidated consent to operate to be issued by Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 for our manufacturing facility at Dahej, Gujarat;

(d) Application for fire no objection certificate to be issued by Rajasthan Fire and Emergency Services for our manufacturing facility at Jaipur, Rajasthan;

(e) Application for fire no objection certificate to be issued by Nagar Palika, Madhya Pradesh for our manufacturing facilities at Banmore, Madhya Pradesh; and

(f) Application for fire no objection certificate to be issued by Nagar Palika, Madhya Pradesh for our Subsidiary, Gangotri Polymers Private Limited's manufacturing facility at Bhopal, Madhya Pradesh.

4. **Renewals applied for but not yet received**

Our Company has made the following applications to the relevant central or state government authorities for renewal of material approvals, consents, licenses, registrations and permits that are required by our Company for undertaking its current business activities:

(a) Application for renewal of consolidated consent and authorization under Air (Prevention and Control of Pollution) Act 1981, Water (Prevention and Control of Pollution) Act 1974 and Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 for unit II of our manufacturing facility at Haridwar, Uttarakhand;

(b) Application for renewal of consolidated consent and authorization under Air (Prevention and Control of Pollution) Act 1981, Water (Prevention and Control of Pollution) Act 1974 and Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 for our manufacturing facility at Kashipur, Uttarakhand;

(c) Application for renewal of consent to operate under Air (Prevention and Control of Pollution) Act 1981 and Water (Prevention and Control of Pollution) Act 1974 for manufacturing facility at Tiruchirapalli, Tamil Nadu;

(d) Application for renewal of factory license under the Factories Act, 1948 for unit II of our manufacturing facility at Banmore, Madhya Pradesh;

(e) Application for renewal of fire service license under the Tamil Nadu Fire Service Act, 1985 for our manufacturing facility at Tiruchirapalli, Tamil Nadu; and

(f) Application for renewal of factory license under the Factories Act, 1948 for our Subsidiary, Sunrise Tanks Private Limited manufacturing facility at Raipur, Chattisgarh.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at their meeting held on May 18, 2018 and our Shareholders have approved the Fresh Issue pursuant to a special resolution at the AGM held on June 5, 2018 under Section 62(1)(c) of the Companies Act, 2013. Further, the Board has taken on record the approval for the Offer for Sale by the Selling Shareholders and has approved this Draft Red Herring Prospectus pursuant to its resolution dated June 16, 2018.

For details on the authorisations of the Selling Shareholders in relation to the Offer, see "*The Offer*" on page 55.

The Equity Shares being offered by the Selling Shareholders in the Offer have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer. The Selling Shareholders have also confirmed with respect to the Equity Shares held by them that they are the respective legal and beneficial owners of the Equity Shares being offered under the Offer for Sale.

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Each of the Selling Shareholders have severally and not jointly and on their own account confirmed that they have not been prohibited from dealings in the securities market and the Equity Shares proposed to be offered and sold by each of them are free from any lien, encumbrance, transfer restrictions or third party rights (other than such rights as set out under the various shareholder agreements) further details of which are set out in "*History and Certain Corporate Matters*" on page 140.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Companies, the persons in control of our Company and the Selling Shareholders have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors or the entities that our Directors are associated with are engaged in securities market related business and are registered with SEBI.

There has been no action taken by SEBI against our Directors or any of the entities in which our Directors are involved in as promoter or directors.

The listing of any securities of our Company or our Subsidiaries has never been refused at any time by any of the stock exchanges in India or abroad.

Prohibition with respect to Wilful Defaulters

Neither our Company, nor our Promoters, relatives (as defined under the Companies Act, 2013) of our Promoters, Directors, Group Companies, nor the Selling Shareholders have been identified as a Wilful Defaulter, as defined in the SEBI ICDR Regulations. Further, there have been no violations of securities laws committed by them in the past, nor are any proceedings for violations of securities laws pending against them.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has had net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- The aggregate size of the proposed Offer and all previous issues made in the same financial year is not expected to exceed five times the pre-Offer net worth as per the audited balance sheet of the Company for Fiscal 2018; and

- Our Company has not changed its name in the last one year.

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last five years ended March 31, 2018, 2017, 2016, 2015 and 2014 are set forth below:

(*₹ in million, unless otherwise stated*)

	Consolidated				
	Fiscal 2018	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Net tangible assets, as restated (1)	2,854.04	2,490.75	2,220.25	2,022.09	766.98
Monetary assets, as restated (2)	149.71	82.37	134.57	138.38	29.46
Monetary asset, as a percentage of net tangible assets, as restated	5.25%	3.31%	6.06%	6.84%	3.84%
Pre-tax operating profit/ (loss), as restated (3)	507.32	454.93	385.87	406.08	333.79
Net worth, as restated (4)	2,903.95	2,559.80	2,277.29	2,033.78	783.07

Notes:

(1) Net tangible assets is the sum of all net assets of the issuer, excluding intangible assets as defined in Indian Accounting Standard 38 issued by the Institute of Chartered Accountants of India, in accordance with Explanation (I) of Regulation 26 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended;

(2) Monetary assets represent the sum of cash and bank balance in current and deposits accounts.

(3) Pre-tax operating profits' is defined as profit before finance costs, other income, exceptional items and tax.

(4) Net Worth is sum of subscribed and paid up equity capital and reserves and surplus (excluding revaluation reserve) of the Company as per Restated Standalone Financial Information and Restated Consolidated Financial Information in accordance with Regulation 2(1)(v) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Standalone Financial Information included in this Draft Red Herring Prospectus as at, and for the last five years ended March 31, 2018, 2017, 2016, 2015 and 2014 are set forth below:

(*₹ in million, unless otherwise stated*)

	Standalone				
	Fiscal 2018	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Net tangible assets, as restated (1)	2,723.08	2,392.62	2,149.58	1,993.21	742.61
Monetary assets, as restated (2)	135.25	74.04	108.99	135.36	24.47
Monetary assets as a percentage of net tangible assets, as restated	4.97%	3.09%	5.07%	6.79%	3.30%
Pre-tax operating profit/ (loss), as restated (3)	448.97	394.34	318.55	379.41	295.31
Net worth, as restated (4)	2,772.99	2,461.67	2,206.62	2,004.90	758.40

Notes:

(1) Net tangible assets is the sum of all net assets of the issuer, excluding intangible assets as defined in Indian Accounting Standard 38 issued by the Institute of Chartered Accountants of India, in accordance with Explanation (I) of Regulation 26 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended;

(2) Monetary assets represent the sum of cash and bank balance in current and deposits accounts.

(3) Pre-tax operating profits' is defined as profit before finance costs, other income, exceptional items and tax.

(4) Net Worth is sum of subscribed and paid up equity capital and reserves and surplus (excluding revaluation reserve) of the Company as per Restated Standalone Financial Information and Restated Consolidated Financial Information in accordance with Regulation 2(1)(v) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Financial Years 2016, 2017 and 2018 are the three most profitable years out of the immediately preceding five financial years in terms of our restated consolidated summary statements.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000 failing which, the entire application monies shall be refunded forthwith.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO 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, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED AND IDFC BANK 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, 2009 IN FORCE FOR THE TIME BEING. 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 DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 16, 2018 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS DATED JUNE 16, 2018 ("DRAFT RED HERRING PROSPECTUS") PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**

   (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC; FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - <u>NOTED FOR COMPLIANCE</u>**

5. **WE CERTIFY THAT A WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE OFFER. - <u>NOT APPLICABLE</u>

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE COMPANY'S MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - <u>COMPLIED WITH</u>

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013, AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY, AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. - <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.</u>

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - <u>NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.</u>

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF THE CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – <u>COMPLIED WITH.</u>

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. - <u>COMPLIED WITH</u>

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMs (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER), AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR - COMPLIED WITH**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY REPORTED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD 24, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AND AS CERTIFIED BY JITENDRA CHANDER & ASSOCIATES, CHARTERED ACCOUNTANTS, BY WAY OF A CERTIFICATE DATED JUNE 16, 2018.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) – NOT APPLICABLE**

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of 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 does not absolve the Selling Shareholders from any liability to the extent the statements made by them in respect of themselves and the Equity Shares being offered by them, respectively under the Offer for Sale, under Section 34 and Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

Caution - Disclaimer from our Company, 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.vectus.in or the respective websites of our Promoter Group or Group Companies, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and 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 downloading the Bids due to faults in any software/ hardware system or otherwise.

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 New Delhi 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, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and Eligible NRIs.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. 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.**

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the laws of any state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) 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. The Equity Shares are being offered and sold only outside the United States pursuant to Regulation S.

Each purchaser of the Equity Shares in the Offer in India shall be deemed to:

- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares was originated.

- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it did not purchase the Equity Shares as result of any "directed selling efforts" (as defined in Regulation S).

- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.

- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- Represents and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorized in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- Agree to indemnify and hold the Company, the Selling Shareholders, the BRLMs and the Syndicate Members harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Acknowledge that our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

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.

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.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Mumbai and electronically on the platform provided by SEBI**.**

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC 3rd Floor, ‘A’ Block, Sanjay Complex, Jayendra Ganj, Gwalior 474 009, Madhya Pradesh, India.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/Offer Closing Date. Further, the Selling Shareholders severally and not jointly confirm that it shall extend all reasonable co-operation required by our Company, the BRLMs for the 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 prescribed by law.

If our Company does not allot the Equity Shares pursuant to the offer within six working days of the Offer Closing date or such timelines prescribed by SEBI, it shall repay, without interest all monies received from the bidders, failing which interest shall be due to the bidders at rate as prescribed under applicable law, for delayed period.

All expenses in relation to the Offer shall be shared between our Company and the Selling Shareholders as mutually agreed, in accordance with applicable law.

Price information of past issues handled by the BRLMs (during the current financial year and two financial years preceding the current financial year)

A. Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss Financial Services Limited

Sr. No.	Issue Name	Issue size (in ₹million)	Issue price (₹)	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.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	Not Applicable	Not Applicable
2.	Galaxy Surfactants Limited	9,370.88	1480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	Not Applicable
3.	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	32.56% [-2.81%]	Not Applicable
4.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	-5.20% [4.13%]
5.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51 [4.93%]
6.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]
7.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	-4.21% [1.59%]
8.	Prataap Snacks Limited	4,815.98	938.00^^	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]
9.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	3.62% [6.25%]	18.97% [8.17%]	15.36% [4.06%]
10.	Cochin Shipyard Limited	14,429.30	432.00^	August 11, 2017	440.15	30.14% [3.04%]	30.96% [6.10%]	20.01% [8.11%]

Source: www.nseindia.com

^^^ Amber Enterprises India Limited - Employee Discount of ₹ 85 per Equity Share to the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the Offer Price of Rs. 859 per equity share

^^Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the issue price of Rs. 938 per equity share

^ Cochin Shipyard Limited - Discount of Rs.21 per equity share was offered to retail bidders & eligible employees. All calculations are based on the offer price of Rs. 432 per equity share

Notes

1. *Based on date of listing.*
2. *% 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.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*

4. *The Nifty 50 index is considered as the Benchmark Index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of price information of past issues handled by Edelweiss Financial Services Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th 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%
2018-19*	1	34,801.16	-	1	-	-	-	-	-	-	-	-	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	2	3	1	2
2016 - 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

**The information is as on the date of the document*
1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

For the financial year 2018-19 – 1 issue has been completed.
For the financial year 2017-18 – 11 issues have been completed. All the 11 issues have completed 90 days and only 9 issues have completed 180 days yet.

B. ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited

Sr. No.	Issue Name	Issue size (in ₹million)	Issue price (₹)	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.	Housing and Urban Development Corporation Limited	12,095.70	60.00(1)	19-May-17	73.00	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]
2.	AU Small Finance Bank Limited	19,125.14	358.00	10-Jul-17	530.00	+58.76%, [+2.12%]	+65.20%, [+2.23%]	+95.38%,[+8.06%]
3.	Security and Intelligence Services (India) Limited	7,795.80	815.00	10-Aug-17	879.80	-3.29%, [+1.17%]	+3.14%, [+5.40%]	+39.12%,[+8.62%]
4.	Matrimony.Com Limited	4,974.79	985.00(2)	21-Sep-17	985.00	-12.28%, [+0.62%]	-7.64%,[+3.37%]	-16.55%,[-0.27%]
5.	ICICI Lombard	57,009.3	661.00	27-Sep-17	651.10	+3.62%, [+6.25%]	+18.97%,[+8.17%]	+15.36%,[4.06%]

Sr. No.	Issue Name	Issue size (in ₹million)	Issue price (₹)	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
	General Insurance Company Limited	9						
6.	SBI Life Insurance Company Limited	83,887.29	700.00(3)	03-Oct-17	735.00	-7.56%, [+5.89%]	-0.07%,[+5.84%]	-2.30%,[3.57%]
7.	Newgen Software Technologies Limited	4,246.20	245.00	29-Jan-18	254.10	-0.20%, [-5.18%]	+2.51%[-3.51%]	-
8.	Galaxy Surfactants Limited	9,370.90	1,480.00	8-Feb-18	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-
9.	Aster DM Healthcare Limited	9,801.4	190.00	26-Feb-18	183.00	-13.66%,[-3.77%]	-5.29%,[+1.00%]	-
10.	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+19.59%[+4.96%]	-	-

(1) Discount of Rs.2 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of Rs. 60.00 per equity share.

(2) Discount of Rs. 98 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of Rs. 985.00 per equity share.

(3) Discount of Rs. 68 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. 700.00 per equity share.

Notes:

1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day

2. Summary statement of price information of past issues handled by ICICI Securities Limited

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹in million)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium - 180th 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%
2018-19	1	5,124.80	-	-	-	-	-	1	-	-	-	-	-	-
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	2	1	2	1
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	7	2	1

C. IDFC Bank Limited

1. Price information of past issues handled by IDFC Bank Limited

Sr. No.	Issue Name	Issue size (in ₹million)	Issue price (₹)	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

Sr. No.	Issue Name	Issue size (in ₹million)	Issue price (₹)	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.	HPL Electric & Power Limited	3,610.00	202.00	October 04, 2016	190.00	-14.75% [-2.91%]	-51.19% [-6.72%]	-37.77% [5.34%]
2.	Shankara Building Products Limited	3,450.01	460.00	April 05, 2017	545.00	51.25% [0.51%]	81.25% [4.16%]	214.30% [5.08%]
3.	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2,725.00	50.07% [0.57%]	97.90% [3.63%]	95.41% [2.32%]
4.	The New India Assurance Company Limited	95,858.23	800.00*	November 13, 2017	748.90	-27.66% [0.59%]	-8.29% [3.84%]	-12.93 [7.57%]
5.	Khadim India Limited	5,430.57	750.00	November 14, 2017	730.00	-10.40% [0.06%]	-6.47% [3.47%]	10.21% [6.09%]
6.	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]
7.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51% [4.93%]
8.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	674.00	3.26% [3.48%]	4.65% [-2.02%]	-5.38% [6.01%]
9.	Newgen Software Technologies Ltd	4,246.21	245.00	January 29, 2018	253.00	-0.29% [-5.34%]	2.57% [-3.09%]	Not Available
10.	Amber Enterprises India Ltd	5,995.74	859.00**	January 30, 2018	1,180.00	27.40% [-5.31%]	32.10% [-2.42%]	Not Available

** The offer price was Rs. 770.00 per equity share after a discount of Rs. 30 per equity share to retail individual bidders and eligible employees.*
*** The offer price was Rs. 774.00 per equity share after a discount of Rs. 85 per equity share to eligible employees.*
Notes:

i. *Source: www.nseindia.com and www.bseindia.com for the price information and prospectus/finalised basis of allotment for issue details.*
ii. *NSE was the designated stock exchange for the IPOs listed as item 1,5,6 & 7 and BSE was the designated stock exchange for the IPOs listed as item 2,3,4,8,9 & 10. Therefore, price information and benchmark index values have been/will be shown only for designated stock exchange. NIFTY and SENSEX have been used as the benchmark indices.*
iii. *In case of reporting dates falling on a trading holiday, values for the trading day, immediately following the trading holiday have been considered.*
iv. *Since 30, 90 and 180 calendar days, from listing date has not elapsed for certain IPOs, data for the same is not available.*

2. Summary statement of price information of past issues handled by IDFC Bank Limited

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹in million)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium - 180th 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%
2018-2019*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	9	219,468.50	-	1	3	2	2	1	-	1	2	3	-	1

2016-2017	1	3,610.00	-	-	1	-	-	-	-	1	-	-	-	-

**As on the date of DRHP*

Notes:

i. *Date of listing of equity shares has been considered for calculating total no. of IPOs in a particular financial year.*
ii. *The discount/premium has been/will be calculated based on the closing stock price.*
iii. *Since 30 and 180 calendar days, from listing date has not elapsed for certain IPOs, data for the same is not available.*

Track record of past issues handled by the BRLMs

For details regarding the track record of the Manager, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs as set forth in the table below:

S. No	Name of the BRLMs	Website
1.	Edelweiss Financial Services Limited	www.edelweissfin.com
2.	ICICI Securities Limited	www.icicisecurities.com
3.	IDFC Bank Limited	www.idfcbank.com

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Statutory Auditors, Indian Legal Counsel to our Company, Legal Counsel to the Investor Selling Shareholder, Indian Legal Counsel to the BRLMs, Bankers to our Company, the BRLMs, the Registrar to the Offer, CRISIL, independent chartered accountant and a chartered engineer have been obtained; and consents in writing of the Syndicate Members, Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert to the Offer

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

Our Company has received written consent from the Statutory Auditors namely, Walker Chandiok & Co LLP, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, 2013 in relation to the reports, each dated May 30, 2018, on the Restated Consolidated Financial Information and the Restated Standalone Financial Information, respectively, and the statement of tax benefits dated June 15, 2018, included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Our Company has received written consent dated June 7, 2018 from M.K. Jain, Chartered Engineers, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in connection with their certificate dated June 7, 2018 issued in relation to the installed and utilised capacities of our manufacturing facilities, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated June 16, 2018 from Jitendra Chander & Associates, Chartered Accountants, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in connection with their certificate dated June 16, 2018 issued in relation to certain key performance indicators included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Offer Expenses

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, bidding charges, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees, filing fees, auditor's fees and listing fees. For further details of Offer expenses, see "*Objects of the Offer*" on page 76.

Fees Payable to the Registrar to the Offer

The fees payable by our Company and the Selling Shareholders to the Registrar to the Offer for processing of applications, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated June 13, 2018 amongst our Company, the Selling Shareholders and the Registrar to the Offer a copy of which is available for inspection at the Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

The Selling Shareholders will reimburse our Company the expenses incurred in relation to their respective Equity Shares offered in the Offer for Sale.

IPO grading

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

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "*Capital Structure*" on page 65, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares

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 since our Company's inception.

Previous capital issue during the previous three years by listed Group Entities and Subsidiaries of our Company

None of our Group Companies or our Subsidiaries have undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Entities and Subsidiaries of our Company

Our Company has not undertaken any previous public or rights issue. None of our Group Companies or our Subsidiaries have undertaken any public or rights issue in the last ten years preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures or Bonds

There are no outstanding debentures or bonds of our Company as of the date of filing this Draft Red Herring Prospectus.

Outstanding preference shares or convertible instruments issued by our Company

Our Company does not have any preference shares or convertible instruments as of the date of filing this Draft Red Herring Prospectus.

Partly Paid-up Equity Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Fees, Brokerage and Selling Commission Payable to the Syndicate Members

The total fees payable to the Syndicate Members (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement, copies of which will be made available for inspection at the Registered Office from the date of the RHP until the Bid/ Offer Closing Date.

For details of the Offer expenses, see "*Objects of the Offer*" on page 76.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCBS, Registered Brokers, RTAs and CDPs see "*Objects of the Offer*" on page 76.

Redressal of Investor Grievances

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 period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

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 or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI

ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. The Selling Shareholders have authorized the Company Secretary and Compliance Officer and Registrar to the Offer to redress any complaints received from Bidders is respect of the Offer for Sale.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Mahipal Singh, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 57.

There are no listed companies under the same management as our Company.

Our Company has constituted a Stakeholders' Relationship Committee comprising Geeta Dhingra, Atul Ladha and Ashish Baheti, as members. For further details on the Stakeholders' Relationship Committee, see "*Our Management*" on page 147.

Changes in Auditors

There has been no change in the statutory auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not re-valued its assets at any time in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our MoA and AoA, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, any Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, 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 and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst the Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 79.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, our MoA and AoA, the SEBI Listing Regulations and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. 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. For further details, see "*Main Provisions of Articles of Association*" on page 415.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, our MoA and AoA and provisions of the SEBI Listing Regulations. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 172 and 415, respectively.

Face Value and Offer Price

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in [●] editions of [●] an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of Madhya Pradesh, where our registered office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all 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 AoA, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, and our MoA and AoA.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 415.

Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated September 2, 2015 amongst NSDL, our Company and the Registrar to the Offer;
- Agreement dated April 27, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Gwalior, Madhya Pradesh.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A 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 Office or to the registrar and transfer agent of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or

(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer 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 BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders 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 the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company or the Selling Shareholders, in consultation with the Book Running Lead Managers withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Bid/Offer Programme

BID/OFFER OPENS ON	[●]*
BID/OFFER CLOSES ON	[●]**

* *Our Company and the Selling Shareholders may, in consultation with the BRLMs, 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*

** *Our Company and the Selling Shareholders may, in consultation with the BRLMs, 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*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs.

Whilst our Company and 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 delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“**IST**”)
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

In case of any discrepancy in the data entered in the electronic book vis-a-vis data contained in physical Bid cum Application Form, for a particular Bidder the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among 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/hardware system or otherwise.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, *i.e.* the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

Minimum Subscription

If our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to the minimum number of securities in accordance with Rule 19(2)(b) of the SCRR, including devolvement to Underwriters, as applicable, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment of the Equity Shares offered by the Investor Selling Shareholder and thereafter Equity Shares offered by the Promoter Selling Shareholders.

Further, in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Any expense incurred by our Company on behalf of any Selling Shareholder with regard to refunds, interest for delays, etc. for the Equity Shares being offered in the Offer will be reimbursed by such Selling Shareholder to our Company in proportion to the Equity Shares being offered for sale by such Selling Shareholder in the Offer.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, Promoters' Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 65 and except as provided in our Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details see "*Main Provisions of the Articles of Association*" on page 415.

Option to Receive Securities in Dematerialized Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 850.00 million by our Company and an Offer of Sale of up to 3,898,575 Equity Shares aggregating to ₹ [●] by the Selling Shareholders. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The face value of the Equity Shares is ₹10 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation* (2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer size shall be allocated to QIB Bidders. However, up to 5% of the QIB Portion (excluding the Anchor Investor 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 QIB Portion. The unsubscribed portion in the Mutual Fund portion will be available to QIBs.	Not less than 15% of the Offer, or the Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Offer, or the Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate	The allotment to each Retail Individual Bidder 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 allotted on a proportionate basis. For details, see "*Offer Procedure – Part B – Allotment Procedure and Basis of Allotment*" on page 403
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of allotment	Compulsorily in dematerialised form		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply(4)	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs other than Category III FPIs, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million,	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts, Category III FPIs	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.		
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(3)] **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		

* *Assuming full subscription in the Offer*

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under the SEBI ICDR Regulations.*

(3) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment applicable to Anchor Investors, see "Offer Procedure –Part B - Allotment Procedure and Basis of Allotment" on page 403.*

(4) *If the Bid is submitted in joint names, 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 depository account held in joint names. The signature of only the 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. 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.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

OFFER PROCEDURE

*All Bidders should review 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 dated November 10, 2015 (CIR/CFD/POLICYCELL/11/2015 and the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 (the "**General Information Document**") included below under "**Part B – 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. The General Information Document has been updated to reflect enactments and regulations and amendments thereof, to the extent applicable to a public issue. The General Information Document is also 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.*

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of 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.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Category 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. 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA from and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Participation by Promoters and Promoter Group of the Company, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including 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.

Neither the BRLMs nor any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs), Promoters and Promoter Group can apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

By a resolution of the our Board dated May 30, 2018 and a resolution of our Shareholders dated June 5, 2018, our Company has increased the aggregate limits of its shareholding by FPIs to 49%, and of NRIs (on a repatriation basis) to 24% of its paid-up Equity Share capital. We have intimated the increase of these limits to the RBI.

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.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, 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 that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

(a) offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up. Our Company, the Selling Shareholders, and the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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 will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Reserve Bank of India Master Direction (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the 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 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systematically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

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 and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus. The investment limits for Systemically Important Non-Banking Financial Companies shall be as prescribed by RBI from time to time.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;

7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that the name(s) given in the Bid cum Application Form is / are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

12. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;

13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining / specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms

of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. Ensure that the Demographic Details are updated, true and correct in all respects;

16. 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;

17. Ensure that the category and the investor status is indicated;

18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

19. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

20. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database; and

21. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB 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.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

9. Do not submit more than five Bid cum Application Forms per ASBA account;

10. 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;

11. 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).

12. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

13. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries after you have submitted a Bid to the Designated Intermediary;

14. Do not Bid for shares more than specified by respective Stock Exchanges for each category;

15. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

16. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder; and

17. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the 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. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a English national daily newspaper; and (ii) [●] editions of [●], a Hindi national daily newspaper [●] (Hindi also being the regional language of Madhya Pradesh, where our registered office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.

(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.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

(c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- it shall not have any recourse to the proceeds of the Fresh Issue until final listing and trading approvals have been received from the Stock Exchanges;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees.
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and
- except for any allotment of Equity Shares to employees of our Company pursuant to exercise of options granted under the Employee Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes severally and not jointly that:

- the Equity Shares being sold by it pursuant to the Offer have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- the Equity Shares offered for sale by the Selling Shareholders are eligible for being offered in the Offer for Sale in terms of Regulation 26(6) of the SEBI ICDR Regulations;
- the Equity Shares being sold by it pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer and shall be transferred to the eligible investors within the time specified under applicable law;
- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer;

- that if our Company and / 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 as a public notice within two days of the Bid / Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the Registrar to the Offer at least three days prior to filing of the Red Herring Prospectus with the RoC;

- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer for Sale are available for transfer in the Offer for Sale, free and clear of any encumbrance, within the timelines specified under applicable law;

- it shall not further transfer Equity Shares proposed to be offered in the Offer during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted and Equity Shares to be Allotted pursuant to the Offer;

- it shall provide appropriate instructions and all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares proposed to be sold/transferred by it pursuant to the Offer for Sale;

- that it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;

- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs for the 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 from the Bid/Offer Closing Date of the Offer and in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer and in case of delay, interest as per applicable law shall be paid by them to the extent of Offered Shares ; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company and the Selling Shareholders, in consultation with the BRLMs.

Only the statements and undertakings in relation to the Investor Selling Shareholder and its portion of the Offered Shares which are specifically “confirmed” or “undertaken” by the Investor Selling Shareholder in this Draft Red Herring Prospectus, shall be deemed to be “statements and undertakings specifically confirmed or undertaken” by the Investor Selling Shareholder. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relate to the Investor Selling Shareholder.

Utilisation of Offer Proceeds

Our Board of Directors certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. The Company, each of the Promoter Selling Shareholders and the Investor Selling Shareholder, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section 3 of Section 40 of the Companies Act, 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Offer ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

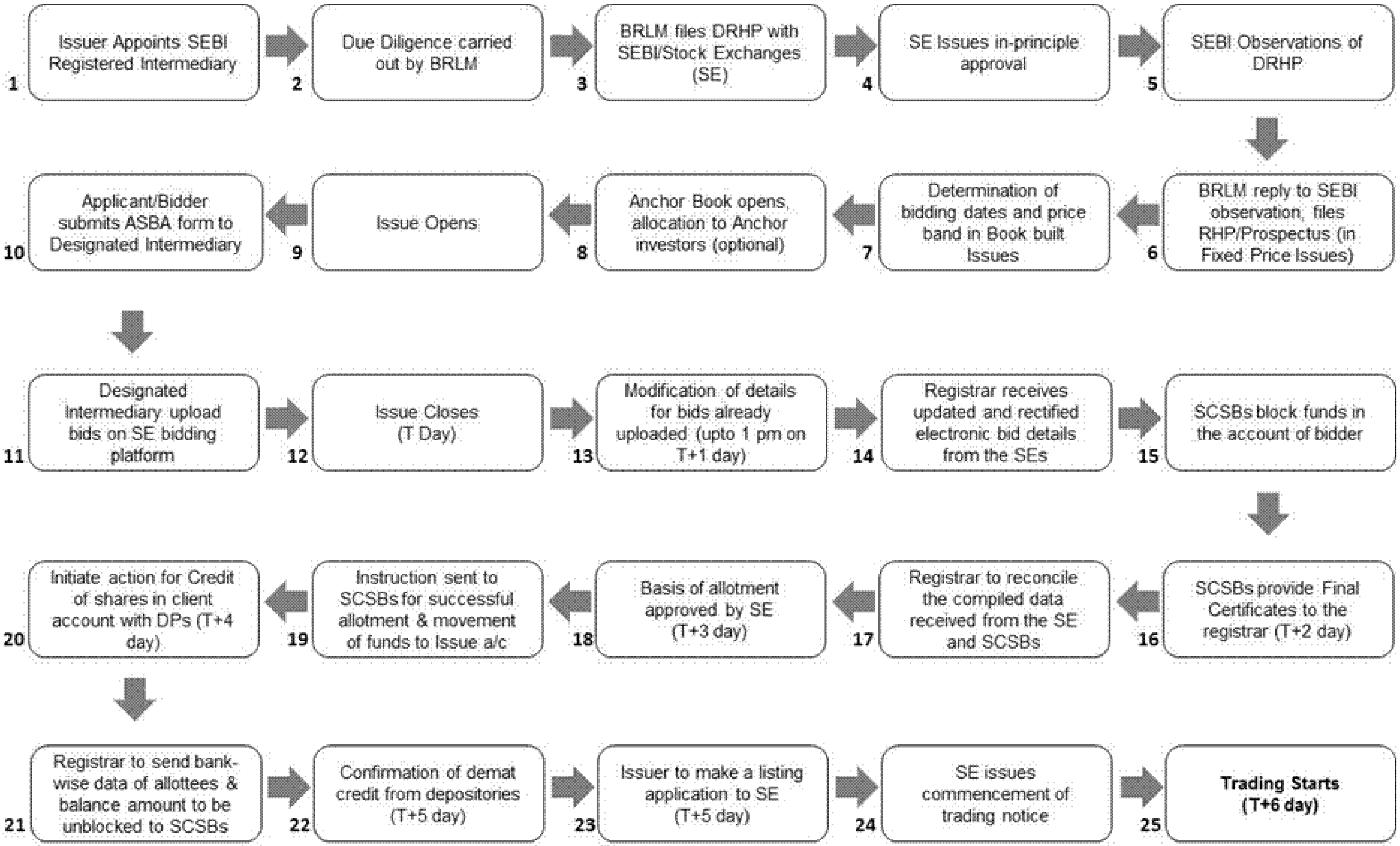
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step 7 : Determination of Offer Date and Price

  (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits ASBA form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 Issue Closes (T Day)
13 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
14 Registrar receives updated and rectified electronic bid details from the SEs
15 SCSBs block funds in the account of bidder
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, 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 may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Book Running Lead Managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue

Category	Colour of the Bid cum Application Form
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No............	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

*HUF should apply only through Karta (Application by HUF would be treated on par with individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)______

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ______	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)		Bank & Branch	
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile		Email	

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder / Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form / Application Form without PAN, except in case of Exempted Bidders / Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants 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.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).

(c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

(b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.

(e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.

(ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(iii) Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by direct credit, RTGS, NACH or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) Bidders may submit the ASBA Form either

(i) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(ii) in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Offer 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/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder, ASBA Account number in case of ASBA Bidders and unique transaction reference number and the name of the relevant bank in case of Anchor Investors.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

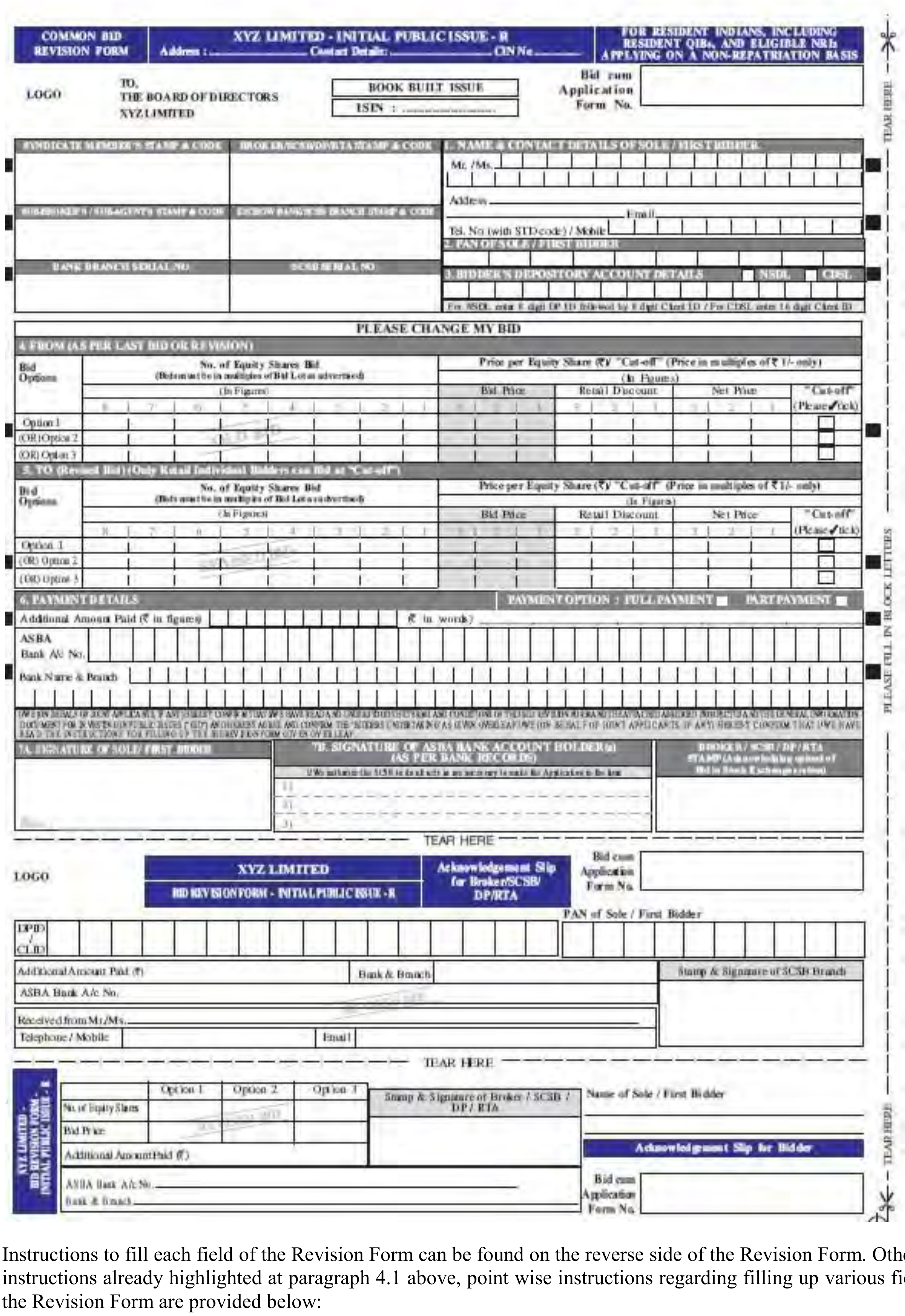
(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options | No. of Equity Shares Bid (In Figures) | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick)

Option 1
(OR) Option 2
(OR) Option 3

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options | No. of Equity Shares Bid (In Figures) | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick)

Option 1
(OR) Option 2
(OR) Option 3

6. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

7A. SIGNATURE OF SOLE/ FIRST BIDDER

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

BROKER / SCSB / DP / RTA STAMP

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)

Bank & Branch

Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible, shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

(a) The Issuer may mention Offer Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer and the Selling Shareholders in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

   (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

   (ii) For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

   (i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

   (ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

   (iii) Applications by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM

4.4.1 **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	(1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Form	(1) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location (2) To the Designated Branches of the SCSBs

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 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/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1 p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

(i) the Bids accepted by the Designated Intermediary,

(ii) the Bids uploaded by the Designated Intermediary, and

(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediary.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs;

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(k) Bids/Applications at Cut-off Price by NIBs and QIBs;

(l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(n) Submission of more than five ASBA Forms/Application Forms per ASBA Account;

(o) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;

(p) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(q) Bids not uploaded in the Stock Exchanges bidding system.

(r) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(s) Where no confirmation is received from SCSB for blocking of funds;

(t) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(u) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;

(v) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

(w) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The Issuer and the Selling Shareholders, in consultation with the Book Running Lead Managers, will finalise the Offer Price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIBS

Bids received from NIBs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

   (i) not more than 60% of the QIB Category will be allocated to Anchor Investors;

   (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

   (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

   - a maximum number of two Anchor Investors for allocation up to ₹100 million;
   - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹2,500 million, subject to minimum allotment of ₹50 million per such Anchor Investor; and
   - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer involving a Fresh Issue and an Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with applicable rate of interest in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NACH—**National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

(d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants

Term	Description
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant 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 SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Offer/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Opening Date

Term	Description
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer 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. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants 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 websites of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
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	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	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
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant’s address, name of the Applicant’s father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. 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 websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)

Term	Description
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
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	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.

Term	Description
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non Institutional Bidders or NIBs	All Bidders/Applicants, including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs 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 Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual Applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information

Term	Description
Public Offer Account	A Bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member

Term	Description
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

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. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017 has notified the specific ministries handling relevant sectors.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, with effect from August 28, 2017 (the "**FDI Policy**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPP 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 Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

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 and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part A and Part B, the provisions of Part B shall be applicable. However, Part B shall automatically terminate and cease to have any force and effect, without any further act or deed, with effect from earlier of the following (a) the mutual written agreement of the parties to the Investment Agreement to terminate the Investment Agreement dated June 12, 2014 as amended; or (b) receipt of final listing and trading approvals for listing of the Equity Shares on a recognised stock exchange pursuant to the initial public offering of the Equity Shares of the Company. Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

PART A

Share Capital

Article 4.1 provides that "The Authorized Capital of the Company shall be such amount as is given in Clause 35 of the Memorandum of Association with power to increase and reduce the capital for the time being of the Company, into classes in accordance with Section 43 of the Act and to attach thereto respectively preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being be provided by the Company. The minimum capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lakh Only) or such other higher amount, as may, from time to time, be prescribed by or under the Act."

Article 4.2 provides that "the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them on such terms and conditions and either at a premium, par or at discount (subject to compliance with the provisions of Section 54 of the Act) and for such consideration as the Directors may think fit, and with the sanction of the Company in the General Meeting, give to any Person or Persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board thinks fit."

Article 4.3 provides that "the Board may allot and issue shares in the Share Capital of the Company on full payment or part payment for any property, goods or machinery supplied, sold or transferred and/ or for services rendered to the Company in or about the formation or promotion of the Company or in the conduct of its business or for any other consideration either in cash or otherwise than in cash as the Board may deem fit and any shares so allotted may be issued as fully paid up or partly paid up shares as the Board may decide."

Article 4.5 provides that "The Directors shall have the power in accordance with the provisions of the Act, to increase the Share Capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe."

Article 4.6 provides that "Subject to the applicable provisions of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares, which are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption".

Article 4.7 provides that " The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Act, or any other law as may be applicable".

Article 4.8 provides that "If at any time the Share Capital is divided into different classes of shares, the rights, attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths 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 shares of that class.

Article 4.10 provides that "The Company may subject to the approval of Board and in accordance with the Act and the Rules and Part B of Articles, issue further shares to employees under any scheme of employees stock option, subject to the approval of the shareholders of the Company, by way of a Special Resolution.

Transfer and Transmission

Transfer

Article 6.1 provides that

(i) There shall be a common form of transfer in accordance with the Act.

(ii) The Company shall keep a "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.

(iii) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(iv) Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares whether fully paid or not and the right of refusal, shall not be affected by circumstances that the proposed transferee is already a Member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer.

(v) Every instrument of transfer of shares shall be in writing and all the provisions of Section 56 of the Act, and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Transmission

Article 6.2 provides that:

(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in Article 6.2(i) shall release the estate of a deceased joint holder from any liability in respect of any share, which had been jointly held by him with other Persons.

(iii) Any Person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

(a) to be registered himself as holder of the Share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(iv) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

(v) 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.

(vi) If the Person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(vii) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers 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.

(viii) A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall 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 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 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Further Issue of Share Capital

Article 7.1 provides that "If at any time in terms of section 62 of the Act, the Company proposes to increase its subscribed capital by the allotment of further shares either out of the unissued capital or out of the increased Share Capital, such shares shall be offered:

(i) to persons who, at the date of the offer, are holders of 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.

(ii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause A of Article 7.1 above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules.

(iii) to employees under a scheme of employee stock option, subject to special resolution passed by company and subject to such conditions as may be prescribed.

Article 7.3 provides that "The provisions contained in this Article 7 shall be subject to the provisions of the Section 42 and Section 62 of the Act, the Rules and other applicable provisions of the Act."

Calls on Share

Article 8 provides that "The Board may, if they think fit, and subject to the provision of Section 50 of the Act, receive from any Member willing to advance the same, either in money or moneys worth, all or any part of the moneys uncalled and unpaid-upon any Shares held by him and upon all or any part of the moneys so advanced may, (until the same would, but for such advance become presently payable) pay without the sanction of the Company in General Meeting interest at such rate, not exceeding twelve per cent (12%) per annum, as may be agreed upon between the Member paying the sum in advance and the Board, but shall not in respect thereof confer a right to dividend or to participate in profits. The Member making such advance shall not be entitled to any voting rights in respect of such advance, until the same would but for such payment becomes presently payable.

The provision of these Articles shall apply mutatis mutandis to calls on the debenture of the Company."

Lien

Article 9 provides that "The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect in respect of such shares/ debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause."

Unpaid or unclaimed dividend

Article 11.2 provides that "Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven 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 Section 125 of the Act."

Article 11.3 provides that "No unclaimed or unpaid dividend shall be forfeited by the Board."

General Meetings

Article 12.1 provides that "All General Meetings other than Annual General Meeting shall be called an Extraordinary General Meeting. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the meeting shall specify it as the Annual General Meeting."

Article 12.4 provides that "A General Meeting of the Company may be called by giving not less than twenty one days notice in writing or after giving such shorter notice, if the consent of the requisite members as required under the Act is accorded thereto."

Article 12.5 provides that "Five Members, or such higher number of members as set forth under the applicable provisions of the Act, present in person, shall be a quorum for a General Meeting. No business shall be transacted at any General Meetings unless the requisite quorum is present at the commencement of the meeting. A body corporate, being a Member shall be deemed to be personally present, if it is represented in accordance with and in the manner as may be prescribed by the applicable provisions of the Act."

Article 12.6 provides that "The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so, subject to the applicable provisions of the Act, upon a requisition, in writing, by any Member or Members holding, in aggregate not less than one tenth or such other proportion or value, as may be prescribed, from time to time, under the Act, of such of the paid-up share Capital as at that date carries the right of voting in regard to the matter, in respect of which the requisition has been made."

Board of Directors

Article 13.1 provides that "The number of Directors shall not be less than three and not more than fifteen, until otherwise determined by a Special Resolution in a General Meeting."

Article 13.2 provides that "It shall not be necessary for a Director to hold any qualification shares to qualify him to be Director of the Company".

Article 13.3 provides that "Subject to provisions of Section 161 of the Act, the Board may appoint any Person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the place in which meetings of the Board are ordinarily held."

Proceedings of the Board

Article 14.1 provides that "The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it think fit."

Article 14.2 provides that "The Board may elect a chairperson of its meetings and determine the period for which he is to hold office. If no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be chairperson of the meeting."

Borrowing Powers

Article 17.1 provides that "The Board shall have power from time to time and at any time to borrow or raise any amount of money subject to the limitation contained in any statute, in any manner and on such terms and conditions as to security and interest as it deems fit for the business of the Company and as security for the repayment of any sum so borrowed, raised or owing, to mortgage, pledge or charge the whole or any part of the properties, assets or revenue of the Company present, or future, including its uncalled capital and to purchase, redeem or pay off any such Securities."

Article 17.2 provides that "Subject to the provisions of the Act, any debenture or debenture stock or other Securities may be issued at a premium, discount or otherwise and with any special privileges as to redemption, surrender, drawings, allotment, attendance in General Meetings of the Company or appointment of Directors."

Article 17.3 provides that "The Board of Directors shall have also the powers to raise money for the purpose of the Company by the issue of debenture or debenture stock, perpetual or redeemable shares on the whole or any part of the properties or assets of the company including its uncalled capital by special assignment or otherwise and to purchase, redeem or pay off such debentures."

Indemnity and Liability

Article 18 provides that "Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquired or in which relief is granted to him by the court or the National Company Law Tribunal (When applicable)"

PART B

Definitions and Interpretations

"Acceptance Notice" shall have the meaning as set forth in Article 25.2;

"Additional Capital Shares" shall have the meaning as set forth in Article 25.1;

"Adjourned Meeting" shall have the meaning as set forth in Article 22.3;

"Affiliates" shall mean, with respect to any Person, any company, corporation, association or other Person, which directly or indirectly, Controls, is Controlled by or, is under common control with the first named Person. If the first named Person is an individual, the term "Affiliates" shall include a Relative of such individual. In relation to the Investor, the term "Affiliate" shall also be deemed to include, without limitation (i) any fund, collective investment scheme, trust, partnership (including, without limitation, any co-investment partnership), special purpose or other vehicle or any subsidiary or affiliate of any of the foregoing, which is (a) managed/ advised by the Investor or (b) managed/advised by the Investor's investment manager and/or investment advisor or an Affiliate of the investment manager and /or investment advisor, or (c) in which the Investor is a general or limited partner; (ii) any contributor to the Investor, its Affiliates or (iii) companies/entities under the same management as the Investor.

"AGM" shall mean an annual general meeting of the shareholders of the company convened and held in accordance with the

Act and the Articles;

"**Agreement**" or "**Investment Agreement**" shall mean the investment agreement dated June 12, 2014 between the Investor, Promoters and the Company and others as specified therein, as amended on June 18, 2015 and through the Amendment Agreement together with the Schedules thereto, as may be amended, modified or supplemented from time to time;

"**Amendment Agreement**" shall mean the amendment agreement dated May 30, 2018 which revises and amends the Investment Agreement;

"**Alternate Exit**" shall have the meaning as set forth in Article 29.2;

"**Alternate Exit Date**" shall have the meaning as set out in the investment Agreement:

"**Assets"** shall mean assets or properties of every kind, nature, character and description (whether immovable, movable, tangible, intangible, absolute, accrued, fixed or otherwise) as operated hired, rented, owned or leased by a person from time to time, including cash, cash equivalents, receivables, securities, accounts and note receivables, real estate, plant and machinery, equipment, patents, copyright, domain names, trademarks, brands and other intellectual property, raw materials, inventory, furniture, fixtures and insurance;

"Associates(s)" shall mean an associate company of the company as defined in Section 2(6) of the Act and shall include all companies that become an associate company of the Company, including any overseas companies. As on the date of the Investment Agreement, Vectus Kenya Limited is an Associate of the Company;

"Big Five Accounting Firm" shall mean KPMG. PricewaterhouseCoopers, Ernst & Young and Deloitte Touche Tohmatsu, Grant Thornton or such Indian firm of Chartered accountants associated with any of them, and their respective successors, or any other reputed auditing firm as may be agreeable to the Investor;

"Business" shall mean (i) the business of manufacture, sale and/or distribution of plastics pipes and fittings, underground and overhead plastic water tanks, underground sewage system, manholes and plastic mouldings, undertaken in India and East Africa; and (ii) any other business undertaken by the Group during the term of the Agreement;

"Business Day" shall mean a day (other than a Saturday or a Sunday) on which the commercial banks are open for business in Delhi, India, and Port Louis, Mauritius ;

"Buyback Option" shall have the meaning as set forth in Article 32.2(i);

"Buyback Securities" shall have the meaning as set forth in Articles 32.3;

"CCDs" shall mean compulsorily convertible debentures having a face value of Rs.1,000 (Rupees One Thousand only) each, and having such other rights as are more fully detailed in the Investment Agreement, including in Schedule X of the Investment Agreement;

"Closing" shall mean' Closing' as defined under the Investment Agreement.

"Closing Date" shall mean the date on which Closing occurs pursuant to the Investment Agreement.

"Competitor" shall mean a Person, whether in India or overseas , who is primarily engaged in the business of manufacture, and either sale or distribution of plastic pipes and fittings, underground and overhead plastic water tanks, underground sewage systems and manholes. It is hereby clarified that a financial investor shall not be considered to be a Competitor under any circumstances;

"**Consents**" shall have the meaning as set out in the Investment Agreement;

"**Control**" (including with correlative meaning, the terms "Controlled by" and "under common Control with") shall mean the acquisition or control of more than 50% (fifty per cent) of the voting rights or of the issued share capital of such Person or the right to appoint and or remove all or the majority of the members of the board or other governing body of such person, or the power to control the management or policies of such person, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights through Contract otherwise;

"**Deed of Adherence**" shall mean the deed of adherence in the form contained in Schedule VI of the Investment Agreement;

"**Definitive Agreement**" shall mean the Investment Agreement and any other agreements and documents executed pursuant to or entered into in connection with the Investment Agreement;

"**Director**" shall mean a director on the Board of the Company and/or the Subsidiaries (as the context may suggest);

"**EGM**" shall mean an extraordinary general meeting of the Shareholders of the Company convened and held in accordance with the Act and the Articles;

"**Encumbrance**" shall mean any mortgage, hypothecation, pledge, non-disposal undertaking, escrow, power of attorney (by whatever name called) charge, lien, negative lien, or other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect, option, pre-emptive right, adverse claim, title retention agreement, conditional sale agreement, co-sale agreement, trust (other title exception of whatsoever nature) or other encumbrance of any kind, or a Contract to give or refrain from giving any of the encumbrance of any kind, or a contract to give or refrain from giving any of the foregoing, including any restriction imposed under applicable Law or Contract, and the term "Encumber" shall be construed accordingly;

"**Equity Shares**" shall mean fully paid-up equity shares of face value of Rs.10 (Rupees Ten only) each in the Share Capital;

"**Event of Default**" shall have the meaning as set forth in Article 33.1;

"**Exit Response Notice**" shall have the meaning as set forth in Article 32.3;

"Fair Market Value" shall mean the fair market value of the Company calculated on a going concern basis between a willing buyer and a willing seller, taking into account the then exiting market conditions, the Company's net assets (market value of the assets) and goodwill and the then present value of the Company's future cash flows determined by an Independent Valuer, Determination of fair Market Value by the Independent Valuer shall be final and binding on the Parties;

"Fall –Away Threshold" means the Investor Securities at any point Constituting less than 5% of the Fully Diluted Share Capital;

"**Financial Statements**", of a Person, with respect to a period, shall mean the balance sheet, profit and loss account, statements of income and cash flows and statement of changes in shareholders' equity (prepared on a consolidated basis or otherwise, as may be applicable), in each case, of such Person for such period;

"**Financial/Strategic Sale**" shall have the meaning as set forth in Article 31.4;

"**Financial Year**" shall mean the period commencing from April 1 of each year and ending on March 31 of the subsequent year;

"**Firm Offer**" shall have the meaning as set forth in Article 31.4;

"**Fully Diluted Basis**", with respect to any share, security, note, option, warrant or instrument convertible into Equity hares, shall mean the deemed conversion of such share, security or convertible instrument into Equity Shares in accordance with the provisions of applicable Law and the terms of issue of such share, security, note, option, warrant or instruments as of the relevant date. It is clarified that until such time that the CCD'S are converted into Equity Shares, the Fully Diluted Basis shall be calculated assuming that the CCD's held by the Investor had converted to Equity Shares at such time;

"**Fully Diluted Share Capital**" shall mean the Share Capital calculated on a Fully Diluted Basis;

"**Fully Tag Event**" shall have the meaning set forth in Article 27.3(v);

"**Full Tag Firm Offer**" shall have the meaning set forth in Article 27.4;

"**General Meeting**" shall mean either an EGM or an AGM;

"**Governmental Approvals**" shall mean any permission, approval, consent, license, permit, order, decree, authorization, registration, filing, notification, exemption, or ruling to or from or with any Governmental Authority;

"Government Authority" shall mean any national, state, provincial, local or similar government, governmental, regulatory or administrative authority, branch, agency, any statutory body or commission or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any court, tribunal, arbitral or judicial body, or any stock exchange of India or any other country;

"**Group**" shall mean the Company, its Subsidiaries and Associates collectively;

"**IPO**" shall mean an initial public offering of Shares or other Securities of the Company, on a Recognized Stock Exchange and includes a QIPO;

"**IPO Committee**" shall mean a committee of the Board of Directors, constituted to facilitate the process of the Offer (as defined in the Amendment Agreement), of which the Investor Director shall be a member.

"Independent Valuer" shall mean a Big Five Accounting Firm or a reputed auditor mutually appointed by the Investor and the Promoters. In the event that the Investor and the Promoters are unable to agree on the appointment of an Independent Valuer within 10 (ten) days of there arising a requirement for the appointment of an Independent Valuer, the Investor shall propose any two of the Big Five Accounting Firms for appointment as the Independent Valuer. The Promoters shall within 10 (ten) days of receipt of the written proposal from the Investor, appoint any one of Big Five Accounting Firms proposed by the Investor, to act as the Independent Valuer. In the event that the Promoters fail to appoint the Independent Valuer within 10 (ten) days of receipt of the written proposal from the Investor, the Investor shall appoint any one of the two Big Five Accounting Firms proposed by the Investor, to act as the Independent Valuer;

"**Investor**" shall mean Latinia Limited, a company established under the laws of Mauritius and having its registered office at IFS Court, Twenty Eight Cybercity, Ebene, Mauritius;

"**Investor's Consent**" shall mean the prior written consent of the Investor, which may be given by the Investor in its sole and absolute discretion;

"**Investor Director**" shall have the meaning as set forth in Article 21.2;

"**Investor Observer**" shall have the meaning as set forth in Article 21.2;

"**Investor Offer Shares**" shall have the meaning as set forth in Article 25.4;

"**Investor Securities**" shall mean the Securities held by the Investor at the relevant time, including the Subscription Securities;

"**Law**" shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, Government Approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law, by any Governmental Authority having jurisdiction over the matter in question.

"**Liquidation Event**" with respect to the Company, shall mean the commencement of any of the following:

(i) Appointment of a provisional or official liquidator by an appropriate court under any applicable Law;
(ii) A voluntary or involuntary liquidation , dissolution or winding up excluding any voluntary or involuntary Liquidation, dissolution or winding up resulting from a Financial/Strategic Sale (Alternate Exit);

"**Liquidation Preference Amount**" shall mean the aggregate of (i) the Subscription Amount; (ii) any other amounts invested by the Investor in the Group, subsequent to the Closing Date; and (iii) all accrued but unpaid dividends and interest on the Securities held by the Investor;

"**Liquidity Shares**" shall have the meaning as set forth in Article 27.1(i);

"**Lock-In Period**" shall have the meaning as set forth in Article 27.5;

"**Member of the Group** "shall mean any constituent member of the Group;

"**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time;

"**Non-Selling Shareholder**" shall have the meaning as set forth in Articles 27.2(i);

"**Offer Notice**" shall have the meaning as set forth in Article 25.1;

"**Offer Period**" shall have the meaning as set forth in Article 25.2;

"**Offer Shares**" shall have the meaning as set forth in Article 25.1;

"**Offer Terms** "shall have the meaning as set forth in Article 25.1;

"**Outstanding Offer Period**" shall have the meaning as set forth in Article 25.3(i);

"**Outstanding Offer Shares**" shall have the meaning as set forth in Article 25.3;

"**Parties**" shall mean some or all of the parties to the Investment Agreement collectively and "**Party**" shall mean any of them individually;

"**Person**" shall mean any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, Trust, union, association, Governmental Authority or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable Law;

"**Promoter Offer Period**" shall have the meaning as set forth in Article 25.4(i);

"**Promoter SHA**" shall mean the mean the shareholders' agreement entered into between the Promoters inter-se and the Company dated June 9, 2014;

"**Proposed Buyer**" shall mean the meaning as set forth in Article 27.3(i);

"**Put Purchaser**" shall have the meaning as set forth in Article 32.2;

"**Put Option**" shall have the meaning as set forth in Article 32.2(ii);

"**Put Securities**" shall have the meaning as set forth in Article 32.3;

"**QIPO**" shall mean an IPO, which satisfies the following conditions:

(i) The IPO is result in the listing or quoting of the Shares or other securities of the company on a Recognized Stock Exchange;
(ii) The IPO is commenced in order to achieve a market capitalization of an amount mutually acceptable to the Company, the Investor and the Promoters;
(iii) The IPO is managed and underwritten by a category-1 merchant banker registered with SEBI, as approved by the Investor and the Promoters;
(iv) The number of shares offered in the IPO shall fulfill the mandatory minimum offer size requirement for achieving the IPO and listing under applicable Law; and
(v) The IPO shall be in compliance with applicable Law;

"**Recognized Stock Exchange**" shall mean the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange Limited (BSE) or any other national or international exchange that is approved by the Board as a Reserved Matter;

"**Reserve Price**" shall have the meaning as set forth in Article 27.2(i)(c);

"**Reserved Matters**" shall mean all the matters listed in Schedule III of the Investment Agreement;

"**ROFO Exercise Notice**" shall have the meaning set forth in Article 27.2(i)(b);

"**ROFO Period**" shall have the meaning as set forth in Article 27.2(i)(b);

"**ROFO Purchase Period**" shall have the meaning as set forth in Article 27.2(i)(c);

"**ROFO Sale Securities**" shall have the meaning as set forth in Article 27.2(i);

"**ROFO Notice**" shall have the meaning as set forth in Article 27.2(i)(a);

"**Sale Notice**" shall have the meaning set forth in Article 31.2;

"Sale Response Notice" shall have the meaning as set forth in Article 27.3(ii);

"**Schedule Exit Date**" shall have the meaning as set out in the Investment Agreement;

"**SEBI**" shall mean the Securities and Exchange Board of India;

"**Second Adjourned Meeting**" shall have the meaning as set forth in Article 22.4;

"**Securities**" shall mean Shares and other securities and instruments convertible into Shares;

"**Selling Promoter**" shall have the meaning as set forth in Article 27.3(i);

"**Selling Shareholder**" shall have the meaning as set forth in Article 27.2(i);

"**Share Capital**" shall mean the total issued and paid-up share capital of the Company;

"**Shareholder**" shall mean any Person holding Shares of the Company and/or the Subsidiaries (as the context may requires);

"**Shares**" shall mean in the share capital of the Company or the Subsidiaries, as the context may require, including equity or preference shares;

"**Subscription Amount**" shall mean an aggregate amount of Rs.1000,000,000 (Rupees One Thousand Million only) paid by the Investor towards subscription to the Subscription Securities as on the Closing Date;

"**Subscription Securities**" shall collectively mean (i) 1,000 (one thousand) Equity Shares at a subscription price of Rs. 355 (Rupees Three Hundred Fifty Five only) per Equity Share; and (ii) 999,645 (nine hundred ninety nine thousand six hundred forty five) CCD's at a subscription price of Rs. 1,000 (Rupees One Thousand only) per CCD; issued and allotted to the Investor in terms of Clause 2.1 of the Investment Agreement;

"**Subsidiaries**" shall mean companies, which are direct or indirect subsidiaries of the company as defined in section 2 (87) of the Act, and shall include all companies that become subsidiaries of the Company, including any overseas subsidiaries.

As on the date of the Investment Agreement, the Subsidiaries are:

(i) Vectus Containers Private Limited;
(ii) Waterwell Containers Private Limited;
(iii) Waterwell Mouldings Private Limited;
(iv) Sunrise Tanks Private Limited;
(v) Gangotri Polymers Private Limited ;and
(vi) Chakradhar Paper and Boards Private Limited.

"**Tag Along Right**" shall have the meaning as set forth in Article 27.3(ii)(a);

"**Tag Along Securities**" shall have the meaning as set forth in Article 27.3(iv);

"**Third Party**" shall mean any Person who is not a party;

"**Transfer**" (including with correlative meaning, the terms "Transferred by" and "Transferability") shall mean to transfer, sell, assign, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way, subject to any Encumbrance or dispose of, whether or not voluntarily and whether directly or indirectly (pursuant to the transfer of an economic or other interest the creation of a derivative security or otherwise);

"**Transfer Notice**" shall have the meaning as set forth in Article 27.3(i);

"**Ultimate Exit**" shall have the meaning as set forth in Article 29.3;

"**Ultimate Exit Notice**" shall have the meaning as set forth in Article 32.1;

Board of Directors

Article 21.1 provides that "Subject to applicable Law and the terms of the Investment Agreement, the Assets, Business and affairs of the Company shall be managed exclusively by and under the direction of the Board. The Board may exercise all power of the Company and do all lawful acts and things as are permitted under applicable Law and the Articles."

Article 21.2 provides that "With effect from the Closing Date, the Board of Directors of the Company shall consist of such number of directors as may be required or permitted under applicable Law. From and after the Closing Date and as long as the Investor holds Securities greater than the Fall-Away Threshold, the Investor shall be entitled to nominate 1 (one) Director on the Board (such Director (including an alternate director) nominated by Investor, an "**Investor Director**"). Additionally, the Investor shall be entitled to depute an observer to attend such meeting ("**Investor Observer**"). The expenses incurred by the Investor, the Investor Director or any Investor Observer in that connection shall be borne by the Company. It is clarified that the Investor Observer shall not be entitled to vote at a Board meeting. The Investor Director and Investor Observer shall not be appointed on the Board of a Competitor, during the term of the Agreement.

Article 21.3 provides that "The Company shall make best efforts to appoint 2 (two) independent directors on the Board as soon as possible after the Closing Date. Such independent directors shall be appointed with the mutual consent of the Investor and the Promoters."

Article 21.4 provides that "The Investor Director shall be a non-executive Director who shall not be liable to retire by rotation unless required under applicable Law. In the event that the Investor Director is required to retire by rotation under applicable Law, the Investor shall have the right to reappoint an Investor Director in accordance with Article 21.2. The Investor may, at any time, nominate another individual as an Investor Director. The Investor Director shall not be required to hold any qualification shares in the Company."

Article 21.5 provides that "The Investor shall be entitled to nominate an alternate Director for the Investor Director nominated by it, and such alternate Director shall serve in the absence of such Investor Director. Any appointment as alternate Director shall take place as the first item of business at the meeting of the Board next following receipt by the Company of such nomination. Upon the appointment as alternate Director, such alternate Director shall be entitled to constitute the quorum, vote, consent, sign written resolutions and otherwise be entitled to the same rights, benefits and privileges as the Investor Director for whom such alternate Director is an alternate."

Article 21.6 provides that "The Investor Director shall have the right to be part of any Committee that may be constituted by the Board, provided that the composition of such Committee remains in compliance with applicable Law."

Article 21.7 provides that "No liability of the Investor Director:

(i) Subject to applicable Law, the Investor Director shall not be liable for any default or failure of the Company in complying with the provisions of any applicable Law, including defaults under the Act. The Investor Director shall not be identified by the Company as an "officer in default" of the Company or occupiers of any premises used by the Company or employers under applicable Law. The Company and the Promoter undertake to ensure that Directors other than the Investor Director, or other suitable persons, are nominated as officers in default, occupiers and/or employers as the case may be in order to ensure that the Investor Director do not incur any liability.

(ii) The Investor Director shall be indemnified out of the assets of the Company, against any liability incurred by any Investor Director in such capacity, in defending any proceedings, whether civil or criminal. The above indemnification shall be in addition to the obligation of the Company to obtain a directors' and officers' insurance policy in accordance with Clause 7.5 of the Investment Agreement. It is hereby clarified that such indemnification shall survive cessation of any Director as a Director. Any indemnification due to any Director shall be set-off to the extent of any amount paid to such Director from the Company's directors' and officers' insurance policy."

Meetings of the Board

Article 22.1 provides that "The Board shall hold regular meeting at the registered office of the Company or at such other place as is acceptable to the Investor Director at least once every quarter and at least 4 (four) such meetings shall be held in every calendar year. Unless otherwise agreed to in writing by the Investor Director, the notice, agenda, detailed notes and explanations to specific items on the agenda including draft resolutions to be discussed or voted, if any, for each meeting of the Board shall be sent to the Investor Director and all other Directors at least 15 (fifteen) Business Days prior to such meeting. No meeting of the Board shall be convened at a shorter notice period without the prior written consent of the Investor Director. Other than with the prior written consent of the Investor Director, no matter other than the matters included in the agenda accompanying the notice provided to the Investor Director shall be subsequently included in the agenda in relation to, or considered in, any meeting of the Board."

Provided that provisions of the above clause and the notice requirements thereunder shall not be applicable to meetings of the IPO Committee or Board where matters in connection with the Offer are discussed and conducted in the manner set forth in Article 24.3, including for decisions taken with respect to any Reserved Matters.

Article 22.2 provides that "The agenda for a Board Meeting, including any adjourned meeting, shall not include any matter specified in **Schedule III (Reserved Matters)** of the Agreement unless the Investor's Consent is first obtained. The quorum for any meeting of the Board shall be the presence, in person of 3 (three) Directors, provided that the presence of the Investor Director (unless waived in writing by the Investor) and at least 1 (one) Director nominated by the Promoters shall be necessary to constitute the Quorum."

Provided that provisions of the above clause, including with respect to obtaining the Investor's consent shall not be applicable to decisions taken with respect to any Reserved Matters at meetings of the IPO Committee or the Board of the Company (to the extent that such Reserved Matters relate to the Offer), conducted in the manner set forth in Article 24.3.

Article 22.3 provides that "In the event that the quorum as set forth above is not achieved at any meeting of the Board, such meeting shall stand adjourned to the 7th (seventh) Business Day following the day on which such meeting was adjourned, at the same time and venue (the "**Adjourned Meeting**"). Notice of the Adjourned Meeting shall be given to all Directors by electronic mail and shall necessarily be followed by written notice by way of courier and the Adjourned Meeting shall consider the same matters as were on the agenda for the meeting that was adjourned."

Article 22.4 provides that "In the event that the quorum as set forth above is not achieved at the Adjourned Meeting, such meeting shall further stand adjourned to the 7th (seventh) Business Day following the day on which the Adjourned meeting was to be held, at the same time and venue (the "**Second Adjourned Meeting**"). Notice of the second Adjourned Meeting shall be given to all Directors by electronic mail and shall necessarily be followed by written notice by way of courier and the Second Adjourned Meeting shall consider the same matters as were on the agenda for the Adjourned Meeting."

Article 22.5 provides that "It is agreed that the Director present at the commencement and during the course of the Second Adjourned Meeting shall constitute valid quorum and all matters as specified in the agenda shall be voted upon in such meeting."

Article 22.6 provides that "Subject to the provision of Article 24 and this Article 22, a decision shall be said to have been made and a resolution passed at a meeting of the Board only if passed at a validly constituted meeting, and such decision and resolution is approved of by a majority of the Directors, which, unless otherwise mandated by applicable Law, shall mean approval by a majority of the Directors present and voting at such meeting of the Board. The chairman of the Board meeting shall be appointed by the Promoters. In the event that the designated chairman is not present at a validly convened meeting, the persons present and voting may nominate any other Promoter Director as the chairman for the purposes of such meeting. The chairman of a meeting of the Board shall not have a casting vote on any matter taken up by the Board in its meetings."

Article 22.7 provides that "Subject to applicable Law, Directors may participate in meetings of the Board through video or telephonic conference."

Article 22.8 provides that "A written resolution circulated to all Directors, whether in India or overseas and signed by a majority of them as approved shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board, called and held in accordance with the Agreement and the Articles (provided that such written resolution has been circulated in draft form together with the relevant papers, if any to all the Directors); provided however, that such circular resolution shall not include any matters specified in **Schedule III** (Reserved Matter) of the Agreement unless Investor's Consent is first obtained."

Article 22.9 provides that "The Company shall reimburse reasonable expenses of the Investor Director and the Investor Observer for costs incurred in attending meetings of the Board and other meetings or events attended on behalf of or at the instance of the Company (which shall include only domestic travel and accommodation). The Company shall not pay any sitting fees to or reimburse any other expenses (except as set forth in this Article 22.9) incurred by the Investor Director and/or the Investor Observer."

Article 22.10 provides that "The Promoters undertake to take such actions as may be necessary (including exercising their votes as Directors and shareholders of the Company), to give effect to the provisions of, and to comply with their obligation under the Articles, including this Article 22."

Shareholder Meeting

Article 23.1 provides that "The Company shall hold at least 1 (one) General Meeting in any given calendar year. All General Meetings shall be governed by the Act and the Articles."

Article 23.2 provides that "Prior written notice of 21 (twenty one) days for a General Meeting shall be given to all Shareholders, provided however that any General Meeting may be held upon shorter notice in accordance with the provisions of the Act and subject to the prior written approval of the Investor. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such meeting."

Article 23.3 provides that "The agenda for a General Meeting, including any adjourned meeting, shall not include any matters specified in **Schedule III (Reserved Matters)** of the Agreement unless the Investor's Consent is first obtained. The quorum for a General Meeting shall be the presence, in person, of such number of shareholders as are required under the Act, provided that the presence of at least 1 (one) authorized representative of the Principal Promoters and the Investor shall be necessary to constitute the quorum (unless waived in writing by the Investor)."

Article 23.4 provides that "The AGM shall be held in each calendar year within 6(six) months following the end of the previous Financial Year. The Board shall provide the audited Financial Statements of the Company's previous Financial Year to all Shareholders at least 30 (thirty) days before the AGM is held to approve and adopt the audited Financial statements. All other General Meetings, other than the AGMs shall be EGMs."

Article 23.5 provides that "In the event that the quorum as set forth above is not achieved at a General Meeting, such meeting shall stand adjourned to the same location and time on the 7th (seventh) day following the date on which the meeting was scheduled to be held. If such day is not a Business Day, then the adjourned General Meeting shall be held on the next Business Day immediately following such 7th (seventh) day. The Company shall issue notices by facsimile transmission, email and necessarily followed by written notice for such adjourned meeting to all the Shareholders. The Shareholders present at the commencement and during the course of such adjourned meeting shall constitute valid quorum and matters as specified in the notice shall be voted upon in such meeting."

Article 23.6 provides that "Subject to the provisions of Article 24 and this Article 23, all resolutions at a General Meeting shall be voted upon by way of a poll and not by a show of hands and shall be decided by a simple majority or special majority as provided under the Act."

Reserved Matters

Article 24.1 provides that "Notwithstanding anything to the contrary contained in the Articles and the Agreement, as long the Investor holds Securities greater than the Fall –Away Threshold, no action or decision (including any steps being commenced or taken for any action or decision) relating to any of the Reserved Matters (as set out in **Schedule III** of the Agreement) shall be proposed taken or given effect to (whether by the Board, Shareholders, any director, any committee, the senior management or the Company or its Subsidiaries) unless Investor's Consent is first obtained."

Article 24.2 provides that "In the event that the Investor's Consent is required in relation to a matter, the same shall be obtained in the manner set out in Clause 11.2 of the Investment Agreement."

Article 24.3 provides that "An IPO Committee constituted by the Board (whose meetings may be conducted via tele-conference or video-conference) shall be enabled to take decisions with respect to Reserved Matters, and the requirement of Consent Notice in this regard shall be deemed to have been waived. Quorum for such meetings of the IPO Committee shall mandatorily include the Investor Director."

For the purpose of the above clause, it is further clarified that the requirement of obtaining Investor Consent shall be deemed to be satisfied by way of an affirmative vote cast by the Investor Director on the relevant Reserved Matters taken up by the IPO Committee."

Additional Capital

Article 25.1 provides that "Subject to Article 24, in the event that the Company decides to issue any additional Equity Shares or Securities in excess of the Share Capital as on the Closing Date (**"Additional Capital Shares"**) to any Person, the Company shall first offer to issue to each Shareholder such part of the Additional Capital Shares as is represented by the proportion of the Shares held by such Shareholder in the fully Diluted Share Capital (the "**Offer Shares**"), on the same terms and conditions on which any Additional Capital Shares are offered to such other person, which terms and conditions shall be set out in a written notice with respect to such further issue (the terms of such offer to the Investor, the "**Offer Terms**", and the notice, the "**Offer Notice**"). For the avoidance of doubt, the shareholding of the Investor on a Fully Diluted Basis would be the aggregate of the Equity Shares held by the Investor and the Equity Shares that would be held by the Investor assuming that the CCDs held by the Investor had converted to Equity Shares in accordance with the Articles and the Agreement at such time. The number of offer Shares to each Shareholder shall be determined on the basis of the following formula:

$A=B*(C/D)$

Where,

A= Number of Offer Shares;

B= Number of Additional Capital Shares;

C= The number of Shares held by the relevant Shareholder on a Fully Diluted Basis immediately before the issuance of the Additional Capital Shares; and

D= The number of Shares on a Fully Diluted Basis, immediately before the issuance of the Additional Capital Shares."

Article 25.2 provides that "Each Shareholder shall have the right to accept the Offer Terms within a period of 15 (fifteen) days from the date of the Offer Notice (the "**Offer Period**''). If a Shareholder agrees to subscribe to all or some of the Offer Shares within the Offer Period, such Shareholder shall deliver a written notice stating its acceptance to subscribe to all or such number of the Offer Shares that it wishes to subscribe to (the "**Acceptance Notice**"). The Company shall complete the issuance and allotment of such number of the Offer Shares as are stated in the Acceptance Notice within a period of 30 (thirty) days from the date of the Acceptance Notice. It is clarified that the Promoters shall act in accordance with the directions of the Principal Promoters as contained in the Promoter SHA, subject always to the terms of the Agreement."

Article 25.3 provides that "In the event that any of the Promoters do not respond to the Offer Notice within the time period set forth in Article 25.2 or decline to subscribe to all or some of the Offer Shares or fail to pay the subscription amount for the Offer Shares, the unsubscribed Offer Shares ("**Outstanding Offer Shares**") shall be allotted (on the Offer Terms) in the following manner:

(i) The Company shall first offer the Outstanding Offer Shares to the remaining Promoters in proportion of the Shares held by such remaining Promoters in the fully Diluted Shares Capital. The remaining Promoters shall have the right to subscribe to their respective entitlement of the Outstanding Offer Shares within 10 (ten) days of the date of offer ("**Outstanding Offer Period**");

(ii) In the event that any of the remaining Promoters do not respond to the offer notice within the Outstanding Offer Period or decline to subscribe to all or some of the Outstanding Offer Shares or fail to pay the subscription amount for the Outstanding Offer Shares, the unsubscribed Outstanding Offer Shares shall be offered to the Investor. The Investor shall have the right to subscribe to the unsubscribed Outstanding Offer Shares within 10 (ten) days of the date of offer, failing which such Shares may be offered to any Person approved by the Board on the Offer Terms."

Article 25.4 provides that "In the event the Investor does not respond to the Offer Notice within the time period set forth in Article 25.2 or decline to subscribe to all or some of the Offer Shares or fails to pay the subscription amount for the Offer Shares, the unsubscribed Offer Shares ("**Investor Offer Shares**") shall be allotted (on the Offer Terms) in the following manner:

(i) The Company shall first offer the Investor Offer Shares to the Promoters in proportion of the Shares held by the Promoters in the Fully Diluted Shares Capital. The Promoters shall have the right to subscribe to their respective entitlement of the Investor Offer Shares within 10 (ten) days of the date of offer ("**Promoter Offer Period**");

(ii) In the event that any of the Promoters do not respond to the offer notice within the Promoter Offer Period or decline to subscribe to all or some of the Investor Offer Shares or fail to pay the subscription amount for the Investor Offer Shares, the unsubscribed Investor Offer shares shall be offered to the remaining Promoters in proportion of the Shares held by the remaining Promoters in the Fully Diluted Shares Capital. The remaining Promoters shall have the right to subscribe to the unsubscribed Investor Offer Shares within 10 (ten) days of the date of offer, failing which such shares may be offered to any Person approved by the Board, on the Offer Terms."

Article 25.5 provides that "Notwithstanding the foregoing, the provisions of Article 25 shall not apply to any issuance of Shares pursuant to the QIPO as described in Article 30, and as approved by the Board."

Anti Dilution

Article 26 provides that "Notwithstanding any other provision of the Articles, the Company shall not issue any Securities to any Person at a price less than the price at which the Subscription Securities are issued to the Investor, or on terms more favorable to such Person than the terms at which the Investor has agreed to acquire securities under the Definitive Agreements, without the prior written consent of the Investor."

It is clarified that the consent requirements of this Article 26 shall not apply to any decisions in relation to the QIPO, provided that such decision has been taken and/or approved at a meeting of the Board or the IPO Committee, where the Investor Director is present and decisions in relation to the Reserved Matters have been taken in accordance with Article 24.

Restrictions on Transfer of Securities

Article 27.1 provides that:

Non –Disposal of Shareholdings

(i) Except with the prior written approval of the Investor and to the extent permitted in Article 27.1 (ii) and Article 27.1 (iii) the Promoters shall not, during the Terms of the Agreement, Transfer or Encumber in any manner, and shall continue to hold all their existing Shares and securities of the Company and those that might be allotted or Transferred to them in the future (by way of bonus, right or otherwise) free of all Encumbrances. The Promoters shall not do any act or omit to do any act, which has the effect of diminishing the obligation of the Promoters under the Definitive Agreements.

(ii) Subject to the Investor being provided with a Right of First Offer in accordance with Article 27.2, the Promoters shall be entitled to Transfer in aggregate, up to a maximum of 5% (five percent) of their collective shareholding in the Company (the "Liquidity Shares") as on the Closing Date (calculated on a Fully Diluted Basis) to a person of repute. It is clarified that the Investor's Tag Along Right under Article

27.3 shall not apply to any Transfer under this Article 27.1 (ii) The purchaser of such Liquidity Shares shall not be required to sign any Deed of Adherence or be subject to a deemed Deed of Adherence under Article 27.1 (iii) below but shall be required to comply with the transfer restrictions contemplated in this Article 27 in the event of any subsequent Transfer of shares by such purchaser.

(iii) The Promoters may Transfer Shares held by them in the following manner (a) inter-se the Promoters as per the terms of the Promoters SHA; (b) the Principal Promoters and their respective spouses may Transfer any Shares held by them to their respective children(a) freely upto 5% (five percent) per individual child, in aggregate; and (b) above 5% with the prior written consent of the Investor, which consent shall not unreasonably be withheld. Provided that, under no circumstances shall the Principal Promoters and their spouse collectively cease to hold at least 51% (Fifty one percent) of the Fully Diluted Share Capital by way to Transfer under Article 27.1 (ii) and 27.1 (iii).

(iv) The Company shall not recognise or register any Transfer of Securities made or to be made by the Promoters, unless such Transfer is made pursuant to Article 27.1(ii) or Article 27.1(iii) or has been previously approved by the Investor in writing and the transferee has executed a Deed of Adherence, nor shall the Company endorse any Encumbrance in respect of Securities of the Promoters in favour of Third Parties unless such Encumbrance has been previously approved by the Investor in writing.

Article 27.2 provides that:

Right of First Offer

(i) Subject to the restrictions on Transfer of Securities held by the Promoters elsewhere in the Articles, including under Article 27.1, in the event that any of the Shareholders ("Selling Shareholder") propose to sell any of the Securities held by it to any Person ("ROFO Sale Securities"), such Selling Shareholder shall first offer the ROFO Sale Securities to the other Shareholders ("Non-Selling Shareholder").The process to be followed for the exercise of the right of first offer is set out below;

(a) Any of the Selling Shareholders shall first give a written notice ("ROFO Notice") to the Non-Selling Shareholders. The ROFO Notice shall state the number of ROFO Sale Securities.

(b) The Non-Selling Shareholders shall be entitled to respond to the ROFO Notice by serving a written notice (the "**ROFO Exercise Notice**") on the Selling Shareholder prior to the expiry of 15 (fifteen) Business Days from the date of receipt of the ROFO Notice by the Non-Selling Shareholders (the "**ROFO Period**") communicating to the selling Shareholder ("**Offer Notice**"), whether or not it is willing to purchase its respective entitlement of the ROFO Sale Securities and the price and term at which such Non-Selling Shareholder is willing to purchase its respective entitlement of the ROFO Sale Securities. The delivery of the Offer Notice by the Non-Selling Shareholder shall constitute a binding, irrevocable and unconditional offer from the Non-Selling Shareholder to purchase their respective entitlement of the ROFO Sale Securities at the price and on the terms set out in the Offer Notice.

(c) Within 15 (fifteen) Business Days of the expiry of the ROFO Period, the Selling Shareholder may at its option sell to the Non-Selling Shareholder who has specified the highest price ("Reserve Price") its respective entitlement of the ROFO Sale Securities ("ROFO Purchase Period"). Further the Selling Shareholder may at its option sell the remaining ROFO Sale Securities to the other Non- Selling Shareholders at the Reserve Price, in proportion to their inter-se shareholding.

(d) If any ROFO Sale Securities remain unsold after the completion of the process above, or if the Selling Shareholder does not wish to sell the ROFO Sale Securities at the Reserve Price, the Selling Shareholder shall be entitled to sell such ROFO Sale Securities to any Person at a price higher than the Reserve Price. In the event that the selling Shareholder does not conclude the sale of the ROFO Sale Securities within 90 (days) thereof the Selling Shareholder shall not sell the ROFO Sale Securities without again following the steps as set forth under this Article 27.2.

Article 27.3 provides that:

Tag- Along Right

(i) Subject to Article 27.1 and 27.2 above, if the Selling Shareholder is a Promoter (the "Selling Promoter") and proposes to Transfer any of the ROFO Sale Securities to any Person (the "Proposed Buyer") the selling Promoter shall deliver a notice in writing to the Investor the "Transfer Notice") which shall:

(a) Specify:

(A) The number of ROFO Sale Securities;
(B) The price at which the Selling Promoter intends to Transfer such ROFO Sale Securities, such price being higher than the Reserve Price;
(C) The identity of the Proposal Buyer; and
(D) Other terms and conditions of the proposed Transfer;

(b) Contain a confirmation to the Investor that (A) the Selling Promoter has made an offer to or received an offer from the Proposed Buyer to buy the ROFO Sale Securities, and (B) The Proposed Buyer has been made aware of the rights of the Investor and the obligations of the Promoters under the Articles and the Agreement;

(ii) Within 30 (thirty) days of its receipt of the Transfer Notice, the Investor shall deliver a written notice to the Selling Promoter (the "Sale Response Notice") notifying the Selling Promoter of its decision to either:

(a) Exercise its right to sell such number of the Investor Securities as permitted under Article 27.3(v) below ("Tag Along Right") alongside the sale of the ROFO Sale Securities to the Proposed Buyer; or
(b) Decline to exercise its Tag Along Right.

(iii) In the event that the Investor decline to exercise its Tag Along Right, or does not serve a Sale Response Notice within 30 (thirty) days of receipt of the Transfer Notice, the Selling Promoter shall be entitled to Transfer the Sale Shares to a Third Party at the price and terms mentioned in the Transfer Notice.

(iv) In the event that the Inventor issues a Sale Response Notice exercising its Tag Along Right under Article 27.3(ii)(a), the Investor shall have the right to require the selling Promoter to ensure that the Proposed Buyer purchases such number of the Securities held by the Investor as may be specified in the Sale Response Notice, which shall be calculated in the manner set out in Article 27.3(v) (the "Tag Along Securities"). The Proposed Buyer shall simultaneously purchase the Tag Along Securities and the ROFO Sale Securities at the same price (including the cash equivalent of any non-cash component or non-complete fee) and on identical terms as specified in the Transfer Notice.

(v) The number of Tag Along Securities shall be determined by multiplying the number of Securities held by the Investor in the Fully Diluted Share Capital by a fraction, (x) the numerator of which shall be the number of Securities (on a fully Diluted Basis) the Selling Promoter proposes to Transfer and (y) the denominator of which shall be the total number of securities then held by the Selling Promoter in the Fully Diluted Share Capital. Provided however that in the event that the Transfer of the ROFO Sale Securities will result in the Promoters collectively holding less than 51% of the fully Diluted Share Capital, ("Fully Tag Event") the Investor shall have the right to require the selling Promoter to ensure that the Proposed Buyer purchases upto all of the Securities held by the Investor as indicated by the Investor in the Sale Response Notice.

(vi) The Selling Promoter shall also ensure that the Proposed Buyer executes a Deed of Adherence simultaneously with the Transfer of the ROFO Sale Securities and the Tag Along Securities in the event that the Investor continues to hold any Securities greater than the Fall-Away Threshold and at the sole discretion of the Principal Promoters if the Investor holds securities less than the Fall-Away Threshold.

(vii) The Investor shall not be required to give any representations, warranties or indemnities other than customary warranties with respect to their valid existence, authority to execute the proposed sale and title to the Investor Securities.

(viii) Notwithstanding anything to the contrary in this Article 27.3, the Selling Promoter shall not be entitled to Transfer any ROFO Sale Securities to any Proposed Buyer, unless the Proposed Buyer simultaneously purchases and pays for all of the Tag Along Securities on the terms of the Transfer Notice. On Transfer of the Tag Along Securities, the Selling Promoter shall ensure that the Proposed Buyer simultaneously remits to the Investor, that portion of the proceeds of the Transfer to which the Investor is entitled pursuant to the Investor participating in such Transfer, by way of wire transfer or such other method as may be acceptable to the Investor and permitted under applicable Law.

(ix) The Investor shall be entitled to convert the CCDs into Equity Shares in accordance with the Articles and the Agreement to enable it to exercise its rights under this Article 27, and the Company and Promoters undertake to perform all acts and deeds necessary to facilitate such conversion. Any time limits set out in this Article 27 shall stand extended by the period required by the Investor to convert the CCD's into Equity Shares.

(x) In the event the Investor delivers a Sale Response Notice exercising its Tag Along Right, the Transfer of ROFO Sale Securities and Tag Along Securities to the Proposed Buyer by the Selling Promoter shall be completed within a period of 90 (ninety) days, in terms of the Transfer Notice from the date of delivery of such Transfer Notice. In the event the Investor declines to exercise its Tag Along Right, the Transfer of Securities by the Selling Promoter shall be completed within a period of 90 (ninety) days from the date of delivery of such Transfer Notice. In the event that in either of the circumstances above, the Selling Shareholder does not conclude the Transfer within 90 (ninety) days of the delivery of the Transfer Notice, the Selling Promoter shall not Transfer the ROFO Sale Securities without again following the steps as set forth under Article 27.2 and 27.3.

Article 27.4 provides that "In case of an occurrence of a Full Tag Event at any time after the Schedule Exit Date, where the Investor Transfers any Investor Securities (as a result of such Full Tag Event) at the price specified in the Sale Notice (or a higher price), on the basis of a firm offer in writing from the Proposed Buyer for all the Investor Securities ("Full Tag Firm Offer") it is clarified that upon such Full Tag Firm Offer, if the investor elects to Transfer only part and not all of the Investor Securities pursuant to the Tag Along Right, the Ultimate Exit under Article 32 and the Investor's right to serve the Ultimate Exit Notice under Article 32 above shall immediately lapse upon the conclusion of such partial sale of Investor Securities pursuant to a Full Tag Firm Offer."

Article 27.5 provides that "The Investor shall not be entitled to Transfer the Subscription Securities for a period of one year from the Closing Date or such shorter period as may be prescribed under applicable Law ("Lock-In Period"). Other than the Lock-In Period and as provided in Article 27.3, the Investor Securities shall be freely Transferable at all times along with the rights attached to the Investor Securities and shall not be subject to any restrictions whatsoever, except that no Transfer shall be permitted by the Investor to a Competitor. The Investor shall have the right to freely transfer all or any of the Securities held by it to any Person along with any rights attaching thereto under any of the Definitive Agreements, without the prior consent of any Person, and the Company and the Promoters undertake to do all acts required to give effect to such transfer or assignment. It is clarified that the procedure set forth in Article 27.3 shall not apply to any Transfer of Securities by the Investor to its Affiliate. It is clarified that any one of the Investor and/or its transferee shall exercise the rights of the Investor under the Articles and the Agreement."

Article 27.6 provides that "It is further clarified that any costs and expenses relating to any sale of the Investor Securities proposed to be undertaken by the Investor prior to the Scheduled Exit Date shall take place at the cost of the Investor, with the Company being liable to undertake any costs and expenses relating to any sale of the Investor Securities only after the Scheduled Exit Date. Similarly, any sale of Securities proposed to be undertaken by the Promoters prior to the Scheduled Exit Date shall take place at the cost of the relevant Promoters, with the Company being liable to undertake any costs and expenses relating to any sale of Securities by the Promoters after the Scheduled Exit Date."

Article 27.7 provides that:

Miscellaneous

(i) The Company shall not register any Transfer of Securities in violation of the provision of the Articles and the Agreement and shall not recognize as a shareholder or owner of Securities, nor accord any rights (whether relating to payment of dividend or voting) to the purported transferee of any Securities in violation of the provisions of the Articles and the Agreement. Any Transfer of Securities in violation of the provisions of the Articles and the Agreement shall be void, shall not be binding on the Company and the Company shall not permit any such Transfer on its books.

(ii) The Company and the Promoter undertake to do all such acts and deeds as may be necessary to give effect to the provisions of this Article 27, including effecting the conversion of some or all of the Investor Securities in accordance with the terms of the Articles and the Agreement as required by the Investor.

(iii) Any Person acquiring Securities by way of a transfer permitted under the Definitive Agreements shall execute a Deed of Adherence on or prior to such Transfer of Securities, and no party shall refuse to execute such Deed of Adherences. Upon a failure of a Party to execute a Deed of Adherence in respect of a transfer permitted under the Definitive Agreement, such Party shall be deemed to have consented to the terms of the Deed of Adherence as if it had executed such Deed of Adherence.

(iv) A copy of all notices required to be given under this Article 27 shall be delivered concurrently to the Company.

Article 27.8 provides that "Provided that nothing contained in this Article 27 shall apply to any sale of Shares undertaken s a part of the QIPO as described in Article 30 and as approved by the Board."

Liquidation Preference

Article 28.1 provides that "Upon the occurrence of a Liquidation Event, the Investor shall, with respect to the Investor Securities held by it, be entitled to receive from the Company, an amount equal to the Liquidation Preference Amount that the

Investor is entitled to, in priority and preference to all other holders of Securities of the Company (other than the Investor) and before any distribution is made upon any Securities or otherwise to any other shareholder of the Company in such manner as may be permissible under applicable Law."

Article 28.2 provides that "In the event that the Liquidation Event is an event under which the Investor is not entitled to receive the proceeds of such Liquidation Event by virtue of being a holder of Securities of the Company or the rights of the Investor provided in Article 28.1 have not been given effect to or are not otherwise permissible to be given effect to or enforced, the promoters shall ensure that the Liquidation Preference Amount is held in trust for the Investor by the Company/ Promoters and paid in a suitable manner to the Investor in accordance with applicable Law."

Exit

Article 29.1 provides that "The Company and the Promoters shall endeavour to provide an exit to the Investor prior to the Scheduled Exit Date, by undertaking a QIPO in accordance with Article 30."

Article 29.2 provides that "If the Company and the Promoter fail to provide an exit to the Investor as contemplated in Article 29.1 (read with Article 30), the Company and the Promoters may elect to provide the Investor an exit prior to the Alternate Exit Date by way of a Financial/ Strategic Sale in accordance with Article 31 (the "**Alternate Exit**")."

Article 29.3 provides that "Notwithstanding anything to the contrary contained elsewhere in the Agreement, in the event the Company and the Promoters fail to provide an Alternate Exit within the Alternate Exit Date as provided for in Article 29.2 (read with Article 30) the Investor shall without prejudice to its other rights under the Articles and the Agreement, be entitled to exercise its rights under Article 31 (the "Ultimate Exit")."

Article 29.4 provides that "All costs relating to the obligations of the Company under Article 30, Article 31 and Article 32 shall be borne by the Company."

Qualified Initial Public Offering

Article 30.1 provides that "The decision to undertake a QIPO (including the determination of the timing of the QIPO) shall be made by the Board as a Reserved Matter having due regard to the prevailing market conditions at the time of the QIPO. It is clarified that the Investor shall not withhold its written consent for any matters relating to QIPO after the timing, pricing and price or exchange of a QIPO, appointment of the merchant bankers and other advisors in relation thereto has been approved by the Investor as a Reserved Matter. The Parties hereby acknowledge that the price band, Offer size, Offer price, and other details with respect to the timing and pricing of the QIPO shall be decided in the course of the QIPO and decisions with respect to such matters, to the extent such matters constitute Reserved Matters, shall be taken at a meeting of the Board or IPO Committee where the Investor Director is in attendance and the affirmative vote of the Investor Director has been obtained in respect of the Reserved Matters. For the avoidance of doubt, any modifications to the terms of the QIPO (including pricing, Offer size and timing) other than as approved by the Investor shall require the written consent of the Investor, unless such decision has been taken at a meeting of the Board or the IPO Committee, where the Investor Director is present and decisions in relation to the Reserved Matters have been taken in accordance with Clause 11 of the Investment Agreement."

Article 30.2 provides that "A QIPO may be either through a new issue of Equity Shares or, subject to Article 30.4 an offer for sale of the Equity Shares held by the shareholders of the Company, or a combination of both."

Article 30.3 provides that "On the latest date on which the CCDs are required to be converted into Equity Shares in connection with a QIPO under application Law, the CCDs held by the Investor shall convert into Equity Shares in accordance with Schedule X of the Agreement."

Article 30.4 provides that "In the event that a QIPO undertaken by the Company under this Article 30 is through or includes an offer for sale of Shares, the Investor shall be entitled to offer any or all Shares held by it before the Shares of the Promoters are included in such offer for sale. The Promoters undertakes to exercise their respective voting rights (as Directors and shareholders of the Company) to give effect to this Article 30.4. If the Investor offers the Shares held by it in any offer for sale, the Company and the Promoters hereby confirm and undertake to do the following:

(i) Ensure that the total offer of Shares to the public shall constitute not less than such percentage (as prescribed by the then applicable Law) of the total post issue Share Capital as to comply with the listing requirements of the Recognized Stock Exchange and the SEBI;

(ii) Provide all information and ensure compliance with all applicable provisions under the guidelines, the listing agreement of the Recognized Stock Exchange and other regulations in force at the time of the QIPO and subsequent listing of the Equity Shares for trading on a Recognized Stock Exchange; and

(iii) In the event of an offer for sale in which any Investor offers all or any of the Shares held by it, the Company and the Promoters shall indemnify and hold the Investor harmless from and against any Losses caused by (a) any untrue statement of a material fact, or (b) any omission to state therein a fact required to be stated therein a fact required to be stated therein or necessary to make the statements therein not misleading, and made by or on account of the Company and/or the Promoters contained in any statement or prospectus relating to such offering."

Article 30.5 provides that "In the event that the Company undertakes a QIPO under this Article 30, the Promoters undertake to provide such number of Shares as may be required in addition to the Shares offered by Investor to fulfill the mandatory minimum offer size requirement for achieving the QIPO and listing under Applicable Law."

Article 30.6 provides that "From the date the Board approves the undertaking of a QIPO in accordance with Article 30.1, the Promoters shall do all acts and deeds required to effect the QIPO and to allow the Investor to exercise its respective right to offer the Shares held by the Investor, including preparing and signing the relevant offer documents, conducting road shows, executing such documents, providing all necessary information and documents necessary for preparing the offer documents, obtaining such regulatory or other approvals and doing such further acts or deeds as may be necessary or are customary in transactions of such nature, and do all acts necessary to facilitate the Investor's right to offer the Shares held by them."

Article 30.7 provides that "Subject to applicable Law, the Investor shall be entitled (but not obligated) to Transfer all of the Investor Securities subsequent to the occurrence of the QIPO and consequent to the listing of the Shares without any restrictions."

Article 30.8 provides that "The Parties agree that the Investor is a financial investor in the Company and is not responsible for the day-to-day affairs of the Company. Subject to applicable Law, the Investor shall not be considered as a "Promoter" of the Company for the purposes of the QIPO and the Company shall make endeavours and take all actions towards this end, and therefore, the Investor nor any Shares held by the Investor shall be subject to any disclosure obligations in the offer documents, any offering agreement or statutory lock-in restrictions as Shares held by a "Promoter" with respect to the QIPO. If any Shares are to be made subject to any lock-in as promoter shares in connection with the QIPO, the Promoters shall offer their Shares towards such lock-in."

Article 30.9 provides that "In the event the QIPO is by way of a fresh issue of Shares only, all costs and expenses relating to the QIPO including statutory filing and registration fees, listing fees and fees for underwriters, advisors and managers to the QIPO, shall be borne by the Company. In the event the QIPO includes an offer for sale component and/or is by way of an offer for sale by the Shareholders of the Company, all Offer-related costs shall be shared in terms of applicable Law, in which case the Shareholders who are offering their Shares in such offer for sale shall bear such costs (excluding listing fees) in proportion to the shareholding being offered by them in such offer for sale."

Article 30.10 provides that "For the avoidance of doubt, it is clarified that the Offer is a QIPO in accordance with provisions of Article 30.1."

Alternate Exit

Article 31.1 provides that "In the event the Company and the Promoters fail to provide an exit to the Investor in accordance with Article 30 prior to the Scheduled Exit Date, the Company and the Promoters shall endeavour to do all such acts and deeds as may be required to provide an exit to the Investor under this Article 31 prior to the Alternate Exit Date. Such exit may be completed either through a sale of securities or Assets of the Company."

Article 31.2 provides that "If the Company and the Promoters propose to provide an exit to the Investor under this Article 31, the Company and the Promoters shall deliver a notice to this effect to the Investor, setting out the details of the proposed exit, including the price at which the Securities/Assets are proposed to be sold ("Sale Notice")."

Article 31.3 provides that "Upon approval of the Sale Notice by the Investor, the Company and the Promoters shall identify or appoint a merchant banker of international standing and repute, acceptable to the Investor, to Identify, a financial or strategic purchaser or group of purchasers with a firm offer in writing (a "Purchaser") for purchase of the Securities or Assets of the Company, as the case may be."

Article 31.4 provides that "Upon receipt of the firm offer in writing to purchase upto all of the Investor Securities (provided that the price at which the Securities/Assets are proposed to be sold shall not be lower than the price specified in the Sale Notice) ("Firm Offer") the Investor may elect at its discretion to sell upto all of the Investor Securities as part of such exit, if the exit is undertaken through sale of Securities. In the event that the exit is proposed to be undertaken through the sale of Assets, the Investor shall be entitled to receive from out of the total consideration received by the Company, an amount as is represented by the proportion of the Investor Securities held by the Investor in the Fully Diluted share Capital (a "Financial/Strategic Sale")."

Article 31.5 provides that "The Company and the Promoters shall render all assistance necessary to expeditiously complete the Financial/Strategic Sale on or prior to the Alternate Exit Date, including without limitation, obtaining all Consents and Government Approvals, and providing representations and warranties, covenants and indemnities customary to such transactions. The Investor shall not be required to provide any guarantees or indemnities or be subject to any restrictive covenants pursuant to a Financial/Strategic Sale but, shall provide representations and warranties, covenants and indemnities only in relation to authority capacity and title to Securities being offered by the Investor."

Article 31.6 provides that "In the event of a Financial/Strategic Sale at any time after the Scheduled Exit Date, where the Investor Transfers any Investor Securities (as a result of such Financial/Strategic Sale) at the price specified in the Firm Offer, it is clarified that if the Investor elects to Transfer only part and not all of the Investor Securities in such Financial/Securities Sale, the Ultimate Exit under Article 32 below and the Investor's right to serve the Ultimate Exit Notice under Article 32.1 below shall immediately lapse upon the conclusion of such Financial/Strategic Sale."

Article 31.7 provides that "For the avoidance of doubt the restrictions set out in Article 27 (Restrictions on Transfer of Securities) shall apply to any Transfer of Securities by the Promoters pursuant to this Article 31."

Ultimate Exit

Article 32.1 provides that "Notwithstanding anything to the contrary contained elsewhere in the Agreement (i) upon the occurrence of an Event of Default or (ii) in the event the Company and the Promoters fail to effect an Alternate Exit prior to the Alternate Exit Date in accordance with Article 31, the Investor shall have the right to require the Company and/or the Promoters to provide an exit such that the Investor receives the Fair Market Value for the Securities held by it, by providing the Company and the Promoters a notice to this effect (the "**Ultimate Exit Notice**"). Provided that in the event the Company and the Promoters fail to effect an Alternate Exit prior to the Alternate Exit Date in accordance with Article 31, the Ultimate Exit Notice shall be issued within a period of 6 (six) months commencing from the Alternate Exit Date or within such other period as mutually agreed between the Parties, provided that in the absence of any extension, the Investor's right to issue the Ultimate Exit Notice shall lapse upon the conclusion of such 6 (six) month period in respect of such event. It is clarified that the right of the Investor to issue the Ultimate Exit Notice upon the occurrence of an Event of Default shall subsist during the term of the Agreement."

Article 32.2 provides that "Upon the Company and the Promoter both receiving an Ultimate Exit Notice, the Company, the Promoters and any Third Party nominated by the Principal Promoters (the Promoters and the relevant Third Party being hereinafter referred to as the "Put Purchasers") shall be obligated to purchase or buyback (as the context may require) all the Securities held by the Investors at the Fair Market Value in such Proportion between the Put Purchasers as shall be determined at the sole discretion of the Principal Promoters as described below:

(i) the Company shall, in a manner compliant with applicable Law, buyback Securities of the Investor, such that the Investor receives the Fair Market Value in accordance with Article 32.4 ("the Buyback Option"); and

(ii) The Put Purchasers shall purchase Securities held by the Investor at a price such that each the Investor receives the Fair Market Value in accordance with Article 32.5 (the "Put Option")."

Article 32.3 provides that "The Company and Principal Promoters shall, within 20 (twenty) days of receipt of the Ultimate Exit Notice from the Investor, specify the number of Investor Securities proposed to be bought-back by the Company in accordance with the Buyback Option (the "Buyback Securities") and the number of Investor Securities proposed to be purchased by the Put Purchasers in accordance with the Put Option ("Put Securities") (such notice, the "Exit Response Notice')."

Article 32.4 provides that:

Buy back Option

(i) In the event that the Company elects to provide an exit to the Investor in terms of the Buyback Option, the buyback of the Buyback Securities shall be completed in accordance with the provisions of the Buyback Regulations and other applicable Law. The Company and the Promoters shall ensure that all Shareholders of the Company (other than the Investor) waive their rights to participate in any buyback of Securities by the Company.

(ii) The Buyback Securities shall be bought back by the Company within 90 (ninety) days from the delivery of the Exit Response Notice. The Company shall seek to obtain all applicable Government Approvals within the aforesaid period.

(iv) Subject to Applicable Law, the Company shall effect a buyback under this Article 32.4 by paying the Fair Market Value in cash in exchange for the Buyback Securities.

(iv) Each Promoter hereby waives its right to participate in any buyback of Securities effected pursuant to the Investor exercising the Buyback Option.

Article 32.5 provides that:
Put Option

(i) The issuance of the Ultimate Exit Notice by the Investor and the delivery of the Exit Response Notice by the Company and the Principal Promoters shall constitute a valid and binding agreement between the Investor and each Put Purchaser to purchase the Put Securities.

(ii) The Put Purchasers shall purchase the Put Securities in the inter-se proportion mentioned in the Exit Response Notice for consideration in cash equivalent to the Fair Market Value for the Put Securities within 90 (ninety) days from the delivery of the Exit Response Notice.

(iii) The Company and the Promoters shall do all such acts and deeds as may be necessary to give effect to the provisions of this Article 32.5 including obtaining in a timely manner all applicable Consents and Governmental Approvals.

Events of Default

Article 33.1 provides that "The occurrence of any inter-se dispute between the Promoters on any matters relating to the Business or affairs of the Company, which results in a Material Adverse Change shall be considered an "Event of Default".

Article 33.2 provides that "Upon the occurrence of an Event of Default, the Investor shall have the right, at its sole discretion, to deliver the Ultimate Exit Notice under Article 32.1 above (and thereby exercise the Ultimate Exit under Article 32 above).

Provided that Article 33.2 shall cease to be applicable starting from the date on which listing and trading approvals are received in connection with the QIPO.

SECTION IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Registrar Agreement dated June 13, 2018 entered into between our Company, the Selling Shareholders and the Registrar to the Offer.

2. Offer Agreement dated June 16, 2018 entered into between our Company, the Selling Shareholders and the BRLMs.

3. Cash Escrow Agreement dated [●] entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members and the Banker(s) to the Offer.

4. Share Escrow Agreement dated [●] entered into between the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered into between our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.

6. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholders, and the Underwriters.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated August 30, 2007.

3. Certificate of commencement of business dated July 14, 2008.

4. Partnership deed dated September 11, 2004, between Atul Ladha and Ashish Baheti.

5. Partnership deed dated April 1, 2007 between Atul Ladha, Ashish Baheti, Sunita Ladha, Sarika Baheti, Atul Ladha (HUF), Ashish Baheti (HUF) and Shanti Devi Ladha.

6. Agreement for appointment of Atul Ladha as director dated April 21, 2014 and Board resolutions dated July 28, 2015 and May 30, 2018 approving his terms of appointment and remuneration.

7. Agreement for appointment of Ashish Baheti as director dated April 21, 2014 and Board resolutions dated July 28, 2015 and May 30, 2018 approving his terms of appointment and remuneration.

8. Investment agreement dated June 12, 2014 as amended on June 18, 2015 and May 30, 2018, amongst the Company, Ashish Baheti, Atul Ladha, Sarika Baheti, Ashish Baheti (HUF), Pure Ganga Water Systems Private Limited, Misha Baheti, Divian Baheti, Sunita Ladha, Shanti Devi Ladha, Atul Ladha and Sons (HUF), Shivangi Polymers Private Limited, G.D. Ladha, Manorama Ladha and Latinia Limited.

9. Resolution of the Board of Directors dated May 18, 2018 in relation to the Offer and other related matters.

10. Resolution of the Shareholders of our Company dated June 5, 2018 in relation to the Fresh Issue and other related matters.

11. Resolution dated June 7, 2018 passed by the board of directors of the Investor Selling Shareholder approving the Offer for Sale for the Equity Shares offered by it.

12. Consent dated June 13, 2018 from Atul Ladha, a Promoter Selling Shareholder in relation to the Offer for Sale.

13. Consent dated June 13, 2018 from Ashish Baheti, a Promoter Selling Shareholder in relation to the Offer for Sale.

14. Consent dated June 13, 2018 from the Investor Selling Shareholder in relation to the Offer for Sale.

15. Certificate in relation to installed capacities and capacity utilisation of our manufacturing facilities and consent letter from M.K. Jain, Chartered Engineer, dated June 7, 2018.

16. Consent dated June 13, 2018 from CRISIL Research to rely on and reproduce part or whole of the CRISIL Report and include their name in this Draft Red Herring Prospectus and shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the SEBI and RoC, as applicable.

17. Scheme for amalgamation of Sintir Plast Containers Private Limited with our Company pursuant to the order dated November 1, 2013 passed by the Madhya Pradesh High Court.

18. Scheme for amalgamation of Baheti Rotoplast Private Limited with our Company pursuant to the order dated January 28, 2014 and March 11, 2014 passed by the the High Court of Delhi and the High Court of Madhya Pradesh respectively.

19. Scheme of amalgamation for amalgamation of Waterwell Containers Private Limited with our Company pursuant to the order dated December 15, 2017 passed by the National Company Law Tribunal, Ahmedabad Bench.

20. The examination reports each dated May 30, 2018 of the Statutory Auditors, on our Restated Consolidated Financial Information and Restated Standalone Financial Information.

21. Consent letter from Walker Chandiok & Co LLP dated June 15, 2018, the Statutory Auditor of our Company for inclusion of their name as experts.

22. The statement of tax benefits dated June 15, 2018 from the Statutory Auditors.

23. Industry report titled "*Assessment of the plastic tanks, plastic pipes and household & other plastic products industries*" dated June 13, 2018 prepared by CRISIL Research.

24. Copies of annual reports of the Company for the preceding five fiscal years.

25. Consent of the Directors, Selling Shareholders, BRLMs, Syndicate Members, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLMs, Indian Legal Counsel to the Investor Selling Shareholder, lenders to our Company, Registrar to the Offer, CRISIL, Escrow Collection Bank(s), Bankers to our Company, Chief Financial Officer, Company Secretary and Compliance Officer, M.K. Jain, Chartered Engineer and Jitendra Chander & Associates, Chartered Acountants as referred to in their specific capacities.

26. Personal guarantees issued by Atul Ladha and Ashish Baheti to our lenders.

27. Due diligence certificate dated June 16, 2018 addressed to SEBI from the BRLMs.

28. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

29. Tripartite agreement dated September 2, 2015 among our Company, NSDL and the Registrar to the Offer.

30. Tripartite agreement dated April 27, 2018 among our Company, CDSL and the Registrar to the Offer.

31. SEBI observation letter no. [●] dated [●].

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the regulations, rules or guidelines issued by the Government or the regulations, rules or guidelines 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 SCRA, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Ashish Baheti
(Managing Director)

Atul Ladha
(Managing Director)

Santosh Kumar Maheshwari
(Independent Director)

Kapilesh Manglik
(Independent Director)

Geeta Dhingra
(Independent Director)

Anand Narayan
(Nominee Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER

Chandra Shekhar Singh
(Chief Financial Officer)

Place: Noida

Date: June 16, 2018

DECLARATION

I, the undersigned, acting as a Promoter Selling Shareholder hereby certify that all statements and undertakings made by me in this Draft Red Herring Prospectus in relation to myself and the Equity Shares being offered by me in the Offer for Sale are true and correct.

Signed by the Promoter Selling Shareholder

Atul Ladha

Place: Noida

Date: June 16, 2018

DECLARATION

I, the undersigned, acting as a Promoter Selling Shareholder hereby certify that all statements and undertakings made by me in this Draft Red Herring Prospectus in relation to myself and the Equity Shares being offered by me in the Offer for Sale are true and correct.

Signed by the Promoter Selling Shareholder

____

Ashish Baheti

Place: Noida

Date: June 16, 2018

DECLARATION

The undersigned Investor Selling Shareholder hereby certifies that all statements and undertakings made by it in this Draft Red Herring Prospectus in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct. The undersigned Investor Selling Shareholder does not assume any responsibility for any other statement or undertaking, including statements or undertakings made or confirmed by the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Latinia Limited

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Authorised Signatory

Name: Soraj Bissoonauth

Designation: Director

Date: June 16, 2018