**DRAFT RED HERRING PROSPECTUS**
Dated March 29, 2019
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
**Book Built Issue**

We Flower Infra

# ANNAI INFRA DEVELOPERS LIMITED

Our Company was originally incorporated under the provisions of the Companies Act, 1956 as Annai Developers Private Limited at Erode, Tamil Nadu on November 18, 2008, as a private limited company vide Certificate of Incorporation issued by Registrar of Companies, Tamil Nadu, Coimbatore. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on August 16, 2010, the name of our Company was changed to Annai Infra Developers Private Limited and a Fresh Certificate of Incorporation Consequent upon Change of Name dated September 15, 2010 has been issued by Registrar of Companies, Tamil Nadu, Coimbatore. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on September 15, 2018 and consequently, the name of our Company was changed to Annai Infra Developers Limited and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by the Registrar of Companies, Tamil Nadu, Coimbatore on September 24, 2018. The Corporate Identification Number of our Company is U45205TZ2008PLC014869. For further details please see the chapter titled "History and Certain Corporate Matters" beginning on page 171 of this Draft Red Herring Prospectus.

**Registered Office:** Door No.2/9, A N Towers, Dr. Sathiyamoorthy Hospital Opp Road, 2/5, Perundurai Road Erode- 638011, Tamil Nadu, India. **Tel No:** 0424-2241433 **Fax No.:** +91 424 2241455
**Contact Person**: Sasikumar Gopal, Company Secretary and Compliance Officer, **E-mail:** companysecretary@annaiinfra.com **Website:** www.annaiinfra.com
**Corporate Identification Number**: U45205TZ2008PLC014869

**PROMOTERS OF OUR COMPANY: MR. SUBRAMANIAM ASHOK KUMAR AND MRS. DURAISAMY KALAISELVI**

**INITIAL PUBLIC OFFER OF UPTO 10,000,000* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF ANNAI INFRA DEVELOPERS LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•]* PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) AGGREGATING UPTO ₹ [•] MILLION (THE "ISSUE"). THE ISSUE COMPRISES A RESERVATION OF [●] EQUITY SHARES AGGREGATING UPTO ₹ [●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) NOT EXCEEDING 5 % OF OUR POST-ISSUE PAID-UP EQUITY SHARES CAPITAL (THE "EMPLOYEE RESERVATION PORTION") AND NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES (THE "NET ISSUE") AGGREGATING UPTO ₹ [•] MILLION. THE ISSUE WOULD CONSTITUTE [●] % OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL AND THE NET ISSUE TO THE PUBLIC WOULD CONSTITUE [●] % OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY MAY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM"), OFFER A DISCOUNT OF UPTO [●]% (EQUIVALENT TO ₹ [●]MILLION) ON THE ISSUE PRICE TO ELIGIBLE EMPLOYEES ("EMPLOYEE DISCOUNT").**

***OUR COMPANY MAY CONSIDER ISSUING UP TO 1,600,000 EQUITY SHARES ON A PRIVATE PLACEMENT BASIS FOR CASH CONSIDERATION AGGREGATING UP TO ₹[●] MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, COIMBATORE (THE "PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE EQUITY SHARES ISSUED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(b)(i) OF THE SECURITIES CONTRACT (REGULATION) RULES, 1957, AS AMENDED (THE "SCRR").**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH. THE PRICE BAND, THE EMPLOYEE DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN ALL EDITIONS OF [•], ALL EDITIONS OF [•] AND ALL EDITIONS OF [•] WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND TAMIL NEWSPAPERS, RESPECTIVELY (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.**

*** Employee Discount of ₹ [●] per Equity Share to the Issue Price may be offered to the Eligible Employees Bidding in the Employee Reservation Portion**

In case of any revisions to the Price Band, the Bid/Issue Period will be extended by at least 3 additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the BRLM and the terminals of the Syndicate Members and by intimation to Self Certified Syndicate Banks ("**SCSBs**") and the Registered Brokers. In case of force majeure, banking strike or similar circumstances, the Company may for reasons recorded in writing, extend the Bid/ Issue Period by at least 3 additional working days subject to the total Bid/Issue Period not exceeding ten Working Days.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**") read with Regulation 31 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"), the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process in compliance with Regulation 6(1) SEBI ICDR Regulations, wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Company in consultation with the BRLM 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 Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue 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 Issue Price. All Bidders, other than Anchor Investors, are mandatorily required to participate in the Issue through the Application Supported by Blocked Amount ("**ASBA**") process. Retail Individual Bidders may also participate in the Issue through the UPI Mechanism under the ASBA process. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, see "*Issue Procedure*" beginning on page 272 of this DRHP.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10/- each. The Issue Price 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 this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 26 of this DRHP.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**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, respectively, for the listing of the Equity Shares pursuant to the letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Coimbatore ("**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 upto the Bid/Issue Closing Date, see the section titled "Material Contracts and Documents for Inspection" beginning on page 329 of this DRHP.

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|---|
| PANTOMATH Capital Advisors (P) Ltd. | LINK Intime |
| **Pantomath Capital Advisors Private Limited**<br>406-408, Keshava Premises<br>Bandra Kurla Complex, Bandra East<br>Mumbai – 400 051<br>**Tel**: +91 22 6194 6700<br>**Fax**: +91 22 2659 8690<br>**Email:** ipo@pantomathgroup.com<br>**Investor Grievance Email:** ipo@pantomathgroup.com<br>**Website:** www.pantomathgroup.com<br>**Contact Person:** Mr. Unmesh Zagade<br>**SEBI Registration No:** INM000012110 | **Link Intime India Private Limited**<br>C-101, 1st Floor, 247 Park, L.B.S Marg,<br>Vikhroli (West),<br>Mumbai 400 083, Maharashtra, India.<br>**Tel:** +91 22 49186200<br>**Fax:** +91 22 49186195<br>**Email:** annai.ipo@linkintime.co.in<br>**Investor Grievance E-mail:** annai.ipo@linkintime.co.in<br>**Website:** www.linkintime.co.in<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration Number:** INR000004058 |

**BID/ ISSUE PROGRAMME**

| | |
|---|---|
| **FOR ALL BIDDERS:** | **ISSUE OPENS ON*: [●]** |
| **FOR QIBS:** | **ISSUE CLOSES ON**: [●]** |
| **FOR RETAIL AND NON-INSTITUTIONAL BIDDERS:** | **ISSUE CLOSES ON: [●]** |

*****_Our Company may in consultation with the BRLM, consider participation by Anchor Investors. The Anchor Investor shall bid on the Anchor Investor Bidding Date i.e. one Working Day prior to the Bid / Issue Opening Date._
_** Our Company may in consultation with the BRLM, consider closing the Bidding by QIB Bidders one Working Day prior to the Bid / Issue Closing Date in accordance with the SEBI ICDR Regulations._

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## SECTION I – DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the terms below shall have the following meanings in this DRHP. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments, modifications, substitutions or reenactments notified thereto.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in "Main Provisions of the Articles of Association", "Statement of Special Tax Benefits", "Industry Overview", "Key Industry Regulations and Policies", "Basis for Issue Price", "Restated Financial Information", Outstanding Litigations and Other Material Developments" beginning on pages 291, 92, 95, 166, 88, 206 and 236 respectively, will have the meaning ascribed to such terms in these respective sections.

| Term | Description |
|---|---|
| "Annai Infra Developers Limited", "our Company", "the Company", "the Issuer Company", and "the Issuer" | Unless the context otherwise requires, refers to Annai Infra Developers Limited, a public limited company incorporated under Companies Act, 1956 and having its registered office at Door No. 2/9, A N Towers, Dr Sathiyamoorthy Hospital Opp. Road, 2/5, Perundurai Road, Erode, Tamil Nadu – 638011, India. |
| "We", "our", "us" or "Group" | Unless the context otherwise indicates or implies, refers to our Company together with its Joint Ventures, where the context so requires. |

**COMPANY/ ISSUER RELATED TERMS**

| Term | Description |
|---|---|
| Articles/ AOA/ Articles of Association | The Articles of Association of Annai Infra Developers Limited, as amended from time to time. |
| Audit Committee | The Audit Committee as constituted vide the Board resolution dated September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018 in accordance with the requirements of Regulation 18 of the SEBI Listing Regulations and Section 177 of Companies Act, 2013 and the rules made thereunder. |
| Auditors or Statutory Auditors | M/s K.S. Aiyar & Co., Chartered Accountants |
| Board/Board of Directors/ our Board | The Board of Directors of Annai Infra Developers Limited unless otherwise specified or any committee constituted thereof. |
| CFO | Chief Financial Officer of our Company being Mr. Kizhanatham Sudarsan Sreekanth. |
| Chairman | The Chairman of Board of Directors of Annai Infra Developers Limited, Mr. Subramaniam Ashok Kumar. |
| Company Secretary and Compliance Officer | Company Secretary and Compliance Officer of our Company, Mr. Sasikumar Gopal. |
| Corporate Social Responsibility Committee | The corporate social responsibility committee of the Board constituted vide the Board meeting held on June 7, 2014 and reconstituted on December 22, 2018 in accordance with the applicable provisions of the Companies Act, 2013 |
| Directors | The directors on the Board of our Company. |
| Executive Director | An executive director of our Company. |
| Existing Contracts | Existing contracts in relation to our Company means the work order/letter of award/contracts entered into by our Company. |
| Group Companies | Rock and Arch Constructions (India) Private Limited; Ashok Enterprises; A.N. Associates; and Floflex Industries LLP |
| Independent Director | A non-executive, independent director of our Company appointed as per |

| Term | Description |
| --- | --- |
| | the Companies Act, 2013, and the SEBI Listing Regulations. |
| IPO Committee | The IPO committee constituted by our Board on February 7, 2019. |
| ISIN | International Securities Identification Number. In this case being: INE02PI01016. |
| Joint Ventures (JV) | Joint Ventures of our Company, namely (i) JV of RKI Builders Private Limited & Annai Infra Developers Limited; and (ii) JV of R.P.P Infra Projects Limited & Annai Infra Developers Limited. For details, please refer to the chapter titled "History and Certain Other Corporate Matters" on page 171.<br><br>We have not considered and consolidated the Company's financials with JV of R.P.P Infra Projects Limited & Annai Infra Developers Limited; as they have been constituted after September 30, 2018. |
| Key Managerial Personnel (KMP) | Key managerial personnel of our Company in terms of Section 2(51) of Companies Act, 2013 and Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in the chapter titled "Our Management" beginning on page 177. |
| Materiality Policy | The policy adopted by our Board on February 7, 2019 for identification of Group Companies, material outstanding litigation and material dues outstanding to creditors in respect of our Company, pursuant to the disclosure requirements under the SEBI ICDR Regulations. |
| MD or Managing Director | The managing director of our Company, Mr. Subramaniam Ashok Kumar. |
| MOA/ Memorandum/ Memorandum of Association | The Memorandum of Association of our Company, as amended. |
| Nomination and Remuneration Committee | The Nomination and Remuneration Committee constituted vide Board Resolution dated September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018 in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. |
| Order Book | Total contract value of all Existing Contracts of the Company as of such date, minus any revenue already recognized by the Company of such Existing Contracts up to and including such dates. Our Company's Order Book is not audited and does not necessarily indicate our future earnings. |
| Person or Persons | Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership Firm, Joint Venture, or Trust or any other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires. |
| Promoter(s) | Unless the context otherwise requires, refers to Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi. |
| Promoter Group | Individuals, companies and entities forming part of our Promoter Group as per Regulation 2(1)(pp) the SEBI ICDR Regulations. For details please refer to the chapter titled "Our Promoters and Promoter Group" beginning on page 193. |
| Registrar of Companies/ RoC | Office of Registrar of Companies, Coimbatore having its address at No. 7, AGT Business Park, I Floor, Phase II, Avinashi Road, Civil Aerodrome Post, Coimbatore – 641014, Tamil Nadu. |
| Registered Office | Door No. 2/9, A N Towers, Dr Sathiyamoorthy Hospital Opp. Road, 2/5, Perundurai Road, Erode, Tamil Nadu – 638011, India. |
| Restated Financial Information | Collectively, the Restated Consolidated Financial Information and the Restated Standalone Financial Information |
| Restated Consolidated Financial Information | Restated Consolidated Financial Information of assets and liabilities as of and for the six-month period ended September 30, 2018 and as of and for |

| Term | Description |
| --- | --- |
| | March 31, 2018 and statement of profit and loss and cash flows for the six-month period ended September 30, 2018 and for the year ended as of March 31, 2018 for our Group. |
| Restated Standalone Financial Information | Restated Standalone Financial Information of assets and liabilities as of and for the six-month period ended September 30, 2018 and as of and for March 31, 2018, 2017 and 2016 and statement of profit and loss and cash flows for the six-month period ended September 30, 2018 and for each of the years ended as of March 31, 2018, 2017 and 2016 for our Company. |
| Stakeholders Relationship Committee | The Stakeholders Relationship Committee as constituted vide the Board meeting held on September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018. |

**CONVENTIONAL/GENERALTERMS**

| **Term** | **Description** |
| --- | --- |
| Act/ Companies Act | The Companies Act, 1956, to the extent not repealed, and/or the Companies Act, 2013, with the amendments thereto to the extent applicable, wherever the context requires. |
| Depository/ Depositories | A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time in this instance being NSDL or CDSL. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository Participant/ DP | A Depository Participant as defined under the Depositories Act, 1996. |
| Equity Shares | The Equity Shares of face value of Rs. 10/- each of Annai Infra Developers Limited. |
| Indian GAAP | Generally Accepted Accounting Principles in India. |
| Non Resident | A person resident outside India, as defined under FEMA Regulations, including a FPIs, NRIs, FVCIs and multilateral and bilateral development financial institutions. |
| NRI/ Non-Resident Indian | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017. |
| Quarter | A period of 3 (three) continuous months. |
| RBI Act | The Reserve Bank of India Act, 1934. |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 as amended from time to time. |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternate Investments Funds) Regulations, 2012, as amended from time to time. |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time. |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time. |
| SEBI Regulations/SEBI ICDR Regulations | Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the SEBI Act, called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time. |

| Term | Description |
|---|---|
| SEBI Listing Regulations or SEBI LODR Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time. |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended from time to time. |
| Shareholders | Shareholders of our Company unless otherwise specified. |
| Stock Exchanges | BSE Limited and the National Stock Exchange of India Limited, referred to as collectively. |

**ISSUE RELATED TERMS**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by any member of the Syndicate, the SCSBs, CDP, RTA or the Registered Brokers, as the case may be to a Bidder as proof of registration of the Bid cum Application Form. |
| "Allot" or "Allotment" or "Allotted" | Issue and allotment of Equity Shares of our Company pursuant to Issue of the Equity Shares to the successful Bidders. |
| Allotment Advice | Note or advice or intimation of Allotment sent to each successful Bidder after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| Allottee | A successful Bidder to whom Allotment is made. |
| Anchor Investor(s) | A QIB, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 100.00 million. |
| Anchor Investor Allocation Notice | Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares, and includes any device, intimation or notice sent to Anchor Investors in the event that the Issue Price is higher than the Anchor Investor Allocation Price. |
| Anchor Investor Allocation Price | The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company in consultation with the BRLM, on the Anchor Investor Bidding Date. |
| Anchor Investor Application Form | The form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Anchor Investor Bidding Date | One Working Day prior to the Bid/Issue Opening Date on which Bids by Anchor Investors shall be submitted, prior to or after which the members of the Syndicate will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed. |
| Anchor Investor Escrow Account(s) | Accounts opened for the Issue to which funds shall be transferred by Anchor Investors. |
| Anchor Investor Issue Price | The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price shall be higher than or equal to the Issue Price but not higher than Cap Price.<br>The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLM. |
| Anchor Investor Pay-in Date | With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid/Issue Closing Date. |

| Term | Description |
| --- | --- |
| Anchor Investor Portion | Upto 60% of the QIB Portion, which may be allocated by our Company in consultation with the BRLM, to Anchor Investors on a discretionary basis, in accordance with SEBI ICDR Regulations, out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. |
| Application Supported by Blocked Amount or ASBA | An application (whether physical or electronic) used by an ASBA Bidder to make a Bid and authorizing an SCSB to block the Payment Amount in the specified bank account maintained with such SCSB and will include Bid amounts blocked pursuant to the UPI Mandate Requests initiated by Sponsor Bank(s) in respect of bids by RIIs using the UPI mechanism. |
| ASBA Account | Account maintained with an SCSB and specified in the Bid Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount mentioned in the Bid cum Application Form. |
| ASBA Bidder | Any Bidder, other than Anchor Investors, in the Issue who Bids through ASBA. |
| ASBA Form | The application form, whether physical or electronic, by which an ASBA Bidder can make a Bid, authorising an SCSB to block the Payment Amount in the ASBA Account maintained with such SCSB pursuant to the terms of the Red Herring Prospectus or in case of RIIs applying through the UPI mechanism, the application form, by which an RII can make a Bid, authorising a Sponsor Bank initiate UPI Mandate Request for facilitating the blocking of the Payment Amount in the UPI ID Linked Bank Account maintained pursuant to the terms of the Red Herring Prospectus |
| Lenders/ Bankers to the Company | Banks who have extended credit facilities to our Company. |
| Bankers to the Issue | The banks which are Clearing Members and registered with SEBI as Banker to an Issue with whom the Public Issue Accounts, the Anchor Investor Escrow Account(s) and Refund Account will be opened and in this case being [●]. |
| Basis of Allotment | The basis on which the Equity Shares will be allotted as described in chapter titled “Issue Procedure” beginning on page 272 of this DRHP. |
| Bid | An indication to make an offer during the Bidding/Issue Period by a Bidder (other than an Anchor Investor) pursuant to submission of the ASBA Form or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of an Anchor Investor Application Form to subscribe for Equity Shares, at a price within the Price Band, including all revisions and modifications thereto. |
| Bidder(s) | A prospective investor in the Issue, and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor. |
| Bidding | The process of making a Bid. |
| Bid Amount | In relation to each Bid shall mean the highest value of optional Bids indicated in the Bid cum Application Form and payable by an Anchor Investor, or blocked in the ASBA Account/ UPI ID Linked Bank Account, upon submission of the Bid, which shall be net of Employee Discount, if any, for Eligible Employees.<br><br>Eligible Employees applying in the Employee Reservation Portion can apply at the Cut off Price and the Bid Amount shall be Cap Price net of Employee Discount, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed |

| Term | Description |
|---|---|
| | ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000in value. Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 in value |
| Bidding Centres | Centres for acceptance of the Bid-cum-Application Forms and Revision Forms which shall include the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs. |
| Bid cum Application Form | The Anchor Investor Application Form or the ASBA Form, as the context so requires, in terms of which a Bidder makes a Bid in terms of the Red Herring Prospectus which will be considered as an application for Allotment. |
| Bid/ Issue Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the SCSBs and the Registered Brokers will not accept any Bids being [●], and which shall be notified in all editions of [●], all editions of [●] and all edition of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located), each with wide circulation and in case of any revision, the extended Bid/ Issue Closing Date shall also be notified on the website of BRLM and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Further, our Company may, in consultation with the BRLM, decide to close Bidding by QIBs one Working Day prior to the Bid/ Issue Closing Date, subject to the SEBI ICDR Regulations. |
| Bid/ Issue Opening Date | Except in relation to Anchor Investors, the date on which the Syndicate, the SCSBs and the Registered Brokers shall start accepting Bids, and which shall be notified in all editions of [●], all editions of [●] and all edition of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located). |
| Bidding/ Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date or the QIB Bid/ Issue Closing Date, as the case may be (in either case inclusive of such date and the Bid/ Issue Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids. Provided however that the Bidding/ Issue Period shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. |
| Bid Lot | [●] Equity shares. |
| Book Building Process/ Method | The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations in terms of which the Issue is being made. |
| BRLM | Book Running Lead Manager to the Issue, being Pantomath Capital Advisors Private Limited. |
| Broker Centres | Broker centres notified by the Stock Exchanges where Bidders (other than Anchor Investors) can submit the Bid cum Application 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 website of the Stock Exchanges and SEBI. |
| BSE | BSE Limited. |
| Cap Price | The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Issue Price and Anchor Investor Issue Price will |

| Term | Description |
|---|---|
| | not be finalized and above which no Bids will be accepted. |
| CAN or "Confirmation of Allocation Note" | Confirmation of Allotment notice i.e. a note or advice or intimation of Allotment of Equity Shares sent to the Bidders to whom Equity Shares have been Allotted. In the case of Anchor Investor's CAN shall mean the note or advice or intimation of Allotment of Equity Shares sent to the Anchor Investors to whom Equity Shares have been Allotted. |
| CRISIL Report/ CRISIL Research Report | Industry report titled 'Assessment of the Infrastructure sector in India' dated August 2018 as prepared by CRISIL, including any addendums thereto. |
| Cash Escrow Agreement | An agreement dated [●] to be entered into between our Company, the Registrar to the Issue, the Bankers to the Issue, the BRLM, Public Issue Account Bank(s), Sponsor Bank(s) and Refund Bank(s) for inter-alia, the collection of Bid Amounts, if any, from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof. |
| Collecting Depository Participants or CDP | A depository participant as defined under the Depositories Act, 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. |
| Collecting Registrar and Share Transfer Agent or CRTA or RTA | Registrar to an Issue 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. |
| Controlling Branches | Such branches of the SCSBs which co-ordinate Bids under the Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other websites as may be prescribed by SEBI from time to time. |
| Cut-Off Price | The issue Price, as finalised by our Company in consultation with the BRLM, which shall be any price within the Price Band.<br>Only Retail Individual Bidders, Eligible Employees (subject to the Bid Amount being upto ₹200,000) Bidding under Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Demographic Details | The address, PAN, the bank account details, MICR code, names of Bidder's father/husband, investor status and occupation of a Bidder. |
| Designated SCSB Branches | Such branches of the SCSBs with which an ASBA Bidder, not Bidding through Syndicate/ Sub Syndicate or through a Registered Broker, may submit the Bid cum Application Forms, a list of which is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other websites as may be prescribed by SEBI from time to time. |
| Designated CDP Locations | Such centres of the Collecting Depository Participants where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the websites of the Stock Exchanges and updated from time to time. |
| Designated Date | The date on which the Escrow Collection Bank(s) transfers funds from the Escrow Account, and funds blocked by the SCSBs and Sponsor Bank are transferred from the ASBA Accounts or the UPI ID Linked Bank Accounts, respectively, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of the Red Herring Prospectus following which the Equity Shares will |

| Term | Description |
|---|---|
| | be Allotted in the Issue. |
| Designated RTA Locations | Such centres of the RTAs where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the website of the Stock Exchanges and updated from time to time. |
| "Designated Stock Exchange" or "DSE" | [●]. |
| "DRHP" or "Draft Red Herring Prospectus" | This DRHP dated March 29, 2019 filed with SEBI, prepared and issued by our Company in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares of our Company will be allotted and the size of the Issue, including any addendum or corrigendum thereto. |
| Eligible Employee | Permanent employees, working in India or outside India, of our Company or a Director of our Company, whether whole-time or not, as on the date of the registration of the Red Herring Prospectus with the RoC, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding equity shares of our Company.<br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000(net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000(net of Employee Discount). |
| Employee Discount | Discount of [●] % of the Issue Price, amounting to ₹ [●] per Equity Share, that may be given to the Eligible Employees. |
| Eligible NRI | An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid and subscribe for Equity Shares on the basis of the terms thereof. |
| Employee Reservation Portion | Reservation of [●] Equity Shares, available for allocation to Eligible Employees on a proportionate basis. |
| Equity Shares | The ordinary shares of our Company having a face value of ₹10/-, unless otherwise specified in the context thereof. |
| Escrow Account | Account(s) to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS 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 Account(s) will be opened, in this case being [●]. |
| First or sole Bidder | The 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 Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted. |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018. |
| General Information Document | The General Information Document for investing in public issues, prepared |

| Term | Description |
|---|---|
| | and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 issued by SEBI, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, the notification dated November 30, 2016 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, and circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 notified by SEBI. |
| Issue / Issue Size/ Public Issue | Initial public Issue consisting of issue of up to 10,000,000 equity shares of face value of Rs.10/- each of the Company for cash at a price of Rs. [●] per equity share (including a premium of Rs. [●] per equity share) aggregating upto Rs. [●] million. If the Pre-IPO Placement is completed, the equity shares issued raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR. The Issue comprises a reservation of upto [●] Equity Shares aggregating upto Rs. [●] million for subscription by Eligible Employees (as defined herein) (the "**Employee Reservation Portion**"). The Issue and the Net Issue constituted [●]% and [●]% of the post-Issue paid-up Equity Share capital of our Company, respectively. |
| Issue Agreement | The agreement entered into on March 28, 2019 among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Price | The final price at which the Equity Shares will be Allotted in terms of the Red Herring Prospectus and the Prospectus, as determined by our Company in consultation with the BRLM on the Pricing Date in accordance with the Book-building Process and the Red Herring Prospectus. Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue Price applicable to investors other than Anchor Investors, and with respect to Eligible Employees, shall mean the Issue Price net of the Employee Discount, if any. |
| Issue Proceeds | The Issue of the Issue. For further details about use of the Issue Proceeds please refer to the chapter titled "Objects of the Issue" beginning on page 80 of this DRHP. |
| Listing Agreements | Listing agreement to be entered into by our Company with each of the Stock Exchanges. |
| Maximum RII Allottees | The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot. |
| Mutual Fund Portion | 5% of the Net QIB Portion or [●] Equity Shares available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Issue Price. |
| Net Proceeds | Proceeds from the Issue after deduction of Issue expenses. |
| Net Issue | The Issue less the Employee Reservation Portion. |
| Net QIB Portion | The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors. |
| Non-Institutional Bidders/NIBs/Non-Institutional Investors/NIIs | Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees and who have Bid for Equity Shares for an amount more than ₹200,000 |
| Non-Institutional Portion | The portion of the Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders, on a proportionate basis, subject to valid Bids being received at or above the Issue Price. |
| NBFC-SI | A systemically important non-banking financial company as defined under |

| Term | Description |
|---|---|
| | Regulation 2(1)(iii) of the SEBI ICDR Regulations/ |
| NPCI | National Payments Corporation of India. |
| NSE/NSE Limited | National Stock Exchange of India Limited. |
| OCB / Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCB are not allowed to invest in this Issue. |
| Pay-in Period | The period commencing on the Bid/ Issue Opening Date and extending until the closure of the Anchor Investor Pay-in Date. |
| Payment Amount | In the case of QIBs and Non-Institutional Bidders, the Bid Amount, and in case of Retail Individual Bidders/Eligible Employees, the Bid Amount less the Employee Discount. |
| Pre-IPO Placement | The private placement of up to 1,600,000 Equity Shares for cash consideration aggregating up to ₹ [●] million, which may be undertaken by our Company at its discretion, in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus.<br>If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR. |
| Price Band | The minimum Bid Lot size and price band as determined by our Company consultation with the BRLM with minimum price of ₹ [●] per Equity Share being the Floor Price and the maximum price of ₹ [●] per Equity Share being the Cap Price, including any revisions thereof and advertised in all editions of [●], all editions of [●] and all editions of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located), at least two Working Days prior to the Bid/ Issue 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 websites. |
| Pricing Date | The date on which the Issue Price is decided by our Company in consultation with the BRLM. |
| Prospectus | The Prospectus to be filed with the Register of Companies after the Pricing Date in accordance with Section 26 and Section 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information, including any addenda or corrigenda thereto. |
| Public Issue Account(s) | The bank account opened with the Public Issue Account Banks by our Company under Section 40 of the Companies Act, 2013, to receive monies from the ASBA Accounts/UPI ID Linked Bank Accounts and from the Escrow Accounts, in case of Anchor Investor(s), on the Designated Date. |
| Public Issue Account Bank(s) | The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Public Issue Account(s) will be opened and in this case being [●]. |
| "QIBs" or "Qualified Institutional Buyers" | A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| QIB Bid/Issue Closing Date | In the event our Company, in consultation with the BRLM, decides to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date, the date one Working Day prior to the Bid/Issue Closing Date; otherwise it shall be the same as the Bid/Issue Closing Date. |

| Term | Description |
|---|---|
| QIB Portion | The portion of the Issue (including the Anchor Investor Portion) being **[●]** of the Net Issue or [●] Equity Shares available for allocation to QIBs (including Anchor Investors) on a proportionate basis subject to valid Bids being received at or above the Issue Price. |
| "Red Herring Prospectus" or "RHP" | The red herring prospectus proposed to be issued by our Company in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which would not contain, inter-alia, complete particulars of the price at which the Equity Shares would be offered. |
| Refund Account | The Account opened with the Refund Bank(s) from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to ASBA Bidders) shall be made to Anchor Investors. |
| Refund Bank(s)/Refund Banker(s) | The Bankers to the Issue with whom the Refund Accounts will be opened, in this case being [●]. |
| Registered Broker(s) | Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the members of the Syndicate eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 14, 2012, issue by SEBI. |
| Registered Broker Centres | Broker centres as notified by the Stock Exchanges, where Bidders can submit the Bid-cum-Application Forms to a Registered Broker. The details of such broker centres are available on the websites of BSE and NSE at http://www.bseindia.com/ and http://www.nseindia.com/, respectively. |
| "Registrar" or "Registrar to the Issue" | Link Intime India Private Limited. |
| Registrar Agreement | Memorandum of Understanding dated March 28, 2019 amongst our Company and Link Intime India Private Limited appointing them as Registrar to this Issue |
| Retail Individual Bidders/RIBs/Retail Individual Investors/ RIIs | Individual Bidders, submitting Bids, who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Net Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs). |
| Retail Portion | The portion of the Issue being not less than 35% of the Net Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders. |
| Revision Form | The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s), as applicable. |
| "Self Certified Syndicate Banks" or "SCSBs" | The list of banks that have been registered with SEBI to act as SCSBs for the ASBA process is available on the SEBI website at the link http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, and at such other websites as may be prescribed by SEBI from time to time. For details of the Designated Branches with which ASBA Forms can be physically submitted, please refer to the above-mentioned link. |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms from the Bidders. |
| Sponsor Bank | Bank registered with SEBI which is appointed by the issuer to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and / or payment instructions of the RIIs into the UPI, the Sponsor Bank in this case being [●] |
| Sub Syndicate | The sub-syndicate members, if any, appointed by the BRLM and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms. |
| Syndicate Members | Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI |

| Term | Description |
|---|---|
| | ICDR Regulations, namely, [●] and [●]. |
| Syndicate | The BRLM and the Syndicate Members. |
| Syndicate Agreement | The agreement dated [●] entered between our Company, Registrar to the Issue and members of the Syndicate, in relation to the in relation to the procurement of Bid cum Application Forms by the Syndicate. |
| "Transaction Registration Slip" or "TRS" | The slip or document issued by any member of the Syndicate, the SCSBs or the Registered Brokers, as the case may be, to a Bidder upon demand as proof of registration of the Bid. |
| Underwriters | The BRLM and the Syndicate Members. |
| Underwriting Agreement | The agreement dated [●] to be entered into between the Underwriters and our Company on or immediately after the Pricing Date but prior to filing of the Prospectus with the RoC. |
| Unified Payments Interface (UPI) | An instant payment system developed by the NPCI has been named as UPI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address, which uniquely identifies a person's bank account. |
| UPI ID | ID created on UPI for single-window mobile payment system developed by the NPCI. |
| UPI ID Linked Bank Account | Account of the RIIs, bidding in the Issue using the UPI mechanism, which will be blocked upon acceptance of UPI Mandate request by RIIs to the extent of the appropriate Bid Amount mentioned in the Bid cum Application Form. |
| UPI Mandate Request | A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment |
| UPI mechanism | The bidding mechanism using UPI that may be used by an RII to make a Bid in the Issue in accordance with SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 |
| UPI PIN | Password to authenticate UPI transaction |
| Wilful Defaulter | A willful defaulter, as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations. |
| Working Days | All days other than second and fourth Saturday of the 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/ Issue Period, the expression "Working Day" shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016. |

**INDUSTRY RELATED TERMS**

| Term | Description |
|---|---|
| ADB | Asian Development Bank |
| AIBP | Accelerated Irrigation Benefit Programme |
| AMRUT | Atal Mission for Rejuvenation and Urban Transformation |
| BOT | Build-Operate-Transfer |

| Term | Description |
|---|---|
| BRLM | Book Running Lead Manager |
| BTKM | Billion Tonne Kilometres |
| CAGR | Compound Annual Growth Rate |
| CCEA | Cabinet Committee on Economic Affairs |
| CMWSSB | Chennai Metropolitan Water Supply and Sewerage Board |
| CRF | Central Road Fund |
| CWSS | Comprehensive Water Supply Schemes |
| DAP | District Agriculture Plan |
| DFC | Dedicated Freight Corridor |
| DIPP | Department of Industrial Policy and Promotion |
| EBITDA | Earning Before Interest, Taxes, Depreciation and Amortization |
| EPC | Engineering, procurement and construction |
| EU | European Union |
| FCNR | Foreign Currency Non-Resident |
| FDI | Foreign Direct Investment |
| GBWASP | Greater Bangalore Water Supply Project |
| GDP | Gross Domestic Product |
| GSDP | Gross State Domestic Product |
| GST | Goods and Services Tax |
| GVA | Gross Value Added |
| HAM | Hybrid Annuity Model |
| HMPD | Highways and Minor Ports Department |
| IWSMP | Integrated Water Shed Management Programme |
| JICA | Japan International Cooperation Agency |
| JNNURM | Jawaharlal Nehru National Urban Renewal Mission |
| MIF | Micro Irrigation Fund |
| MoHUA | Ministry of Housing and Urban Affairs |
| MoRTH | Ministry of Road Transport & Highways |
| MoWR, RD&GR | Ministry of Water Resources, River Development and Ganga Rejuvenation |
| NABARD | National Bank for Agriculture and Rural Development |
| NHAI | National Highways Authority of India |
| NHDP | National Highways Development Programme |
| NIIF | National Infrastructure Investment Fund |
| NMCG | National Mission for Clean Ganga |
| NMSA | National Mission on sustainable Agriculture |
| NRDWP | National Rural Drinking Water Programme |
| NSDP | Net State Domestic Product |
| NWDA | National Water Development Agency |
| PFCE | Private final consumption expenditure |
| PMAY | Pradhan Mantri Awas Yojana |
| PMKSY | Pradhan Mantri Krishi Sinchayee Yojana |
| PMSGY | Pradhan Mantri Gram Sadak Yojana |
| SAAP | State Annual Action Plan |
| SLIP | Service Level Improvement Plan |

| Term | Description |
|---|---|
| TIFS | TUFIDCO’S Infrastructure Funding Scheme |
| TNIDB | Tamil Nadu Infrastructure Development Board |
| TNIDF | Tamil Nadu Infrastructure Development Fund |
| TNRSP | Tamil Nadu Road Sector Project |
| TNUIFSL | Tamil Nadu Urban Infrastructure Financial Services Limited |
| TOT | Toll-Operate-Transfer |
| TUFIDCO | Tamil Nadu Urban Finance and Infrastructure development Corporation Limited |
| TWAD | Tamil Nadu Water Supply & Drainage Board |
| ULB | Urban Local Body |
| WPI | Wholesale Price Index |

**ABBREVIATIONS**

| Abbreviation | Full Form |
|---|---|
| AGM | Annual General Meeting. |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds). Regulations, 2012. |
| AS/ Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India. |
| ASBA | Applications Supported by Blocked Amount. |
| CAGR | Compound Annual Growth Rate. |
| CAN | Confirmation of Allocation Note. |
| CDSL | Central Depository Services (India) Limited. |
| CENVAT | Central Value Added Tax. |
| CGST | Central Goods and Services Tax. |
| CII | Confederation of Indian Industry, Institute of Logistics. |
| CIN | Corporate Identification Number. |
| Client ID | Client identification number of the Bidder’s beneficiary account. |
| CST | Central Sales Tax. |
| DB | Designated Branch. |
| DIN | Director’s Identification Number. |
| DP | Depository Participant. |
| DP ID | Depository Participant’s Identification Number. |
| EGM | Extraordinary General Meeting of the shareholders. |
| EPS | Earnings per Equity Share. |
| Ext. | Extension. |
| FCNR Account | Foreign Currency Non-Resident Account. |
| FEMA Regulations | Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder. |
| FBT | Fringe Benefit Tax. |
| FDI | Foreign Direct Investment. |
| Financial year/Fiscal/ fiscal year | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. |

| Abbreviation | Full Form |
|---|---|
| FPI | Foreign Portfolio Investors [as defined under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time] registered with SEBI under applicable laws in India. |
| FIPB | Foreign Investment Promotion Board. |
| FVCI | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000. |
| FY | Financial Year. |
| GAAP | Generally Accepted Accounting Principles. |
| GBS | Gross Budgetary Support. |
| GDP | Gross Domestic Product. |
| GIR Number | General Index Registry Number. |
| GoI / Government / Govt. | Government of India. |
| HNI | High Net Worth Individual. |
| HUF | Hindu Undivided Family. |
| ICAI | Institute of Chartered Accountants of India. |
| IMF | International Monetary Fund. |
| Ind AS | Indian Accounting Standards prescribed under Section 133 of Companies Act, 2013 as notified under Companies (Indian Accounting Standard) Rules, 2015. |
| Ind AS Rules | Companies (Indian Accounting Standard) Rules, 2015 |
| INR Rupee or ₹ or Rs. | Indian National Rupee. |
| IPO | Initial Public Offering. |
| IT Act | Income-tax Act, 1961, as amended. |
| Ltd. | Limited. |
| LOA | Letter of Acceptance |
| Merchant Banker | Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992. |
| MM | Milli Metre. |
| MT | Metric Tonnes. |
| No. | Number. |
| NR | Non-Resident. |
| NRE Account | Non-Resident (External) Account. |
| NRI | Non-Resident Indian. |
| NRO Account | Non-Resident (Ordinary) Account. |
| NSDL | National Securities Depository Limited. |
| OCB | Overseas Corporate Body. |
| p.a. | Per annum. |
| P/E Ratio | Price / Earnings Ratio. |
| PAN | Permanent Account Number. |
| PAT | Profit After Tax. |
| PBT | Profit Before Tax. |
| Pvt. | Private. |
| RBI | The Reserve Bank of India. |
| Regulation S | Regulation S under the U.S. Securities Act. |
| RoNW | Return on Net Worth. |

| Abbreviation | Full Form |
|---|---|
| RTA | Registrar and Share Transfer Agent. |
| R&D | Research & Development. |
| SCALE | Supply Chain and Logistics Excellence. |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time. |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time. |
| SCSB | Self Certified Syndicate Bank. |
| SEBI | The Securities and Exchange Board of India established under section 3 of the SEBI Act. |
| SICA | The Sick Industrial Companies (Special Provisions) Act, 1985. |
| STT | Securities Transaction Tax. |
| SME | Small and Medium Enterprises. |
| SPV | Special Purpose Vehicle. |
| Sq. ft. | Square feet. |
| Sq. mt. | Square metre. |
| TAN | Tax Deduction Account Number. |
| TIN | Taxpayers Identification Number. |
| TRS | Transaction Registration Slip. |
| UoI | Union of India. |
| UT | Union Territory / Union Territories, as applicable |
| U.S./ United States/ USA | United States of America. |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America. |
| USD/ US$ | United States Dollar. |
| U.S Securities Act | United States Securities Act of 1933, as amended. |
| VAT | Value Added Tax. |
| VCFs | Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be. |
| WDV | Written Down Value. |
| w.e.f. | With effect from. |
| YoY | Year on Year. |

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

### Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India; to the "U.S.", "USA" or "United States" are to the United States of America, together with its territories and possessions. All references to the "Government", "Indian Government", "GOI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless the context requires 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 otherwise stated or context requires otherwise, the financial data included in this Draft Red Herring Prospectus is derived from our Restated Financial Information. The Restated Standalone Financial Information and Restated Consolidated Financial Information have been prepared, based on financial statements as at and for the six month period ended September 30, 2018 and the Fiscals ended March 31, 2018 in accordance with Ind AS notified under section 133 of Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other applicable provisions of the Companies Act, 2013, if any. Restated Standalone Financial Information have been prepared, based on financial statements as at for the Fiscals ended March 31, 2017 and 2016 in accordance with Companies Act, 2013 and Indian GAAP and restated in accordance with the SEBI ICDR Regulations as stated in the reports of the Statutory Auditors

There are significant differences between Ind AS and US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data.

Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

EBITDA presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Furthermore, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered as an alternative to net profit/loss, revenue from operations or any other performance measures derived in accordance with Ind AS, IFRS or US GAAP or as an alternative to cash flow from operations or as a measure of our liquidity.

In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

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, including percentage figures, have been rounded off to the second decimal. 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 twelve-month period ended on March 31 of that year.

Unless the context requires otherwise, any percentage amounts, as set forth in "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 26, 150 and 207, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Information.

### 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. All references to "USD" or "US$" are to United States Dollar, the official currency of the United States. All references to "Euro" or "€" are to Euros, the official currency of the European Union.

Except otherwise specified, 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 that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

*(in ₹)*

| Currency | As on September 30, 2018 | As on March 31, 2018 | As on March 31, 2017 | As on March 31, 2016 |
|---|---|---|---|---|
| USD* | 72.55 | 65.04 | 64.83 | 66.33 |
| EURO* | 84.42 | 80.62 | 69.25 | 75.10 |

**Source: www.rbi.org.in*

*In case September 30, 2018 and/or March 31, of any of the respective years is a public holiday, the previous working day has been considered.*

**Industry and Market Data**

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as various industry publications and sources. These publications typically state that the information contained therein has been obtained from 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 made based on such information. Although we believe the industry and market data used in this DRHP is reliable, it has not been independently verified by us or the BRLM or any of their respective affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

Further, information has also been derived from report dated August, 2018, titled "CRISIL Research – Assessment of the infrastructure sector in India – August 2018" by CRISIL, which has been commissioned by our Company. For risks in relation to commissioned reports, please see the risk factor titled "***Industry information included in this Draft Red Herring Prospectus has been derived from industry report provided by CRISIL Limited. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate***" appearing on page 47.

The extent to which the market and industry data used in this DRHP 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 we conduct our business and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors including those discussed in section titled "Risk Factors" on page 26. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI Regulations, we have included in the chapter "Basis for Issue Price" on page 88, information pertaining to the peer group companies of our Company. Such information has been derived from publicly available data of the peer group companies.

## FORWARD LOOKING STATEMENTS

This DRHP 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", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. All statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that may vary, some or all of which could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our Company's expectations assumptions include, but are not limited to, the following:

1. General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
2. Dependence on business transaction with the government entities and agencies for a significant portion of our revenue;
3. Competitive bidding process;
4. Competition from international and domestic construction companies;
5. Changes in technology and our ability to manage any disruption or failure of our technology systems;
6. Our ability to attract and retain qualified personnel;
7. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
8. The performance of the financial markets in India and globally;
9. Any adverse outcome in the legal proceedings in which we are involved;
10. Occurrences of natural disasters or calamities affecting the areas in which we have operations;
11. Market fluctuations and industry dynamics beyond our control;
12. Our ability to compete effectively, particularly in new markets and businesses;
13. Changes in foreign exchange rates or other rates or prices;
14. Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
15. Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
16. Termination of customer/works contracts without cause and with little or no notice or penalty;
17. Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For further discussion of factors that could cause the actual results to differ from the expectations, please refer to the chapter titled "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 26, 150 and 207, 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.

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

Forward-looking statements reflect the current views of our Company as of the date of this DRHP and are not a guarantee of future performance. These statements are based on the 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. Our Company, our Directors, Promoters, the BRLM, members of the Syndicate or any of their respective affiliates or advisors do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company and the BRLM will ensure that investors in India are informed of material developments from the date of the Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

## OFFER DOCUMENT SUMMARY

### 1. Summary of the Industry

The infrastructure sector encompasses roads, power, railways, urban infrastructure and irrigation, among others. The sector sees sizable capital investments because of the sheer size of major infrastructure development projects. CRISIL Research also expects metro rail, water supply and sanitation, and railway projects to be implemented rapidly, given that a sizable budgetary allocation and government focus will spur investments. Construction spend in irrigation will rise sharply to Rs 4,443 billion over fiscals 2019 to 2023, compared with Rs 2,651 billion over the past five years. The government has announced a budget outlay of Rs 29.94 billion for fiscal 2019, 4% higher than that of fiscal 2018.

For further details please see the chapter titled "*Industry Overview*" beginning on page 95 of this DRHP.

### 2. Summary of the Business

We are engaged in Engineering, Procurement and Construction (EPC) activities of water management and irrigation such as building of dams, laying of pipeline, integrated storm water drains, waste water treatment plants, drainage systems, lift irrigation, drip irrigation, reservoirs, canals, irrigation pipeline, etc. among others. Our business operations involve equipment procurement, project management & construction and commissioning of the projects. We have more than a decade's experience in Water EPC projects. Our total order book as on September 30, 2018 stood at Rs. 6,520.86 million consisting of 19 projects, of which 13 are water management projects, 3 irrigation projects and 3 miscellaneous projects.

For further details please see the chapter titled "*Our Business*" beginning on page 150 of this DRHP.

### 3. Promoters

Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi are the Promoters of our Company. For further details please see chapter titled "Our Promoter and Promoter Group" beginning on page 193 of this DRHP.

### 4. Issue

Initial Public Offer is of upto 10,000,000 Equity Shares of face value of ₹ 10 each of the Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹[●] million.

For further details please see chapter titled "*The Issue*" beginning on page 62 of this DRHP.

### 5. Objects of the Issue

The Net Proceeds[(1)] are proposed to be used in the manner set out in in the following table:

| Sr. No. | Particulars | Amount *(₹ in million)* | Percentage of Gross Proceeds | Percentage of Net Proceeds |
|---|---|---|---|---|
| 1. | To finance the purchase of plant and equipment | 292.43 | [●]% | [●]% |
| 2. | Funding the working capital requirement of the Company | 1,075.00 | [●]% | [●]% |
| 3. | General corporate purposes[(2)] | [●] | [●]% | [●]% |

*[(1)] Includes proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares pursuant to the Pre-IPO Placement, we may utilize the proceeds from the Pre-IPO Placement towards any of the objects of the Issue as set out in this section.*

*[(2)] To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

For further details please see the chapter titled "*Objects of the Issue*" beginning on page 80 of this DRHP.

### 6. Shareholding of Promoter and Promoter Group

Following are the details of the pre-Issue shareholding of Promoter and Promoter Group:

| Sr. No. | Name of Shareholder | Pre-Issue | |
|---|---|---|---|
| | | No. of Equity Shares | % of Pre-Issue Capital |
| | **Promoters** | | |
| 1. | Mr. Subramaniam Ashok Kumar | 18,219,000 | 77.36 |

| | | | |
|---|---|---|---|
| 2. | Mrs. Duraisamy Kalaiselvi | 5,330,000 | 22.63 |
| | **TOTAL** | **23,549,000** | **99.99** |

The Promoter Group members do not hold any equity shares in the Company.

For further details please see the chapter titled "*Capital Structure*" beginning on page 71 of this DRHP.

**7. Summary of Restated Financial Information:**

Following are the details as per the Restated Consolidated Financial Information for the six-month period ended September 30, 2018 and as at and for the Financial Year ended on March 31, 2018 and as per the Restated Standalone Financial Informationas at and for the Financial Years ended on March 31, 2017 and 2016:

*Based on Restated Standalone Financial Information*

***(in ₹Millions)***

| Sr. No. | Particulars | As at September 30, 2018 | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|---|---|---|
| a) | Authorised Share Capital | 345.00 | 185.00 | 55.00 | 55.00 |
| b) | Paid-up Capital | 235.50 | 181.15 | 51.15 | 51.15 |
| c) | Net Worth attributable to Equity Shareholders | 1,043.53 | 881.50 | 450.99 | 286.32 |
| d) | Revenue from Operation | 2,471.98 | 4,679.20 | 3,118.24 | 2,504.36 |
| e) | Profit after tax | 162.44 | 300.58 | 164.76 | 98.75 |
| f) | Earnings per Share (basic & diluted) (in Rs.) | 6.90 | 28.11 | 15.62 | 10.40 |
| g) | Net Asset Value per Equity Share (in Rs.) | 44.31 | 37.43 | 42.75 | 27.14 |
| h) | Total Borrowings | 882.21 | 928.79 | 727.29 | 278.43 |

*Based on Restated Consolidated Financial Information*

***(in ₹Millions)***

| Sr. No. | Particulars | As at September 30, 2018 | As at March 31, 2018 |
|---|---|---|---|
| a) | Authorised Share Capital | 345.00 | 185.00 |
| b) | Paid-up Capital | 235.50 | 181.15 |
| c) | Net Worth attributable to Equity Shareholders | 1,043.53 | 881.50 |
| d) | Revenue from Operation | 2,471.98 | 4,679.20 |
| e). | Profit after tax | 162.44 | 300.58 |
| f) | Earnings per Share (basic & diluted) (in ₹) | 6.90 | 28.11 |
| g) | Net Asset Value per Equity Share (in ₹) | 44.31 | 37.43 |
| h) | Total Borrowings | 882.21 | 928.79 |

For further details please see the chapter titled "*Restated Financial Information*" beginning on page 206 of this DRHP.

**8. Auditor qualifications which have not been given effect to in the Restated Financial Information**

The Restated Financial Information does not contain any qualification requiring adjustments by the Auditors.

**9. Summary of Outstanding Litigations**

Following are the details of the outstanding litigations involving the Company, Promoters, Directors and Group Companies:

| Sr. No. | Nature of Cases | | No. of outstanding cases | Amount to the extent quantifiable (in ₹ million)* |
|---|---|---|---|---|
| **(I) Litigations filed against Company** | | | | |
| 1. | **Other Material** | Motor Accident | 1 | 2.9 |

| Sr. No. | Nature of Cases | | No. of outstanding cases | Amount to the extent quantifiable (in ₹ million)* |
|---|---|---|---|---|
| | **Litigation** | Claim | | |
| **(II) Litigations filed by our Company** | | | | |
| 1. | **Tax** | Income Tax | 5 | 52.33 |
| 2. | | Service Tax | 1 | 2.46 |
| 3. | | Value Added Tax | 1 | Unascertainable |

**The aforementioned amounts have been recorded to the extent they are quantifiable. The amounts mentioned above may be subject to additional interest rates and/or penalties being levied by the concerned authorities for delay in making payment or otherwise. Amount of interest and/ or penalty that may be levied is unascertainable as on the date of this Draft Red Herring Prospectus.*

For further details pertaining to outstanding litigations, kindly refer to the chapter titled "*Outstanding Litigations and Material Developments*" beginning on page 236 of this Draft Red Herring Prospectus.

**10. Risk Factors**

For further details please see the chapter titled "*Risk Factors*" beginning on page 26 of this DRHP.

**11. Summary of Contingent Liabilities**

Following are the details as per the Restated Consolidated Financial Information for the six-month period ended September 30, 2018 and as at and for the Financial Year ended on March 31, 2018 and as per the Restated Standalone Financial Informationas at and for the Financial Years ended on March 31, 2017 and 2016:

*Based on Restated Standalone Financial Information:*

**(in ₹ Million)**

| Particulars | September 30, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|---|---|---|---|---|
| Service tax demand under appeal | 2.46 | 2.46 | 2.46 | 2.46 |
| Guarantees given by the Banks | 1,498.68 | 1,596.84 | 865.56 | 658.01 |
| Bill Discounting | - | - | - | 55.23 |
| KVAT demand under appeal | 7.28 | - | - | - |

*Based on Restated Consolidated Financial Information:*

**(in ₹ Million)**

| Particulars | September 30, 2018 | March 31, 2018 |
|---|---|---|
| Service tax demand under appeal | 2.46 | 2.46 |
| Guarantees given by the Banks | 1,498.68 | 1,596.84 |
| KVAT demand under appeal | 7.28 | - |

For further details please see the chapters titled "Restated Consolidated Financial Information- Annexure VI -Note 37-Contingent Liabilities and Commitments (to the extent not provided for)" and "Restated Standalone Financial Information- Annexure VI - Note 37-Contingent Liabilities and Commitments (to the extent not provided for)" on pages F-32 and F-74, respectively of this DRHP.

**12. Summary of Related Party Transactions**

Following are the details as per the Restated Consolidated Financial Information for the six-month period ended September 30, 2018 and as at and for the Financial Year ended on March 31, 2018 and as per the Restated Standalone Financial Information as at and for the Financial Years ended on March 31, 2017 and 2016:

*Based on Restated Standalone Financial Information:*

***(in ₹Millions)***

| Type of Related Party | Nature of Transaction | September 30, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|---|---|---|---|---|---|
| Entities in which KMP / Relatives of KMP can exercise significant influence | Gross Contract Revenue | 127.82 | 394.16 | 528.21 | 222.94 |
| | Sub-Contracting Expenses | 596.21 | 987.59 | 177.09 | 292.65 |
| | Sale of traded goods | 152.56 | 324.86 | - | - |
| | Kalaiselvi Ashok Kumar Welfare Trust | 0.68 | 0.25 | | |
| Joint Venture | Share of profit | 6.69 | 2.99 | - | - |
| Key managerial personnel | Managerial remuneration | 24.20 | 49.30 | 22.60 | 18.01 |

*Based on Restated Consolidated Financial Information:*

***(in ₹Millions)***

| Type of Related Party | Nature of Transaction | September 30, 2018 | March 31, 2018 |
|---|---|---|---|
| Entities in which KMP / Relatives of KMP can exercise significant influence | Gross Contract Revenue | 127.82 | 394.16 |
| | Sub-Contracting Expenses | 596.21 | 987.59 |
| | Sale of traded goods | 152.56 | 324.86 |
| | Kalaisevi Ashok Kumar Welfare Trust | 0.68 | 0.25 |
| Joint Venture | Share of profit | 6.69 | 2.99 |
| Key managerial personnel | Managerial remuneration | 24.20 | 49.30 |

For further details please refer “Restated Consolidated Financial Information - Annexure VI - Note No. 42 - Related Party Transaction” and “Restated Standalone Financial Information - Annexure VI- Note No. 42 - Related Party Transaction” on page F-36 and F-78, under the chapter titled “Restated Financial Information” beginning on page 206 of this DRHP.

**13. Financing Arrangements**

There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the DRHP.

**14. Weighted Average Price of the Equity Shares acquired by each of the Promoters in the last one year preceding the date of this DRHP**

| Name of Promoter | No. of shares acquired in last one year from the date of this DRHP* | Weighted Average Price (in ₹ ) |
|---|---|---|
| Mr. Subramaniam Ashok Kumar | 13,204,500 | 6.82 |
| Mrs. Duraisamy Kalaiselvi | 5,230,000 | 7.65 |

* *Allotment of 9,000,000 Equity Share and 4,000,000 Equity Shares to Mr. Subramaniam Ashok Kumar and Ms. Duraisamy Kalaiselvi, respectively on March 28, 2018 has also been considered for the purpose of calculation of Weighted Average Price for each Promoter*

For further details please see the chapter titled “Capital Structure” beginning on page 71 of this DRHP.

**15. Average Cost of Acquisition of Shares for Promoters**

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in ₹ ) |
|---|---|---|
| Mr. Subramaniam Ashok Kumar | 18,219,000 | 8.07 |

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in ₹ ) |
|---|---|---|
| Mrs. Duraisamy Kalaiselvi | 5,330,000 | 7.69 |

For further details please see the chapter titled "*Capital Structure*" beginning on page 71 of this DRHP.

**16. Pre-IPO placement**

Our Company may undertake a private placement of up to 1,600,000 Equity Shares for cash consideration aggregating up to ₹ [●] million, at its discretion in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR.

**17. Issue of equity shares made in last one year for consideration other than cash**

Following are the details of equity shares issued in the last one year for consideration other than cash or through bonus:

| Date of the allotment | No. of Equity Shares | Issue Price (in ₹) | Reasons for allotment | Benefits accruing to the Company | Persons to whom the allotments were made |
|---|---|---|---|---|---|
| July 23, 2018 | 5,434,500 | Nil | Bonus Allotment | Capitalization of Reserves | Subramaniam Ashok Kumar (4,204,500 Equity Shares); Duraisamy Kalaiselvi (1,230,000 Equity Shares). Bonus allotment has been made in the ratio of 0.3:1 |

**18. Split/consolidation of Equity Shares in the last one year**

No split/consolidation of equity shares have been made in the last one year prior to filing of this DRHP.

## 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. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or any other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or any part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.*

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our Restated Consolidated Financial Information prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled "Our Business" beginning on page 150, "Industry Overview" beginning on page 95 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 207 respectively, of this Draft Red Herring Prospectus as well as other financial information contained herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled "Definitions and Abbreviation" beginning on page 1 of this Draft Red Herring Prospectus.*

***Materiality:***

*The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:*

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have material impact in future.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*In this Draft Red Herring Prospectus, any discrepancies in any table between total and sums of the amount listed are due to rounding off.*

*In this section, unless the context requires otherwise, any reference to "we", "us" or "our" refers to Annai Infra Developers Limited and its Joint Ventures on a consolidated basis.*

*The risk factors are classified as under for the sake of better clarity and increased understanding:*

**INTERNAL RISK FACTORS:**

**BUSINESS RELATED RISKS**

1. ***All of our business experience is derived from projects, which we have executed in the Southern Indian States of Tamil Nadu and Kerala. Hence, we have limited exposure in operating projects outside of the States of Tamil Nadu and Kerala which may make it difficult to evaluate our past performance and prospects with respect to different geographies and any adverse development in these regions may adversely affect our business, results of operations and financial conditions*.**

   All of the projects executed by us are located in the Southern Indian States of Tamil Nadu and Kerala. Our Company has generated 100% of its revenue from operations on a standalone and consolidated basis from the projects executed in the South Indian States of Tamil Nadu and Kerala for the year ended 31st March, 2018 and for the six months period ended September 30, 2018. Further, our Order Book of Rs. 6,520.86 million as on September 30, 2018 comprises of projects entirely from South Indian States of Tamil Nadu and Kerala. Whilst we have successfully completed projects in the aforesaid States, and have undertaken projects in the States of Tamil Nadu and Kerala, and respectively, most of our experience operating projects is derived from only two States in India i.e. Tamil Nadu and Kerala, which subjects us to various risks, such as, regional slowdown in construction activities; disturbances due to adverse climatic conditions; changes in laws, policies and regulations of the political environment; lack of brand recognition and reputation in such regions and limitation on our ability to implement the strategy to cluster projects in the states where we intend to conduct business among other factors. Further, unanticipated risks and increasing competition in our present market may make our business operations vulnerable.

The experience that we have gained from our existing projects may not be fully relevant or applicable to the development/ operation of future projects if any in other states of India and hence, we may face limitations to geographical growth of business. We may face additional risks if we undertake projects in other geographic areas in which we do not possess the same level of experience. We may not succeed in addressing certain risks pertaining to companies in an early stage of growth in other geographical regions, including our ability to acquire and retain customers or maintain adequate control of our costs and expenses. Entering into new regions or spaces may pose challenges to our management, administrative, financial and operational resources. If we are unsuccessful in addressing business risks in time or at all, our business may be materially and adversely affected. Accordingly, investors should consider our business and prospects in light of the risks, losses and challenges that we face on account of the above. Further, our limited operating history in other geographical regions may not provide a meaningful basis for evaluating our business, financial performance, prospects or results of operations, or to make a decision about an investment in our Equity Shares.

2. ***A significant portion of our revenue is generated from business transactions with government entities or agencies. Any change in the governments in the markets in which we operate, changes in policies and/or our inability to recover payments therefrom in a timely manner or at all, would adversely affect our operations and revenues which in turn would adversely affect our profitability.***

For fiscal 2016, 2017 and 2018 and the six months ended September 30, 2018, 92.21%, 89.35%, 87.73% and 82.87% of our revenue from operating activities, respectively, on a standalone basis, were derived from government entities or agencies. There may be delays associated with collection of receivables from government owned or controlled entities. Our operations involve significant working capital requirements and delayed collection of our receivables could materially and adversely affect our liquidity, internal cash flows, cost of funding and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies.

In addition to the above, the contracts with Government entities may be subject to extensive internal processes, policy changes, Government or external budgetary allocation and insufficiency of funds, which may lead to lower number of contracts available for bidding or increase in the time gap between invitation for bids and award of the contract. As long as Government entities are responsible for awarding contracts to us and are a critical party to the development and ongoing operations of our projects, our business is directly and significantly dependent on projects awarded by them. With reference to projects where our bids have been successful, there may be delays in award of the projects and/or notification of appointed dates, which may result in us having to retain resources which remain unallocated, thereby adversely affecting our financial condition and results of operations. Any adverse change in policies by government leading to reduction in capital investment in the infrastructure sector could affect us adversely. Further, if there is any change in the government or in governmental policies that results in a slowdown in infrastructure projects, our business, financial condition and results of operations may be adversely affected.

3. ***Bidding for a tender involves various management activities such as detailed project study, cost estimations. Inability to accurately measure the cost may lead to bid amount having margin lower than hurdle rate margin i.e. the expected rate of return.***

For every project, Notice for Invitation of Tender is issued which requests interested infrastructure companies/ contractors/ participants to bid. To evaluate a project tender, we undertake various management discussions, project feasibility study, site study, cost estimations, raw material and equipment suppliers among others which aids us to calculate the estimated cost of the project on which we add-on our margin, which varies from project to project, the result of which is the tender amount which we bid for any particular project.

Accordingly, all of the bid amounts are based on estimation of the project cost, the fluctuation of which, either marginally or substantially, may impact our margins adversely. Further, we may incorrectly or inadequately estimate the project cost leading to lower bid amount affecting our profitability, in case the project is awarded to us. Excess estimation of costs may lead to higher bid amount by us owing to which, we may not be awarded a contract which may substantially impact our results of operations and financials. Further, as most of the projects are spread over a longer period of time, cost escalations in our industry is a frequent issue, although most of the agreements includes clauses relating to cost escalations, any fluctuations in costs or raw material availability or any other unanticipated costs will substantially impact the business operations, cash flows and financial conditions.

4. ***We may not be able to qualify for and win integrated engineering, procurement and construction ("EPC") and lump-sum turnkey contracts.***

As mentioned above, most of our EPC contracts are obtained through a competitive bidding process. In selecting contractors for major projects, clients generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning such major projects. We are currently qualified to bid for projects up to a certain value and therefore, may not be able to compete for larger projects. Our ability to bid for and win such major projects is dependent on our ability to demonstrate experience of working on such large EPC and lump-sum turnkey contracts and developing strong engineering capabilities and credentials to execute more technically complex projects. We cannot assure you that we will be able to bid for and win such major projects which will limit our growth opportunities and our business will be materially and adversely affected.

5. ***Our Order Book may not necessarily indicate future income. Projects included in our Order Book may be delayed, modified, cancelled or not fully paid for by our clients.***

Our Order Book does not necessarily indicate future earnings related to the performance of that work. Our Order Book refers to expected future revenues under signed contracts or contracts where letters of intent have been received. Order Book projects represent only business that is considered firm, although deferments, withdrawals, cancellations or unanticipated variations or scope or schedule adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if our Order Book will be performed. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. We cannot guarantee that the income anticipated in our Order Book will be realized, or, if realized, will be realized on time or result in profits. Any project cancellations or scope adjustments, which may occur from time to time, could reduce the amount of our Order Book and the income and profits that we ultimately earn from the contracts. Any delay, cancellation or payment default could have a material adverse effect on our business, results of operation and financial condition.

6. ***Our business operations are dependent on our ability to obtain new contracts failing which our operations and financials conditions may be adversely affected.***

Our Company is engaged in the business of construction of water management systems and irrigation infrastructure apart from roads and building construction activities. As a process, we receive contract awards after competitive bidding processes for the projects which involve both technical and financial parameters. Further, biddings are restricted to certain pre-qualification criteria and bidding amount eligibility which can be fulfilled either through project specific joint venture, partnership or any other collaboration.

We generate revenue of Rs. 1,890.69 Million from operations from water management projects while Rs. 144.11 Million is generated from irrigation projects for the period ended September 30, 2018 on a standalone as well as consolidated basis. These revenues have been generated owing to various projects awarded to us. We incur significant costs in the preparation, evaluation and submission of bids which are non-reimbursable costs. We may not be able to assure you that we would bid where we have been pre-qualified or that our bids would be accepted.

Tender processes conducted by the government authorities may be subject to change in qualification criteria, unexpected delays and uncertainties. There can be no assurance that the projects for which we bid will be tendered within a reasonable time, or at all. In the event that new projects which have been announced and which we plan to tender for are not put up for tender within the announced timeframe, or qualification criteria are modified such that we are unable to qualify, our business, prospects, financial condition, cash flows and results of operations could be materially and adversely affected.

Further, tenders awarded by the government can be cancelled prior to execution of work and cause loss of revenue. For instance, our Company was awarded certain contracts in the month of November 2018 by Chennai Municipal Corporation. However, the same were cancelled as required documents as per Tamil Nadu Tender Transparency Rules 2000 were not submitted within stipulated timeline on account of which our Company suffered from loss revenue that would have been generated from the aforesaid projects.

The growth of our business mainly depends on our ability to obtain new contracts in the segment in which we operate. Generally, it is difficult to predict whether and when we will be awarded a new contract given the competition and complex tender processes.

Where we cannot pre-qualify for a project on a standalone basis, we may collaborate with other construction companies at the national and local levels to submit a joint bid and undertake the project on a joint and several basis after winning the bid. Our collaboration with a joint venture partner is often subject to various factors beyond our control. We cannot assure you that we can collaborate well with our joint venture partner to submit a bid successfully. Further, there may be delays in the bid selection process owing to a variety of reasons which may be outside our control and our bids, once selected, may not be finalized within the expected time frame.

Our results of operations and cash flows may fluctuate substantially depending on the timely award of contracts, commencement of work and completion of projects. If we are unable to obtain new contracts for our business, our business will be materially and adversely affected.

7. ***We conduct a portion of our operations through joint ventures. Our joint venture partners may not perform their obligations, which could impose additional financial and performance obligations on the Company, resulting in reduced profits or in some cases, losses from the projects.***

For the purposes of meeting pre-qualification criteria, obtaining local expertise or other business considerations, and in order to be able to bid for certain large scale infrastructure projects, where we do not suffice eligibility criteria independently, we enter into joint venture agreements with other companies to meet capital adequacy, technical and /or other requirements that may be required as part of the pre-qualification for bidding or execution of the contracts. For instance, at present our Company has entered into a project specific joint venture agreement with RKI Builders Pvt. Ltd. for carrying out the residential project of 756 2BHK apartments in Hyderabad. We have also entered a Joint Venture agreement with RPP Limited for Construction of 12 Nos. of elevated service reservoirs with chlorination facility and providing distribution system including HSC in Corporation Zone I and Zone II in Tiruppur, Tamil Nadu.

These arrangements provide for joint and several responsibility and liability of all joint venture partners for the implementation of the project and the success of these joint ventures depends significantly on satisfactory performance by the joint venture partner(s) and fulfillment of their obligations. If a joint venture partner fails to perform its obligations satisfactorily, or at all, or fails deliver its contracted services, we may be required to incur additional expenditure to ensure the adequate performance and delivery of the contracted services or make payments on behalf of the joint venture partner(s), which could adversely affect the profitability of the contract and which may also adversely impact the completion of our projects and our business in general. We may also be subject to liability claims for the work performed by the joint venture partner(s). Further, we and the joint venture partners may not agree on courses of action in respect of the project, which could cause delay or additional costs in its execution. Lenders to such projects may also seek joint and several guarantees of all joint venture partners for repayment of dues from the relevant entity. Our joint venture partners may have economic or business interests or goals that are inconsistent with ours. Any of the above factors could adversely affect our business, financial conditions, results of operations, cash flows and business prospects including obtaining work from Government entities in future.

We would also need the co-operation and consent of the joint venture partner(s) in connection with the operations of any project to be executed in a joint venture, which may not always be forthcoming and we may not be successful at managing such relationships. Any such disputes with the joint venture partners could have a material adverse effect on our business, results of operations or financial condition.

In the event that we are unable to forge an alliance with appropriate partners to meet pre-qualification criteria, obtaining local expertise or other business considerations, we may lose out on opportunities to bid for projects, which would adversely impact our future growth. We anticipate that some of our future projects will continue to be developed and maintained through joint ventures, as we continue to bid jointly for contracts with suitable joint venture partners. We cannot assure you that our relationships with our joint venture partners can at all times be amicably maintained as envisaged. We also cannot control the actions of our joint venture partners. These factors could potentially harm the business and operations of a joint venture and, in turn, materially and adversely affect our business and results of operations.

8. ***Revenues are recorded on the basis of the execution of the contracts. Our inability to efficiently and timely execute Order Book contracts or our inability to realise the orders, partly or at all as reflected in our Order Book due to modification or cancellation may adversely impact our operational and financial performance.***

Once the project is awarded to us, the same is reflected in our Order Book position as on any particular date. We are expected to timely complete our projects within the stipulated time and costs for the projects to be economically viable. As on September 30, 2018, our Company's Order Book was Rs. 6520.86 million consisting of 19 projects. Future earnings related to the performance of projects in the Order Book may not be realized and although the projects in the Order Book represent business that is considered firm, cancellations or scope or schedule adjustments may occur. Moreover, factors beyond our control or the control of our clients may postpone a project or cause its cancellation, including delays or failure to obtain necessary permits, authorizations, permissions, right-of-way, and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in scope and schedule of projects, resulting from our clients' discretion or problems we encounter in project execution or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent a project forming part of our Order Book will be performed which could adversely affect our cash flow position, revenues and earnings.

Delay in completion of the projects may lead to penalties, costs escalations, liquidated damages amongst others which affect us by reduced margins or even loss on project to project basis. Further, such delays may lead to damaged reputation adversely impacting the goodwill of our Company and therefore the trust on our technical capabilities. Our clients may also possess the right for premature termination of the contract in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. With respect to some of our projects, in the event of termination for any of the aforesaid reasons, we may only receive partial payments under such agreements and such payments may be less than our estimated cash flows from such projects. Further, we may not be able to obtain extensions for projects on which we face delays or time overruns.

Further, slower execution of the projects may adversely impact our revenue recognition. With slow execution of the projects, revenue recognition from our Order Book may not be indicative, as the same projects may be continued for longer than expected period leading to delayed recognition of revenue impacting the financial conditions, cash flows and accordingly profitability from the project. Since, most of the projects are funded by financial institutions, slower and delayed completion of the project will lead to higher finance costs and stress on cash flows conditions of the Company. Such delays could impact our reputation and our relationship with our existing clients and have adverse effects on our cash flows, business, results of operations and financial condition.

9. ***We are required to furnish financial and performance bank guarantees as part of our business. Our inability to arrange such guarantees or the invocation of such guarantees may result in forfeiture of bid security or earnest money deposit and termination of the relevant contract thereby affecting our results of our operations, financial condition and our prospects.***

As per the terms of the agreements executed by us, we are required to provide financial and performance bank guarantees in favour of our clients to secure our financial/performance obligations under the respective contracts for our projects and are also required to ensure that the performance bank guarantees are valid and enforceable until the expiry of the contract or until we remedy any defects during the defects liability period or until such other period as is stipulated under the relevant contract. As on September 30, 2018, we had issued bank guarantees amounting to Rs. 1498.68 million on a standalone and consolidated basis, towards securing our financial/performance obligations under our ongoing projects. We may be unable to fulfil any or all of our obligations under the contracts entered into by us in relation to our ongoing projects due to unforeseen circumstances which may result in a default under our contracts resulting in invocation of the bank guarantees issued by us. If any or all the bank guarantees are invoked, it may result in a material adverse effect on our business and financial condition.

Further, if we are not able to provide/extend the performance bank guarantee within the stipulated period with respect to the project, then the relevant contract may be terminated and the bid security or the earnest money deposit provided can be encashed, which could have a material adverse effect on our prospects. It may also result in us being blacklisted by the authority affecting our ability to bid for future tenders or secure future contracts with the authority. Further, the authority has the right to encash the performance bank guarantee submitted by us in the event of a failure on our part to comply with the terms of the contract and we are required to replenish the performance bank guarantee in such cases. Any failure on our part to replenish the performance bank guarantee within the stipulated period may result in the contract being terminated which could have a material adverse effect on our business and results of operations.

We may not be able to continue obtaining new financial and performance bank guarantees in sufficient quantities to match our business requirements. If we are unable to provide sufficient collateral to secure the financial bank guarantees, performance bank guarantees, our ability to enter into new contracts or obtain adequate supplies could be limited. Providing security to obtain financial and performance bank guarantees also increases our working capital requirements.

10. ***There may be significant delays in execution of infrastructure projects due to various third parties involved in the process.***

To execute a project, we engage various third parties in the contract. This includes sub-contractors, suppliers and labour contractors amongst others, cumulative efforts of which are required for execution of contracts awarded to our Company. Due to involvement of various third parties in the contract, certain activities are beyond our control and are managed entirely by the third parties. Further, some of the project activities are consequential which can be commenced only after completion of certain steps in the construction. As the project is awarded to us, we may be directly responsible for any delays caused by any of the third parties. Abrupt discontinuance of work contract with us may also hamper the construction activities in which we may be required to identify an alternate third party to replace them, which may not at the terms favourable to us. Such delays / cancellation, even if though not effected by us may lead to claims, damages, and penalties within the terms of the agreements. Although we judge and identify to work with reputed and established third parties to minimise such risks, we may not be able to assure that delays from other third parties will not lead to reputational, financial and operational loss to our Company.

11. ***We sub-contract part of the work in our construction contracts to third parties. We would be liable for any delay or default by such sub-contractor. Sub-contracting of maintenance activities requires prior approval from the authorities and failure to obtain such approvals would result in a breach of the terms of the project contracts.***

We sub-contract part of the work in our construction contracts to contractors, including third parties. For instance, our Company has sub-contracted the work of construction of Combined Water Supply Scheme to Sankarankoil, Puliyankudi Municipalities, Thiruvenkadam Town Panchayat in Tirunelveli District and Rajapalayam, (AMRUT) Sivakasi, Thiruthangal Municipalities in Virudhunagar District- Package-I and Package-II, to AN Associates, which was awarded to our Company by the Chief Engineer, Tamil Nadu Water Supply and Drainage (TWAD) Board, Madurai. Any selection or replacement of a sub-contractor for construction activities under our contracts with requires prior approval of requisite authorities awarding contracts. The quality and efficiency of our sub-contractors have a direct impact on the overall quality of our solutions and the timeliness of their delivery. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, or our failure to extend existing task orders or issue new task orders under a subcontract. In addition, if any of our subcontractors fail to deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services, our ability to fulfill our obligations as a prime contractor may be jeopardized. The completion of the contract depends on the performance of these sub-contractors.

Any delay on the part of sub-contractors to complete the project in time, for any reason, could result in delayed payment to us and in turn affect our operation. Additionally, we are liable to the authorities for any acts or omissions of our sub-contractors to the same extent as our own acts and omissions and to indemnify them for any loss caused to them in this regard. We are also liable for any breach or non-compliance by the sub-contractor of any terms of contracts that have been sub-contracted to such sub-contractors. Whilst we are indemnified by the sub-contractors for any loss or damages caused to us on account of their acts or omissions, there is no assurance that the amounts that we recover from such sub-contractors would cover the actual loss or damage incurred by us, including any penalties imposed by the authority concerned. Sub-contractors may not have adequate financial resources to meet their indemnity obligations to us. Imposition of such costs and non-recovery from sub-contractors could have a material adverse effect on our business, results of operations and financial condition.

In addition to the above, in certain instances we have also been sub-contracted certain works to be carried out behalf of the main contractor of the project such as Rehabilitation and Modernisation of 3 Regulators, 5 Head Sluices and Rehabilitation of Manjalar River from L.S 120.350 KM to 130.000 Km in

Mayiladuthurai & Kuthalam Block of Mayiladuthurai & Kuthalam Taluk in Cauvery Delta Sub Basin of Nagapattinam District. Any such sub-contracting of works to us may require prior government approval to be taken by the main contractor. We can not assure you that the main contractor has applied for such approvals in a timely manner or at all and in the absence of such approval, sub-contracting of activities to us would not be in compliance with the provisions of contract that the main contractor has entered into with the relevant authorities and may result in termination of the sub-contract with us thereby resulting in a material adverse effect and loss of revenue on the Company.

12. ***Our profitability and results of operations may be adversely affected in the event of any disruption in the supply of raw materials or increase in the price of raw materials, fuel costs, labour or other inputs.***

The timely and cost effective execution of our projects is dependent on the adequate and timely supply of key raw materials, such as steel, cement, copper piping, electrical conduit, wire etc. The raw material consumption contribution is 33.30%, 39.25%, 37.66% and 21.70 % of gross contract from revenue for the fiscals 2016, 2017, 2018 and six month period ended September 30, 2018 respectively on a standalone basis. The raw material consumption contribution is 37.66% and 21.70 % of gross contract from revenue for the fiscals 2018 and six month period ended September 30, 2018 respectively on a consolidated basis.

We typically do not enter into any long-term contracts for the purchase of raw materials with our suppliers. We cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms. Additionally, we typically use third-party transportation providers for the supply of most of our raw materials. Transportation strikes could have an adverse effect on our receipt of supplies. If we are unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of our business and results of operations may be adversely affected.

Further, the cost of raw materials, fuel for operating our construction and other equipments, labour and other inputs constitutes a significant part of our operating expenses. The prices and supply of raw materials depend upon factors that are beyond our control, including but not limited to general economic conditions, transportation costs, market prices, competition, import duties, and these prices are cyclical in nature. Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited in the case of contracts with limited price escalation provisions. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our profitability, financial condition and results of operations.

13. ***We rely on effective and efficient project management. Any adverse change in our project management procedures could affect our ability to complete projects on a timely basis or at all, which may cause us to incur liquidated damages for time overruns pursuant to our contracts.***

Our project-based businesses depend on the proper and timely management of our projects. Although we focus on project management in a number of ways, including by appointing project managers at our sites and by obtaining progress reports periodically, ineffective or inefficient project management could increase our costs and expenses, and thus materially and adversely affect our profitability.

We typically enter into contracts which provide for liquidated damages for time overruns. Additionally, in some contracts, in case of delay due to our fault or because of defective work done by us, clients may have the right to appoint a third party to complete the work and to deduct additional costs or charges incurred for completion of the work from the contract price payable to us. In case we are unable to meet the performance criteria as prescribed by the clients and if liquidated damages are levied, our financial condition and results of operations could be materially and adversely affected.

14. ***Our Company follows an asset-light business model and accordingly relies on rental equipments for conducting its construction activities.***

Our Company has followed an asset-light approach towards its equipment management. Following our business strategy, we tend to rely majorly on rental equipments rather than owning a large equipment bank. Although we maintain and own vital equipments which are regularly required for construction activities and which have special use in the project execution task. However, for majority of the equipments requirement we rely on rental equipments to fulfil our needs. Once the project work is initiated, we procure equipments as and when required from various construction equipment rental agencies which are available in wide numbers. Our Company ensures equipments being provided meet the quality standards and suffice the requirements of the tasks. We engage with few suppliers who provides us quality standards of equipments. Although till date, we have not faced any major difficulties in procuring equipments, we may not be able to assure about the availability of the equipments as and when required, or shortage of equipments affecting the construction activities. We may be required to procure equipments at unreasonable terms or at higher rental prices affecting the overall profitability of the project. Further, delayed delivery or untimely recall of equipments from the vendors may interrupt operational activities leading to delayed execution of the project adversely affecting our reputation and impact on financial and performance.

15. ***We cater to a limited segment of infrastructural activities such as water management system, irrigation construction business. Our absence in the other segments of infrastructural activities may limit our growth opportunities and clientele.***

We are a South India based infrastructure company engaged in activities such as water management system, irrigation construction business. Further, we generate portion of our revenues from constructing small roads and building construction activities as well. Our business operations are limited mostly to activities of water management and irrigation projects such as building of dams, laying of pipeline, integrated storm water drains, waste water treatment plants, etc. Our Order Book also consists of projects from these segments which gives the visibility of expected revenue in coming period. Further, our road business is limited to small country-side roads. Owing to our focus on limited segments, we may be unable to capitalize opportunities arising from other infrastructure activities such as construction of bridges, highways under various government models such as Hybrid-Annuity Model (HAM), Build-Operate-Transfer (BOT), etc. As per our business strategy, we do not intend to enter into such other infrastructure activities given the level of financial and operational resources required to successfully operate those segments. To consolidate our position in South India, we intend to focus and strengthen our expertise in our current segment. Our absence in the other segments of infrastructure activities may limit our growth opportunities and clientele. Presence in limited segment restricts us to execute small size projects only which may limit the growth of our business size when compared to other competitors who are present in various other infrastructure related activities allowing them to execute and bid for large size projects. Certain of our competitors may be preferred over us for many infrastructure projects owing to their experience in multiple segments, executing large projects and wide locational presence. Such adverse circumstances may lead to inferior financial performance and limited operational growth.

16. ***Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.***

Our business requires a significant amount of working capital. Most of our EPC contracts provide for progress payments from clients with reference to the value of work completed upon reaching certain milestones. Generally, in our construction projects and infrastructure businesses, the client, or a third party authorized under the contract, usually make payments against invoices raised upon mutual agreement. The client then effects payments with reference to these invoices generally within 30 days depending on terms of the Project. As a result, significant amounts of our working capital are often required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payment is received from clients.

In certain cases, we are contractually obligated to our clients to fund working capital on our projects. In addition, a portion of the contract value, generally 5% or 2.5% of the value of the performance bank guarantee to be provided by the Company, depending on terms of the contract in respect of projects of the Company, is usually withheld by the client as retention money and is generally released upon the safety certification of the works completed or the project completion date, whichever is later. The aggregate amount of retention money outstanding as of March 31, 2018 and September 30, 2018 was Rs. 363.91 million and Rs. 427.16 million, respectively.. Some of the performance guarantees are secured by guarantees from banks. Our working capital requirements may increase if, in certain contracts, payment terms include reduced advance payments or payment schedules that specify payment towards the end of a project or are less favorable to us.

Delays in progress payments or release of retention money or guarantees may increase our working capital needs. If a client defaults in making its payments on a project to which we have devoted significant resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to our contracts but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for bad debts, including those arising from progress payments or release of retention money, based primarily on ageing and other factors such as special circumstances relating to specific clients. There can be no assurance that the progress payments and the retention money will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice. All of these factors may result, or have resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations. We may also have large cash outflows, including among others, losses resulting from fixed-price contracts, environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs. It is customary in the industries in which we operate to provide bank guarantees or performance security in favor of clients to secure obligations under contracts. If we are unable to provide sufficient collateral to secure the bank guarantees or performance security, our ability to enter into new contracts could be limited. Providing security to obtain bank guarantees increases our working capital needs and limits our ability to provide guarantees, and to repatriate funds or pay dividends. We may not be able to continue obtaining new bank guarantees, and performance securities in sufficient quantities to match our business requirements.

Summary of our working capital position based on our Restated Standalone Financial Information is given below:-

*Amount (Rs. In million)*

| **Particulars** | **September 30, 2018** | **For the year ended March 31,** | | |
|---|---|---|---|---|
| | | **2018** | **2017** | **2016** |
| **A. Current Assets** | | | | |
| Inventories | 29.07 | 1.28 | 0.74 | 0.96 |
| Trade Receivables | 1,062.16 | 1,472.39 | 801.22 | 408.79 |
| Cash and Cash Equivalents | 3.82 | 52.12 | 88.69 | 39.98 |
| Other financial assets | 73.46 | 69.91 | 26.09 | 55.31 |
| Other current assets | 1,577.03 | 1,039.33 | 857.43 | 256.06 |
| **Total Current Assets** | **2,745.54** | **2,635.03** | **1,774.17** | **761.10** |
| **B. Current Liabilities** | | | | |
| Trade payables | 712.08 | 950.60 | 715.21 | 371.62 |
| Other financial liabilities | 18.07 | 49.12 | 72.13 | 15.92 |
| Other current liabilities | 591.97 | 314.84 | 118.27 | 27.42 |
| Provisions | 0.01 | 0.02 | 0.01 | - |
| Current tax liabilities (Net) | 176.58 | 161.93 | 78.67 | 49.80 |
| **Total Current Liabilities** | **1,498.71** | **1,476.51** | **984.29** | **464.76** |
| **Working Capital (A-B)** | 1,246.83 | 1,158.52 | 789.88 | 296.34 |
| **Trade receivables as % of total current assets** | 38.69% | 55.88% | 45.16% | 53.71% |

17. ***Some or all of our ongoing projects may not be completed by their agreed completion dates. Such delays may adversely affect our business, results or operations and financial conditions***

The industry in which our Company operates is prone to time and cost over-runs. The construction or development of our projects involves various implementation risks including construction delays, delay or disruption in supply of raw materials, delays in obtaining certain property rights and government approvals and consents, unanticipated cost increases, adverse environmental and weather conditions, natural disasters, force majeure events or delays in securing required licenses, authorisations or permits or making advance payments.

In the past, we have experienced delay in implementing our projects and work orders. Further, there have been instances of time over-run in the execution of our ongoing projects ranging from 9 months to 3 years 4 months for which we have sought extension for completion of project, due to reasons not attributable to our Company in most cases. While, till date there has been no cost over-run consequent to such delay in execution of our ongoing projects however, we cannot assure you that certain penalties may not be levied upon us on account of such extension for completion. Similarly, our future projects may also be subject to delays and time and cost over-run on account of reasons which are beyond our control. Such modification and changes to the project completion timelines may have significant impact on our ongoing and future projects and consequently, we may be penalized and be required to pay damages to our clients, which may have an adverse effect on our business, client relations, our credibility, results of operation and financial conditions. While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays can be mitigated and that we will be able to prevent any time and cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions.

18. ***We may be unable to obtain adequate compensation and may face loss of revenue and profit on account of non-fulfillment of obligations by authorities under project contracts.***

In terms of the contracts that we enter into with various authorities for our projects, the authorities are required to fulfill certain obligations including providing support to us in carrying out the activities contemplated under the project contracts such as acquiring land, securing the right of way, supplying owner supplied material, securing required licenses, authorizations or permits, making advance payments or opening of letters of credit, approving designs, and shifting existing utilities. If a client does not perform these and other actions in a timely manner or at all, and the possibility of such failure is not provided for in the contract, our projects could be delayed, modified or cancelled and as a result, our results of operations could be materially and adversely affected. Any failure on the part of the authorities to fulfill their obligations may result in loss of our revenue and profit generated from the project. Whilst we are entitled to compensation in case of breach or non-fulfillment of obligations by the authority, there is no assurance that we will be able to receive such compensation in a timely manner, or that such compensation will be adequate to cover the loss of revenue incurred by us. Any non-fulfillment of obligations by the authorities in the future resulting in a loss of revenue would have adverse effects on our results of operations and financial condition.

19. ***We are required to meet specifications and standards of operation and maintenance in relation to our infrastructure projects. We may be subject to increase in operation and maintenance costs to comply with such specifications and standards, which may adversely affect our business, financial condition, cash flows and results of operations.***

Our Company has undertaken operation and maintenance in relation to our infrastructure projects in the Fiscal 2018-2019. The contracts for our construction projects specify certain operation and maintenance standards and specifications to be met by us while undertaking our operation and maintenance activities. These specifications and standards will require us to incur operation and maintenance costs on a regular basis. The operation and maintenance costs depend on various factors and may increase on account of factors beyond our control such as: unanticipated increases in material and labour costs; the standards of maintenance or road safety applicable to our projects prescribed by the relevant regulatory authorities; we being required to restore our projects in the event of any landslides, floods, road subsidence, other natural disasters, accidents or other events causing structural damage or compromising safety; or environmental stress leading to more extensive or more frequent heavy repairs or maintenance costs. An increase in operation and maintenance expenses beyond the amounts budgeted by us at the time of bidding may have a material adverse effect upon the profitability of that project and may materially affect our results of operations and financial condition. Any failure to meet quality standards may expose us to the risk of penalties during the contract period when our obligations are secured by performance guarantees.

20. ***Our business is subject to seasonal fluctuations.***

Our business operations may be affected by seasonal factors which may restrict our ability to carry on activities related to our construction projects and fully utilize our resources. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during the critical periods of our projects and cause severe damages to our premises and equipments. In particular, the monsoon season may restrict our ability to carry on activities related to our projects and fully utilize our resources and may slow our activities on construction projects, which shifts our revenue and accordingly profit recognition to subsequent quarters. Adverse seasonal developments may also require the evacuation of personnel, suspension or curtailment of operations, resulting in damage to construction sites or delays in the delivery of materials. Such fluctuations may adversely affect our revenues, cash flows, results of operations and financial conditions.

21. ***Our government contracts usually contain terms that favour government clients. Our ability to negotiate the standard form of Government contracts may be limited and we may be required to accept unusual or onerous provisions in such contracts, which may affect the efficient execution and profitability of our projects.***

The counterparties to a number of our construction contracts are government entities and these contracts are usually based on standard terms and conditions set out by the government entities. We thus have had only a limited ability to negotiate the terms of these contracts, which tend to favour our government clients and we may be required to accept unusual or onerous provisions in such contracts in order to be engaged to execute such projects. For example, the terms laying out our obligations as well as operation and maintenance specification for our projects are determined by the Government entities and we are not permitted to amend such terms or specifications. Further, under our contracts, the Government entity has the right to change the scope of work to include additional work which was not contemplated at the time of execution of the contract. Additionally, our projects provide the Government authority with a right to terminate the contract unilaterally without assigning any reason. If the government client terminates any of our construction agreements, under the relevant agreement it is generally required to compensate us for the amount of our unrecovered investment, unless the agreement is terminated pursuant to applicable law or our breach of the terms of the agreement is material. Such compensation process is likely to be time consuming and the amount paid to us may not fully compensate us. These onerous conditions in the Government contracts may affect the efficient execution of these projects and may have adverse effects on our profitability. For further details of the key terms of the contracts for our projects, please refer to the section titled "Summary of our works contracts" under the chapter titled "Our Business" on page 150.

22. ***If we are unable to successfully implement new technologies, we may be unable to compete effectively, resulting in higher costs and loss of revenue.***

Our business requires us to keep pace with technological advancements and we believe operations as well as maintenance activities will require increased use of technology, to save time and decrease costs. Our future success depends in part on our ability to respond to technological advancements and emerging standards and practices on a cost-effective and timely basis. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us bidding at lower margins/loss of bidding opportunities vis-à-vis such competitors. Additionally, government authorities may require adherence with certain technologies in the execution of projects and we cannot assure that we would be able to implement the same in a timely manner, or at all. We are in the process of implementing Build Superfast Enterprise Resource Planning (ERP) software to manage our projects more efficiently allowing us to keep a control on our overall costs and project status in order to enable us to carry out real time project planning. The cost of upgrading or implementing new technologies, upgrading our existing equipments or expanding capacity could be significant, less cost effective, thereby negatively impacting our profitability, results of operations, financial condition as well as our prospects.

23. ***We are exposed to significant construction risks on fixed-price or lump-sum turnkey contracts.***

Under the terms and conditions of fixed-price or lump-sum contracts, we generally agree to a fixed-price for providing engineering, procurement and construction services for the part of the project contracted to us or, in the case of turnkey contracts, completed facilities which are delivered in a ready to operate condition, subject, however, to contract variations pursuant to changes in a client's project requirements.

The actual expense to us for executing a fixed-price or lump-sum turnkey contract may vary substantially from the assumptions underlying our bid for various reasons, including: (i) unanticipated changes in engineering design of the project; (ii) unanticipated increases in the cost of equipment, materials or manpower; (iii) delays associated with the delivery of equipment and materials to the project site; (iv) unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, resulting in delays and increased costs; delays caused by local weather conditions; (v) suppliers' or subcontractors' failure to perform; and (vi) delays caused by us.

Unanticipated costs or delays in performing part of a contract can have compounding effects by increasing costs of performing other parts of the contract. In addition, we may be required to pay liquidated damages to the client for any delays caused by us. These variations and the risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our results of operations.

24. ***Our Company is party to certain tax and civil proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

Our Company is party to certain tax and civil proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums.

Mentioned below are the details of the proceedings pending against our Company as on the date of this Draft Red Herring Prospectus along with the amount involved, to the extent quantifiable, based on the Materiality Policy for litigations, as approved by the Company in its Board meeting held on February 7, 2019:

| Sr. No. | Nature of Cases | | No. of outstanding cases | Amount to the extent quantifiable (in ₹ million)* |
|---|---|---|---|---|
| **(I) Litigations filed against Company** | | | | |
| 1. | **Other Material Litigation** | Motor Accident Claim | 1 | 2.9 |
| **(II) Litigations filed by our Company** | | | | |
| 2. | **Tax** | Income Tax | 5 | 52.33 |
| 3. | | Service Tax | 1 | 2.46 |
| 4. | | Value Added Tax | 1 | Unascertainable |

**The aforementioned amounts have been recorded to the extent they are quantifiable. The amounts mentioned above may be subject to additional interest rates and/or penalties being levied by the concerned authorities for delay in making payment or otherwise. Amount of interest and/ or penalty that may be levied is unascertainable as on the date of this Draft Red Herring Prospectus*

There can be no assurance that these litigations will be decided in our favour or in favour of our Company and consequently it may divert the attention of our management and Promoters and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us and our Promoters, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details pertaining to outstanding litigations, kindly refer to the chapter titled "*Outstanding Litigations and Material Developments*" beginning on page 236.

25. ***If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business, it may have a material adverse effect on our business, results of operations and financial condition.***

We require certain statutory and regulatory licenses, registrations and approvals to operate our business, some of which our Company has either received, applied for or is in the process of application. Further, in the future, we may also be required to obtain new licenses, registrations and approvals for any proposed or upcoming projects, including any expansion of existing projects. There can be no assurance that the relevant authorities will renew such licenses, registrations and approvals in a timely manner or at all. Further, these licenses, registrations and approvals are subject to several conditions, and we cannot assure that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations. Failure by us to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our operations and may have a material adverse effect on our business.

Our Company has applied for approvals and the receipt of the same are pending as on date of this Draft Red Herring Prospectus: (i) application for registration for 4 (four) premises situated in Kerala under Kerala Shops and Commercial Establishment Act, 1960 and (ii) application for registration under Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958. Further, our Company requires the following statutory and regulatory registration for our business, however, the same has not been obtained by us, as on date of this Draft Red Herring Prospectus: (i) Certificate of Registration under section 7(3) of the Building and the Other Construction Workers (Regulation of employment and conditions of Service) Act, 1996; (ii) application for registration under Maharashtra Shops and Establishment Act, 2017 and Puducherry Shops and Establishments Act, 1964. For further details on the licenses obtained by us and licenses for which renewal applications or application for change of names have been made, please see the chapter titled "Government and Other Statutory Approvals" beginning on page 236.

26. ***Our Company has negative cash flows from its operating, investing and financing activities in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Our Company had negative cash flows from our operating, investing and financing activities in the previous years as per the Restated Standalone Financial Information and the same are summarized as under:

Amount (Rs. In Million)

| Particulars | September 30, 2018 | For the year ended March 31, | | |
|---|---|---|---|---|
| | | 2018 | 2017 | 2016 |
| Cash Flow from / (used in) Operating Activities | 42.13 | (22.88) | (316.26) | (42.25) |
| Cash Flow from / (used in) Investing Activities | 13.18 | (212.40) | (11.43) | (18.94) |
| Cash Flow from / (used in) Financing Activities | (103.61) | 198.71 | 376.40 | 90.28 |

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

27. ***The Company has not placed orders for 100 % of plant & machinery and equipments worth Rs. 292.43 Millions for our proposed objects, as specified in the chapter "Objects of the Issue". Any delay in placing orders, procurement of plant & machinery and equipments may delay our implementation schedule and may also lead to increase in price of these plant & machinery and equipments, further affecting our revenue and profitability.***

As on date of the Draft Red Herring Prospectus, we have not placed orders for plant & machinery and equipments required. We have identified the type of plant and machinery and equipments required to be bought towards proposed objects. However, we are yet to place orders for 100 % of the Plant & Machinery worth Rs. 292.43 Millions as detailed in the "Objects of the Issue" beginning on page 80 of this Draft Red Herring Prospectus. These are based on our estimates and on third-party quotations, which are subject to a number of variables, including possible cost overruns, changes in management's views of the desirability of current plans, change in supplier of equipments, among others, which may have an adverse effect on our business and results of operations. Further, we cannot assure that we would be able to procure these plant and machinery, or procure the same within budgeted costs and timelines. Delays in acquisition of the same could result in the cost and time overrun in the implementation of the Project, which would have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to the chapter titled "Objects of the Issue" beginning on page 80 of this Draft Red Herring Prospectus.

28. ***Delay in schedule of the purchase of plant & machinery and equipments may subject our Company to risks related to time and cost overrun which may have a material adverse effect on our business, results of operations and financial condition.***

Our Company proposes to utilize Rs. 292.43 Million towards purchase of plant & machinery and equipments. For further details regarding to purchase of plant & machinery and equipments, please refer the chapter titled our "Objects of the Issue" and "Our Business" on page 80 and 150 respectively of this Draft Red Herring Prospectus. We may face risks relating to the commissioning and installation of these plant and machineries and equipments for reasons including delays to construction timetables, failure to complete the projects within our estimated budget, failure of our contractors and suppliers to adhere to our specifications and timelines, and changes in the general economic and financial conditions in India and other jurisdictions in which we operate. We have limited control over the timing and quality of services, equipments or other supplies from third party contractors and/or consultants appointed by us and we may be required to incur additional unanticipated costs to remedy any defect or default in their services or products to ensure that the planned timelines are adhered to. Further as and when we commission our planned use of plant and machineries and equipments, our other requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls as well as in realigning our management and other resources and managing our consequent growth. In the event that the risks and uncertainties discussed above or any other unanticipated risks, contingencies or other events or circumstances limit or delay our efforts to use the Net Issue Proceeds to achieve the planned growth in our business, the use of the Net Issue Proceeds for purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of your investment in our Equity Shares.

29. ***Our Company does not have any formal long-term arrangements with the suppliers. Any significant variation in the supply may adversely affect the operations and profitability of our Company.***

Major raw materials used for our operational activities include cement, steel pipes, concrete, iron rods, etc. These raw materials are procured from various third party suppliers as on need basis. Our Company maintains a list of registered and unregistered suppliers from whom we procure the materials on order basis. Our top ten suppliers contribute to 61.26 % and 72.94 % of our total material purchase for consumption, for the year ended March 31, 2018 and for the period ended September 30, 2018 respectively. Apart from certain suppliers, we also procure materials from various local traders from whom we conduct business on regular basis. Owing to wide availability of suppliers and traders across South India, we have not entered any long term arrangement or contracts with any of the parties which oblige them to maintain their business with us. Our ability to maintain close and satisfactory relationships with our suppliers may impact our supplies and affect our production process. Further, there is no assurance that the suppliers will continue to supply raw materials to us on reasonably acceptable terms to us or at all. Failure to procure raw materials from our existing suppliers or any other suppliers could impact the financial performance of our Company and affect our financial condition.

30. ***Our Company is dependent on third party transportation for the delivery of raw materials, equipments to the site of the Projects and any disruption in their operations or a decrease in the quality of their services could affect smooth execution of projects thereby our Company's reputation and results of operations also.***

Our Company uses third party transportation providers for delivery of raw materials such as cement, steel pipes, iron rods and equipments required for construction activities. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition raw materials may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

31. ***We operate in an extremely competitive industry with many regional and national players in our segment.***

We operate in a very competitive environment and compete against various companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. We may not be able to compete with larger infrastructure companies for high-value contracts, as many of them may have greater financial resources, economies of scale and operating efficiencies. If we are unable to bid for and win projects, whether large or small, or compete with larger competitors, we may not be able to sustain or increase, our volume of order intake and our results of operations may be materially and adversely affected. Further, in the event that our competitors follow a policy of severely under-bidding in the projects that we bid for, our revenues may be adversely impacted. These competitive factors may result in reduced revenues, reduced margins and loss of market share. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

32. ***Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business.***

The cost and availability of capital, amongst other factors, is also dependent on our credit ratings. We have been last rated on September 20, 2018 by CRISIL Limited, and we were rated CRISIL BBB/A3+ with a “Stable” outlook on our Bank Loan facilities. Ratings, reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

33. ***Rock and Arch Constructions (India) Private Limited, M/s Ashok Enterprises and A.N. Associates, three of our Group Companies have objects similar to that of our Company’s business and are engaged in the same and/ or similar line of business / industry in which our Company operates. This may be a potential source of conflict of interest for us and which may have an adverse effect on our business, financial condition and results of operations.***

Three of our Group Companies, Rock and Arch Constructions (India) Private Limited, M/s Ashok Enterprises and A.N. Associates are engaged in the same and/ or similar line of business / industry in which our Company operates and could offer services that are related to the business of our Company. Further, our Promoters Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi are also the Partners in A.N. Associates. Moreover, one of our Promoters, Mr. Subramaniam Ashok Kumar and is also the sole proprietor of M/s Ashok Enterprises. This may be a potential source of conflict of interest in addressing business opportunities, strategies, implementing new plans and affixing priorities. However, our Company has entered into two separate Non-Compete Agreements with Rock and Arch Constructions (India) Private Limited and A.N. Associates dated March 6, 2019 and March 20, 2019, respectively, in order to avoid the conflict of interest envisaged above.

***34. We may be unable to attract and retain employees with the requisite skills, expertise and experience, which would adversely affect our operations, business growth and financial results***

We rely on the skills, expertise and experience of our employees to provide quality construction service to our clients. Our employees may terminate their employment with us prematurely and we may not be able to retain them. Experienced, skilled as well as semi-skilled workers in our industry are highly sought after, and competition for talent is intense. If we experience any failure to attract and retain competent personnel or any material increase in labour costs as a result of the shortage of skilled labour, our competitiveness and business would be damaged, thereby adversely affecting our financial condition and operating results. Further, if we fail to identify suitable replacements of our departed staff, our business and operation could be adversely affected and our future growth and expansions may be inhibited.

***35. We do not own the premises where our Registered Office and Branch Offices are located; which we have taken on rent.***

The premises of Registered Office and Branch Offices of our Company are taken on rent from Promoters and various other third parties. If any such rent and lease agreement under which we occupy the premises is not renewed on terms and conditions that are favourable to us, or at all, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. If we do not comply with certain conditions of the lease, the lessor may terminate the lease, which could have an adverse effect on our operations. There can be no assurance that renewal of lease agreement with the owner will be entered into. In the event of non-renewal of lease, we may be required to shift our office or branch offices to a new location and there can be no assurance that the arrangement we enter into in respect of new premises would be on such terms and conditions as the present one. For more details on properties taken on lease by our Company, please refer section "Land and Properties" in the chapter titled — "*Our Business*" beginning on page 164 of the Draft Red Herring Prospectus.

***36. The industry in which we operate is labour intensive and our operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees.***

Our industry being labour intensive is dependent on labour force for carrying out its operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any disruptions in our business operations due to disputes or other problems with our work force in the past; however there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management‘s attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

***37. We may be held liable for the payment of wages to the contract labour we engage in our business.***

In order to retain flexibility and ensure timely availability of a pool of skilled and non-skilled workers, our Company engages contract labour throughout our business projects. Although our Company does not employ such contract labour directly, we may be held responsible for any wage payments to be made to such contract labour in the event of default by the third-party agencies, who employ them. If we are required to pay the wages of the independent contract labour, our results of operations and financial condition could be adversely affected. Further, we could be held liable for the acts committed by, or omission on the part of, personnel engaged by us on a contract basis.

38. ***Failure to successfully implement our business strategies to ensure future business growth may materially and adversely affect our business, prospects, financial condition and results of operations.***

We have experienced high operational and financial growth in recent years and achieved a CAGR of 36.69% of revenue from operation growth for the three years period ended March 31, 2018. We have also experienced growth in revenue from operation of 97.91%, 24.51%, 50.06% in fiscal 2016, 2017 and 2018 respectively on annualised basis as per standalone financial information. While no assurance can be given that the past increases in our revenue will continue, if we continue to grow as we expect, this growth will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. We aim to implement our business strategies to ensure future business growth, which may be subject to various risks and uncertainties not limited to the following:

- failure to maintain our competitive edge due to cost overruns or failure to execute our construction projects in a timely manner or according to quality specifications;
- intensified competition, delayed payments or non-payments by our clients;
- failure to implement our bidding strategy or geographically cluster our projects;
- lack of ability to properly manage financing resources and unavailability of funds at affordable costs or maintain financial discipline;
- adverse changes in applicable laws, regulations or policies or political or business environments;
- failure to correctly identify market trends relating to the demand for our services, inability to carry out our strategy of bidding for new construction projects; and
- increase in costs of raw materials, fuel, labour and equipment and adverse movements in interest rates and foreign exchange rates.

Implementation of our strategies may be subject to a number of risks and uncertainties including the ones mentioned above, some of which are beyond our control. There can be no assurance that we will be able to execute our growth strategy on time and within the estimated costs, or that we will meet the expectations of our clients. As we grow and diversify, we may not be able to implement, manage or execute efficiently and in a timely manner or at all, which could result in delays, increased costs and diminished quality and may adversely affect our results of operations and our reputation.

39. ***If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to implement systems capable of effectively accommodating our growth. However, we cannot assure you that we will implement such systems effectively. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

40. ***Our operations may be adversely affected in case of industrial accidents at our construction sites.***

Usage of heavy machineries, handling of sharp parts of machinery by labour during construction activities or otherwise, short circuit of power supply, etc. may result in accidents and fires, which could cause indirect injury to our labour, employees, other persons on the site and may prove fatal which could also damage our properties thereby affecting our operations. While our Company has obtained Group Accident Policy, Mediclaim Policy and Workmen Compensation Policy and other additional insurance coverage for our equipment and machinery, our machineries, equipments and personnel may not be covered adequately under the aforesaid insurance for occurrence of particular types of accidents and there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses which could adversely hamper our cash flows and profitability.

41. ***We could become liable to clients, suffer adverse publicity and incur substantial costs as a result of defects in our services, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.***

Any failure or defect in our services could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no liability insurance with respect to our projects. Although we attempt to maintain quality standards, we cannot assure that all our project related services would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. Also, our business is dependent on the trust our clients have in the quality of our project related services. Any negative publicity regarding our Company, brand, or project related services, including those arising from a drop in quality of our vendors or any unforeseen event, could affect our reputation and our results from operations.

42. ***The infrastructure sector is inherently capital intensive and requires significant expenditure. We have incurred secured and unsecured debt, which requires cash flows to service such debts and may incur substantial additional debt in future. Any increase in interest rates would have an adverse effect on our results of operations and will expose our Company to interest rate risks.***

As on September 30, 2018, our total outstanding indebtedness was Rs. 882.21 million, comprising of secured debt of Rs. 703.90 million and unsecured debt of Rs. 178.31 million, on a consolidated and standalone basis. For further details please refer chapter "Financial Indebtedness" on page 233 . The infrastructure sector is inherently capital intensive and requires significant expenditure. We may incur additional indebtedness in the future. Our ability to borrow, the terms of our borrowings and our cost of borrowing depend on various factors, including our financial condition, results of operations, revenues generated by our business, general market conditions for infrastructure companies, economic and political conditions in the geographies where we operate and our capacity to service debt. We cannot assure you that we will generate sufficient revenues to service existing or proposed borrowing or fund other liquidity needs. Given the nature of our business, we will continue to incur substantial indebtedness even after the Issue, and we cannot assure you that the aforementioned risks will not have an adverse effect on our business, financial condition, results of operations and prospects.

We are dependent upon the availability of equity, cash balances and debt financing to fund our operations and growth. Our secured debt has been availed at floating rates of interest. We are exposed to interest rate risk as we do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Furthermore, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. 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. For further details, please see the chapter titled *Financial Indebtedness"* beginning on page 233 of this Draft Red Herring Prospectus.

43. ***Our lenders have charge over our movable and immovable properties in respect of finance availed by us.***

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans based on our Restated Standalone Financial Information and Restated Consolidated Financial Information were Rs. 703.90 million as on September 30, 2018. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. For further information on the Financial Indebtedness please refer to page 233 of this Draft Red Herring Prospectus.

44. ***Our Company has certain secured and unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows.***

Based on Restated Standalone Financial Information and Restated Consolidated Financial Information, our Company has certain secured and unsecured loans as at September 30, 2018, amounting to Rs. 703.90 million and Rs. 178.31 million, respectively, that are repayable on demand to the relevant lenders. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lenders at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer chapter titled "*Restated Financial Information*" beginning on page 206 of this Draft Red Herring Prospectus.

45. ***We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets. Any defaults could lead to acceleration of our repayment obligations, cross defaults under other financing agreements, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our cash flows, business, results of operations and financial condition.***

We have entered into agreements for short term and long term borrowings with certain lenders. As on September 30, 2018, an aggregate of Rs. 703.90 million towards secured loans, Rs. 178.31 million towards unsecured loans, on a consolidated and standalone basis, was outstanding towards loans availed from banks and other financial institutions. The credit facilities availed by our Company are secured by way of mortgage of fixed assets, hypothecation of current assets (both present and future), and personal guarantees given by our Promoters, Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi, and also require our Promoters to pledge certain equity shares of the Company held by them in favour of our lenders. In case we are not able to pay our dues in time, the same may amount to a default under the loan documentation and all the penal and termination provisions therein would get triggered and the loans granted to the Company may be recalled with penal interest. This could severely affect our operations and financial condition. Our financing agreements include certain covenants that require us to obtain lender consents prior to carrying out certain corporate activities and entering into certain transactions, such as, undertaking any new business activity, declare dividends, grant any loans, alteration of our capital structure in any manner (which would include issuance of equity shares pursuant to this Issue), amalgamations and mergers and undertaking additional guarantee obligations on behalf of any third party. In addition, certain financing agreements also contain cross default provisions, which could automatically trigger defaults under other financing agreements. In addition, any breach of financial or non-financial covenant may qualify as an event of default under financing agreements.

We cannot assure you that the lenders will not seek to enforce its rights in respect of any breach by us under its financing agreements. Further, such breach and relevant actions by the lenders could also trigger enforcement action by other lenders pursuant to cross-default provisions under certain of our financing agreements. Further, if the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of cash for our operations. In addition, the lenders may enforce their security interest in certain of our assets. Moreover, during the period in which we are in default, we may face difficulties in raising further loans. Any future inability to comply with the covenants under our financing agreements or to obtain the necessary consents required thereunder may lead to termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such financing agreements and enforcement of any security provided. Any of these circumstances would have an adverse effect our business, results of operation and financial condition.

46. ***Our contingent liabilities that have not been provided for in our Company's financials which if materialised; could adversely affect our financial conditions.***

As on September 30, 2018, the following contingent liabilities have not been provided for in our Restated Consolidated Financial Information and Restated Standalone Financial Information:

| Particulars | Amount (in Rs. Million) |
|---|---|
| Service tax demand under appeal | 2.46 |
| Guarantees given by the Banks | 1,498.68 |
| KVAT demand under appeal | 7.28 |

In the event any such contingencies mentioned above were to materialise or if our contingent liabilities were to increase in future, our financial condition could be adversely affected. For further details, please see "Restated Consolidated Financial Information - Annexure VI – Note 37 – Contingent Liabilities and Committments" and "Restated Standalone Financial Information - Annexure VI – Note 37 – Contingent Liabilities and Committments" on pages F-32 and F-74 respectively, under the Chapter titled "Restated Financial Information" beginning on page 206 of this Draft Red Herring Prospectus.

47. ***Our Statutory Auditors have included a qualification in the Auditors' reports for the year ended March 31, 2016.***

Our Statutory Auditors have included a qualification in the Auditors' report for the year ended March 31, 2016, in respect of Accounting Standard 15R relating to Employee benefits. The Company had not undertaken actuarial valuation and created provisions for employee benefits on ad hoc basis. However, the same has been adjusted in the Restated Financial Information. We cannot assure you that our audit reports for any future Fiscal periods will not contain adverse remarks, matters of emphasis, qualifications or other observations which affect our results of operations in such future periods.

***48. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our operations are subject to inherent risks and hazards which may adversely impact our profitability, such as breakdown, malfunctions, sub-standard performance or failures of equipment, fire, third party liability claims, accidents and natural disasters. At present, Our Company has obtained insurance coverage in respect of certain risks. We have taken insurance policies such as Standard Fire and Special Perils Policy, Contractors all risks Insurance Policy, Erection all risks insurance policy, Group Accident Policy, Mediclaim Policy, Workmen Compensation Policy etc. However, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. While we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks, specifically risks such as loss of profits, losses due to terrorism and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. If we suffer a significant uninsured loss or if the insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Further, there is no assurance that the insurance premium payable by us will be commercially viable or justifiable. For further details on the insurance policies availed by us, please refer to the paragraph titled ― "Insurance" on page 163 in the chapter titled ― "Our Business" beginning on page 150 of this Draft Red Herring Prospectus.

***49. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

As on date, we have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. We meet our capital requirements through our bank finance, unsecured loans, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details, please refer to the chapter titled "*Objects of the Issue*" beginning on page 80 of this Draft Red Herring Prospectus.

***50. Our Company's management will have flexibility in applying the proceeds of this Issue within the parameters as mentioned in the chapter titled 'Objects of the issue' beginning on page 80 of this Draft Red Herring Prospectus. The fund requirement and deployment mentioned in the Objects of this issue have not been appraised by any bank or financial institution.***

We intend to use Net Proceeds from fresh issue towards funding of working capital requirements, purchase of plant and machinery and general corporate purposes. We intend to deploy the Net Proceeds from fresh issue in financial year 2020 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc. For further details on the use of the Net Proceeds from fresh issue, please refer to the chapter titled "Objects of the issue" beginning on page 80 of this Draft Red Herring Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled 'Objects of the issue' beginning on page 80 of this Draft Red Herring Prospectus, the management will have significant flexibility in applying the proceeds received by our Company from the Issue. Monitoring agency and our board of directors will monitor the proceeds of this issue. Our Company shall appoint a monitoring agency in relation to the Issue, if required, under Regulation 41 the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus.

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

We intend to use Net Proceeds from fresh issue towards funding of working capital requirements, Purchase of Plant and Machinery and general corporate purposes. For further details of the proposed objects of the Issue, please see chapter titled "Objects of the Issue" on beginning on page 80. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control.

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling Shareholders would be required to provide an exit opportunity to the Shareholders who do not agree with our proposal to change the objects of the Issue or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company.

Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI. In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Fresh Issue, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

***52. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, our Promoters and Promoter Group will collectively own [●] % of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our AoA. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoter will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

***53. We have in the past entered into related party transactions and may continue to do so in the future.***

Our Company has entered into certain transactions with our related parties including our Promoters, the Promoter Group, Group Company, our Directors and their relatives. While we believe that all such transactions have been entered into on the arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to section "Annexure VI – Note No. 42 - Related Party Transactions" on page F-78 of Standalone Restated Financial Information and "Annexure VI – Note No. 42 - Related Party Transactions" on page F-36 of Restated Consolidated Financial Information under chapter titled "Restated Financial Information" beginning on page 206.

We have entered into certain transactions with related parties, including with our Promoter and Group Companies. For the half year ended September 30, 2018 and financial year 2018, 2017 and 2016 our Company received Rs 287.06 million, Rs 722.01 million, Rs 528.21 million and Rs. 222.94 million of revenue from related parties, respectively, which was 11.42 %, 15.33%, 16.85 % and 8.84 % of our total revenue for their respective year on a standalone basis. For the half year ended September 30, 2018 and the financial year 2018, 2017 and 2016 our Company paid Rs 621.10 million, Rs 1037.14 million, Rs 199.69 million and Rs 310.66 million to related parties, respectively, which was 27.32 %, 24.42 %, 6.94 % and 13.08 % of total expenses incurred by our Company during their respective years on a standalone basis.

For the half year ended September 30, 2018 and the financial year 2018 our Company received Rs 280.37 million and Rs 719.02 million (excluding share of profit from Joint Venture) of revenue from related parties, respectively, which was 11.18 % and 15.27%, of our total revenue for the respective year on a consolidated basis. For the half year ended September 30, 2018 and the financial year 2018 our Company paid Rs 621.20 million and Rs 1037.14 million to related parties, respectively, which was 27.32 % and 24.42 % of total expenses incurred by our Company during their respective years on a consolidated basis. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority Shareholders and it will not have an adverse effect on our business, results of operations, cash flows and financial condition.

***54. Our Promoters and certain members of our Promoter group have issued personal guarantee in relation to debt facilities provided to us.***

We have taken personal guarantees from Promoters and certain member of our Promoter group in relation to our secured debt facilities availed from our Bankers. In an event any of our Promoters withdraw or terminate its/their personal guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender 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. For more information please see the chapter titled *"Financial Indebtedness"* beginning on page 233 of this Draft Red Herring Prospectus.

***55. Our future funds requirements, in the form of issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

***56. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see "*Dividend Policy*" on page 205 of this Draft Red Herring Prospectus.

***57. Our success depends largely upon the services of our Directors, Promoters and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our success is substantially dependent on the expertise and services of our Directors, Promoters and our Key Managerial Personnel **("KMP")**. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for KMP in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

58. ***In addition to normal remuneration or benefits and reimbursement of expenses, Our Promoters, some of our Directors are interested in our Company to the extent of their shareholding and dividend or bonus entitlement in our Company.***

Our Promoters, some of our Directors are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, our Promoters, some of our Directors may also be interested to the extent of their equity shareholding and dividend or Bonus entitlement in our Company, benefits arising from their directorship in our Company. Therefore some of the above interests may conflict with the duties of these persons as Promoters / Directors of the Company. For further information, please see the chapters titled "Capital Structure", "Promoter and Promoter Group" and "Our Management" on pages 71, 193 and 177, respectively, of this Draft Red Herring Prospectus.

59. ***We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation and goodwill of our Company. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

60. ***Industry information included in this Draft Red Herring Prospectus has been derived from industry report provided by CRISIL Limited. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have relied on the CRISIL Report for purposes of inclusion of such information in this Draft Red Herring Prospectus. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry report and other sources. Although, we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the document and its information have not been prepared or independently verified by us, or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

61. ***The average cost of acquisition of Equity Shares by our Promoters could be lower than the floor price.***

Our Promoters average cost of acquisition of Equity Shares in our Company could be lower than the Floor Price of the Price Band as may be decided by the Company in consultation with the Book Running Lead Manager. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer chapter title "*Capital Structure*" beginning on page 71 of this Draft Red Herring Prospectus.

62. ***We have issued Equity Shares in the last twelve months, the price of which may be lower than the Issue Price.***

We have issued equity shares in the last twelve months at a price which may be lower than the Issue Price. Details of such issuance are given in the table below:

| Date of Allotment | No. of Equity Shares | Face Value (In Rs.) | Issue Price (In Rs.) | Nature of Allotment |
|---|---|---|---|---|
| March 28, 2018 | 1,30,00,000 | 10 | 10 | Right Issue |
| July 23, 2018 | 54,34,500 | 10 | Not Applicable | Bonus Allotment |

However, we cannot assure that such issue is above or below the Issue Price, which will be discovered through book building process and will be finalized by our Company in consultation with the BRLM. For further details of Equity Shares issued, please refer to chapter titled, '*Capital Structure*' beginning on page 71 of this Draft Red Herring Prospectus.

**ISSUE SPECIFIC RISKS**

***63. The Equity Shares have never been publicly traded, and, after the Issue, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Issue Price, or at all.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares is proposed to be determined through a book-building process in accordance with the SEBI ICDR Regulations and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

***64. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares will be determined by Book Built method. This price is be based on numerous factors (For further information, please refer chapter titled "*Basis for Issue Price*" beginning on page 88 of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

***65. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

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

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

***67. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

***68. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

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

***69. QIB and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/ Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid/Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

**EXTERNAL RISK FACTORS:**

***70. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and consider material to their assessment of our financial condition.***

Our restated consolidated summary statements of assets and liabilities as at September 30, 2018 and March 31, 2018and restated consolidated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the six months period ended September 30, 2018 and Fiscals 2018have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated consolidated Financial Information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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

The regulatory and policy environment in India is evolving and subject to change. Such changes in applicable law and policy in India, including the instances described below, may adversely affect our business, financial condition, results of operations, performance and prospects in India, to the extent that we are not able to suitably respond to and comply with such changes.

For instance, in November 2016, the Government of India demonetized certain high-value denominations of currency. Trading and retail businesses in India were impacted for a limited period of time on account of such demonetization. Such businesses have subsequently needed to introduce additional point of sale instruments to improve their collection process.

The Government of India implemented a comprehensive national goods and services tax ("GST") regime that combines taxes and levies by the central and state governments into a unified rate structure from July 1, 2017, which we believe will result in fundamental changes to India's third-party logistics industry. However, given its recent introduction, there is no established practice regarding the implementation of, and compliance with, GST. The implementation of the new GST regime has increased the operational and compliance burden for Indian companies and has also led to various uncertainties. Any future increases and amendments to the GST regime may further affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures and/or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

Further, the General Anti Avoidance Rules came into effect on April 1, 2017. The effect of the application of these provisions to our business in India is at present uncertain.

Furthermore, the Finance Act, 2018 instituted a number of amendments to the existing direct and indirect tax regime which includes the withdrawal of long-term capital gains exemptions on equity shares, long term capital gains applicability in the hands of Foreign Institutional Investors and applicability of dividend distribution tax for certain transactions with shareholders, among others.

***72. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, and our business, prospects, financial condition and results of operations, in particular.

***73. We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are proposed to be listed on the BSE and the NSE, subject to the receipt of the final listing and trading approvals from the respective Stock Exchanges. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- political instability, terrorism, military conflict, epidemic or public health issues in India or in countries in the region or globally, including in India's various neighboring countries;

- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- Instability in financial markets and volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- changes in India's tax, trade, fiscal or monetary policies; and
- other significant regulatory or economic developments in or affecting India or its logistics sector.

Moreover, a fall in the purchasing power of our customers, for any reason whatsoever, including rising consumer inflation, availability of financing to our customers, changing governmental policies and a slowdown in economic growth may have an adverse effect on our customers' revenues, savings and could in turn negatively affect their demand for our products. For instance, demonetization of 500 and 1,000 currency notes was announced in November 2016. The immediate impact of the announcement led to people depositing their cash in banks and the Indian economy was drained out of liquid cash for a brief period. In addition, any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

***74. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

The annual rate of inflation was at 3.18% (provisional) for the month of April 2018 (over April 2017) as compared to 2.47% (provisional) for the previous month and 3.85% during the corresponding month of 2017. (Source: Index Numbers of Wholesale Price in India, Review for the month of April 2018, published on May 14, 2018 by Government of India, Ministry of Commerce and Industry). Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

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

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of 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. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

***76. . Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

77. ***Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

78. ***The occurrence of natural or man-made disasters may adversely affect our business, financial condition, results of operations and cash flows.***

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative and would depend on numerous factors. In addition, an outbreak of a communicable disease in India or in the particular region in which we have projects would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, financial condition, results of operations and cash flows will not be adversely affected.

**SECTION III –INTRODUCTION**

**SUMMARY FINANCIAL INFORMATION**

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**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure I: Restated Consolidated Summary Statement of Assets and Liabilities**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 84.77 | 91.59 |
| Capital work-in-progress | | 0.47 | - |
| Investment property | 5 | 196.11 | 196.98 |
| **Financial Assets** | | | |
| Investments | 6 | 5.41 | 5.41 |
| Trade receivables | 7 | 123.99 | 62.90 |
| Other financial assets | 8 | 139.08 | 142.85 |
| Deferred tax assets (net) | 36 | - | - |
| Other non-current assets | 9 | 118.14 | 114.67 |
| **Total non-current assets [A]** | | **667.97** | **614.40** |
| **Current assets** | | | |
| Inventories | 10 | 29.07 | 1.28 |
| **Financial assets** | | | |
| Trade receivables | 11 | 1,062.16 | 1,472.39 |
| Cash and cash equivalents | 12 | 3.82 | 52.12 |
| Other financial assets | 13 | 73.46 | 69.91 |
| Other current assets | 14 | 1,577.03 | 1,039.33 |
| **Total current assets [B]** | | **2,745.54** | **2,635.03** |
| **Total assets [A+B]** | | **3,413.51** | **3,249.43** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 235.50 | 181.15 |
| Other equity | 16 | 808.03 | 700.35 |
| **Equity attributable to owners of the Company [C]** | | **1,043.53** | **881.50** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 17 | 28.35 | 31.89 |
| Provisions | 18 | 0.16 | 2.39 |
| Deferred tax liabilities (net) | 36 | 6.97 | 7.91 |
| **Total non-current liabilities [D]** | | **35.48** | **42.19** |
| **Current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrowings | 19 | 835.79 | 849.23 |
| Trade payables | 20 | 712.08 | 950.60 |
| Other financial liabilities | 21 | 18.07 | 49.12 |
| Other current liabilities | 22 | 591.97 | 314.84 |
| Provisions | 23 | 0.01 | 0.02 |
| Current tax liabilities (Net) | 24 | 176.58 | 161.93 |
| **Total current liabilities [E]** | | **2,334.50** | **2,325.74** |
| **Total liabilities [F= [D+E]]** | | **2,369.98** | **2,367.93** |
| **Total equity and liabilities [F+C]** | | **3,413.51** | **3,249.43** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

Sd/-
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director
DIN: 01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
Company Secretary &
Compliance Officer

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure II: Restated Consolidated Summary Statement of Profit and Loss**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | **25** | 2,471.98 | 4,679.20 |
| | | **2,471.98** | **4,679.20** |
| Other income | **26** | 35.04 | 28.09 |
| **Total revenue (A)** | | **2,507.02** | **4,707.29** |
| **Expenses** | | | |
| Cost of material consumed | **27** | 503.21 | 1,639.63 |
| Purchase of traded goods | **28** | 148.12 | 315.40 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **29** | (26.45) | - |
| Construction expenses | **30** | 1,480.61 | 1,924.17 |
| Employee benefit expenses | **31** | 59.09 | 138.85 |
| Other expenses | **32** | 41.07 | 70.97 |
| Finance costs | **33** | 55.58 | 133.37 |
| Depreciation and amortisation expense | **35** | 12.52 | 24.47 |
| **Total expenses (B)** | | **2,273.75** | **4,246.86** |
| **Profit before tax and exceptional items (C) = (A-B)** | | **233.27** | **460.43** |
| Exceptional items (D) | | - | - |
| **Profit before tax (E) = (C-D)** | | **233.27** | **460.43** |
| **Share of profit of joint venture (F)** | | **6.70** | **2.99** |
| **Profit before tax (F) = (E+F)** | | **239.97** | **463.42** |
| Tax expenses / (benefit) (F) | **36** | 77.53 | 162.84 |
| **Net profit for the year (G) = (E-F)** | | **162.44** | **300.58** |
| **Other comprehensive income / (losses) (H)** | | | |
| Items that will not be reclassified to Statement of profit and loss | | | |
| Remeasurements of the defined benefit plans (loss)/ gains | | 0.64 | 0.11 |
| Income tax on the above | | (0.22) | (0.04) |
| **Total comprehensive income for the year (G+H)** | | **162.86** | **300.65** |
| **Earnings per share** | | | |
| Basic (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 |
| Diluted (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
**Partner**
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
Company Secretary &
Compliance Officer

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure III: Restated Consolidated Summary Statement of Changes in Equity**

**Equity share capital**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| Opening balance | 18.12 | 5.12 |
| **Changes in equity share capital during the year** | | |
| Issue of the equity share during the year | 5.43 | 13.00 |
| **Closing balance** | **23.55** | **18.12** |

**Other equity**

| Particulars | Reserve & surplus: Retained earnings | |
|---|---|---|
| | **30-Sep-18** | **31-Mar-18** |
| | **Audited** | **Audited** |
| Opening balance | 700.35 | 399.84 |
| Profit for the year | 162.44 | 300.58 |
| Less : Reserves utilized for Bonus Issue ( refer note 16) | (54.35) | - |
| Remeasurements of the defined benefit plans (net of tax) | (0.42) | (0.07) |
| **Total other equity** | **808.03** | **700.35** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
Company Secretary &
Compliance Officer

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IV: Restated Consolidated Summary Statement of Cashflows**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Cashflow from operating activities** | | |
| **Profit before tax and exceptional items** | **239.97** | **463.42** |
| Adjustments for : | | |
| Depreciation | 12.52 | 24.47 |
| Interest on deposit with bank | (2.72) | (8.40) |
| (Profit) / loss on sale of property, plant and equipments | 1.06 | 0.61 |
| Provision for doubtful debts | 1.25 | 0.03 |
| Finance cost | 55.58 | 133.37 |
| Rental income | (7.32) | (14.12) |
| **Operating cash profit before changes in working capital** | **300.34** | **599.38** |
| **Changes in working capital** | | |
| **Adjustment for (increase)/ decrease in operating assets :** | | |
| Other financial assets (Current and non-current) | (2.58) | (75.78) |
| Inventories | (27.79) | (0.54) |
| Trade receivables (Current and non-current) | 366.26 | (672.62) |
| Other assets (Current and non-current) | (555.46) | (181.01) |
| **Adjustment for increase/ (decrease) in operating liabilities:** | | |
| Other financial liabilities (Current and non-current) | | |
| Trade payables | (238.51) | 235.39 |
| Other current liabilities | 277.13 | 196.57 |
| Provisions (Current and non-current) | (2.88) | 0.90 |
| **Cash generated from operations** | **116.51** | **102.29** |
| Net income taxes (paid) / refund received | (67.68) | (122.18) |
| **Net cashflow from operating activities (A)** | **48.83** | **(19.89)** |
| **Cashflow from investing activities** | | |
| Capital expenditure on property, plant and equipments (including capital advance) | (9.65) | (39.40) |
| Purchase of investment in properties | 0.87 | (196.98) |
| Proceeds from sale of property, plant and equipments | 2.42 | 1.10 |
| Interest received on bank deposits | 5.52 | 7.04 |
| Rental income received | 7.32 | 14.12 |
| Drawings/(Investment) in partnership firms | - | (0.98) |
| Purchase / (proceeds) from sale of investment | - | (0.29) |
| **Net cashflow from investing activities (B)** | **6.48** | **(215.39)** |
| **Cash flows from Financing activities** | | |
| Proceeds from long term borrowings | (21.71) | 251.38 |
| Repayment of long term borrowings | (11.43) | (269.10) |
| Proceeds from issues of shares | - | 130.00 |
| Net increase / (decrease) in working capital borrowings | (13.44) | 219.22 |
| Finance cost | (57.03) | (132.79) |
| **Net cashflow from financing activities (C)** | **(103.61)** | **198.71** |
| **Net (decrease) / increase in cash & cash equivalents (A+B+C)** | **(48.30)** | **(36.57)** |
| Cash and cash equivalents at beginning of the year | 52.12 | 88.69 |
| **Cash and cash equivalents at the end of the year** | **3.82** | **52.12** |
| * Comprises: | | |
| Balances with banks | | |
| In current accounts | 1.79 | 50.76 |
| Cash on hand | 2.03 | 1.36 |
| **Total** | **3.82** | **52.12** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
Company Secretary and
Compliance Officer

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure I: Restated Standalone Summary Statement of Assets and Liabilities**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited | 31-Mar-17 Proforma | 31-Mar-16 Proforma |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | **4** | 84.77 | 91.59 | 78.37 | 78.59 |
| Capital work-in-progress | | 0.47 | - | - | - |
| Investment property | **5** | 196.11 | 196.98 | - | - |
| **Financial Assets** | | | | | |
| Investments | **6** | 5.41 | 5.41 | 4.14 | 3.84 |
| Trade receivables | **7** | 123.99 | 62.90 | 61.48 | 60.67 |
| Other financial assets | **8** | 139.08 | 142.85 | 109.53 | 53.91 |
| Deferred tax assets (net) | **36** | - | - | - | 7.62 |
| Other non-current assets | **9** | 118.14 | 114.67 | 70.42 | 48.80 |
| **Total non-current assets [A]** | | **667.97** | **614.40** | **323.94** | **253.43** |
| **Current assets** | | | | | |
| Inventories | **10** | 29.07 | 1.28 | 0.74 | 0.96 |
| **Financial assets** | | | | | |
| Trade receivables | **11** | 1,062.16 | 1,472.39 | 801.22 | 408.79 |
| Cash and cash equivalents | **12** | 3.82 | 52.12 | 88.69 | 39.98 |
| Other financial assets | **13** | 73.46 | 69.91 | 26.09 | 55.31 |
| Other current assets | **14** | 1,577.03 | 1,039.33 | 857.43 | 256.06 |
| **Total current assets [B]** | | **2,745.54** | **2,635.03** | **1,774.17** | **761.10** |
| **Total assets [A+B]** | | **3,413.51** | **3,249.43** | **2,098.11** | **1,014.53** |
| **Equity and liabilities** | | | | | |
| **Equity** | | | | | |
| Equity share capital | **15** | 235.50 | 181.15 | 51.15 | 51.15 |
| Other equity | **16** | 808.03 | 700.35 | 399.84 | 235.17 |
| **Equity attributable to owners of the Company [C]** | | **1,043.53** | **881.50** | **450.99** | **286.32** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | **17** | 28.35 | 31.89 | 26.02 | 22.21 |
| Provisions | **18** | 0.16 | 2.39 | 1.39 | 0.67 |
| Deferred tax liabilities (net) | **36** | 6.97 | 7.91 | 5.41 | - |
| **Total non-current liabilities [D]** | | **35.48** | **42.19** | **32.82** | **22.88** |
| **Current liabilities** | | | | | |
| **Financial Liabilities** | | | | | |
| Borrowings | **19** | 835.79 | 849.23 | 630.01 | 240.57 |
| Trade payables | **20** | 712.08 | 950.60 | 715.21 | 371.62 |
| Other financial liabilities | **21** | 18.07 | 49.12 | 72.13 | 15.92 |
| Other current liabilities | **22** | 591.97 | 314.84 | 118.27 | 27.42 |
| Provisions | **23** | 0.01 | 0.02 | 0.01 | - |
| Current tax liabilities (Net) | **24** | 176.58 | 161.93 | 78.67 | 49.80 |
| **Total current liabilities [E]** | | **2,334.50** | **2,325.74** | **1,614.30** | **705.33** |
| **Total liabilities [F= [D+E]]** | | **2,369.98** | **2,367.93** | **1,647.12** | **728.21** |
| **Total equity and liabilities [F+C]** | | **3,413.51** | **3,249.43** | **2,098.11** | **1,014.53** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial
Officer

**Sd/-**
**G Sasikumar**
**Company Secretary and**
**Compliance Officer**

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure II: Restated Standalone Summary Statement of Profit and Loss**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited | 31-Mar-17 Proforma | 31-Mar-16 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from operations | **25** | 2,471.98 | 4,679.20 | 3,118.24 | 2,504.36 |
| | | **2,471.98** | **4,679.20** | **3,118.24** | **2,504.36** |
| Other income | **26** | 41.74 | 31.08 | 16.21 | 17.61 |
| **Total revenue (A)** | | **2,513.72** | **4,710.28** | **3,134.45** | **2,521.97** |
| **Expenses** | | | | | |
| Cost of material consumed | **27** | 503.21 | 1,639.63 | 1,223.92 | 833.85 |
| Purchase of traded goods | **28** | 148.12 | 315.40 | - | - |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **29** | (26.45) | - | 4.59 | (2.04) |
| Construction expenses | **30** | 1,480.61 | 1,924.17 | 1,409.21 | 1,387.36 |
| Employee benefit expenses | **31** | 59.09 | 138.85 | 76.94 | 42.09 |
| Other expenses | **32** | 41.07 | 70.97 | 70.70 | 49.27 |
| Finance costs | **33** | 55.58 | 133.37 | 73.06 | 44.83 |
| Depreciation and amortisation expense | **35** | 12.52 | 24.47 | 19.53 | 19.02 |
| **Total expenses (B)** | | **2,273.75** | **4,246.86** | **2,877.95** | **2,374.38** |
| **Profit before tax and exceptional items (C) = (A-B)** | | **239.97** | **463.42** | **256.50** | **147.59** |
| Exceptional items (D) | | - | - | - | - |
| **Profit before tax (E) = (C-D)** | | **239.97** | **463.42** | **256.50** | **147.59** |
| Tax expenses / (benefit) (F) | **36** | 77.53 | 162.84 | 91.74 | 48.84 |
| **Net profit for the year (G) = (E-F)** | | **162.44** | **300.58** | **164.76** | **98.75** |
| **Other comprehensive income / (losses) (H)** | | | | | |
| Items that will not be reclassified to Statement of profit and loss | | | | | |
| Remeasurements of the defined benefit plans (loss)/ gains | | 0.64 | 0.11 | 0.13 | 0.21 |
| Income tax on the above | | (0.22) | (0.04) | (0.04) | (0.07) |
| **Total comprehensive income for the year (G+H)** | | **162.86** | **300.65** | **164.85** | **98.89** |
| **Earnings per share** | | | | | |
| Basic (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 | 15.62 | 10.40 |
| Diluted (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 | 15.62 | 10.40 |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**G Sasikumar**
Company Secretary and
Compliance Officer

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure III: Restated Standalone Summary Statement of Changes in Equity**

**Equity share capital**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Opening balance | 18.12 | 5.12 | 5.12 | 2.12 |
| **Changes in equity share capital during the year** | | | | |
| Issue of the equity share during the year | 5.43 | 13.00 | - | 3.00 |
| **Closing balance** | **23.55** | **18.12** | **5.12** | **5.12** |

**Other equity**

| Particulars | Reserve & surplus: Retained earnings | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| Opening balance | 700.35 | 399.84 | 235.17 | 136.56 |
| Profit for the year | 162.44 | 300.58 | 164.76 | 98.75 |
| Less : Reserves utilized for Bonus Issue ( refer note 16) | (54.35) | - | - | - |
| Remeasurements of the defined benefit plans (net of tax) | (0.42) | (0.07) | (0.09) | (0.14) |
| **Total other equity** | **808.03** | **700.35** | **399.84** | **235.17** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

Sd/-
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

Sd/-
**S. Ashok Kumar**
Managing Director
**DIN: 01660180**

Sd/-
**D. Kalaiselvi**
Director **DIN:**
**01660237**

Sd/-
**M Arumugam**
Chief Financial Officer

Sd/-
**G Sasikumar**
Company Secretary and
Compliance Officer

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IV: Restated Standalone Summary Statement of Cashflows**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Cashflow from operating activities** | | | | |
| **Profit before tax and exceptional items** | **239.97** | **463.42** | **256.50** | **147.59** |
| Adjustments for : | | | | |
| Depreciation | 12.52 | 24.47 | 19.53 | 19.02 |
| Interest on deposit with bank | (2.72) | (8.40) | (9.42) | (6.40) |
| (Profit) / loss on sale of property, plant and equipments | 1.06 | 0.61 | (0.23) | (8.72) |
| (Profit)/ loss from partnership firm | (6.70) | (2.99) | - | - |
| Provision for doubtful debts | 1.25 | 0.03 | 0.02 | 0.55 |
| Finance cost | 55.58 | 133.37 | 73.06 | 44.83 |
| Rental income | (7.32) | (14.12) | - | - |
| **Operating cash profit before changes in working capital** | **293.64** | **596.39** | **339.46** | **196.87** |
| **Changes in working capital** | | | | |
| **Adjustment for (increase)/ decrease in operating assets :** | | | | |
| Other financial assets (Current and non-current) | (2.58) | (75.78) | (24.93) | (40.49) |
| Inventories | (27.79) | (0.54) | 0.22 | 0.70 |
| Trade receivables (Current and non-current) | 347.89 | (672.62) | (393.26) | (150.07) |
| Other assets (Current and non-current) | (536.76) | (181.01) | (603.97) | (240.51) |
| **Adjustment for increase/ (decrease) in operating liabilities:** | | | | |
| Other financial liabilities (Current and non-current) | | | | |
| Trade payables | (238.51) | 235.39 | 343.59 | 210.22 |
| Other current liabilities | 277.13 | 196.57 | 90.85 | 23.13 |
| Provisions (Current and non-current) | (2.88) | 0.90 | 0.60 | 0.15 |
| **Cash generated from operations** | **110.14** | **99.30** | **(247.44)** | **-** |
| Net income taxes (paid) / refund received | (68.01) | (122.18) | (68.82) | (42.25) |
| **Net cashflow from operating activities (A)** | **42.13** | **(22.88)** | **(316.26)** | **(42.25)** |
| **Cashflow from investing activities** | | | | |
| Capital expenditure on property, plant and equipments (including capital advance) | (9.65) | (39.40) | (20.61) | (43.48) |
| Purchase of investment in properties | 0.87 | (196.98) | - | - |
| Proceeds from sale of property, plant and equipments | 2.42 | 1.10 | 1.53 | 14.78 |
| Interest received on bank deposits | 5.52 | 7.04 | 7.95 | 6.07 |
| Rental income received | 7.32 | 14.12 | - | - |
| Profit/ (loss) from partnership firm | 6.70 | 2.99 | - | - |
| Drawings/(Investment) in partnership firms | - | (0.98) | - | - |
| Purchase / (proceeds) from sale of investment | - | (0.29) | (0.30) | 3.69 |
| **Net cashflow from investing activities (B)** | **13.18** | **(212.40)** | **(11.43)** | **(18.94)** |
| **Cash flows from Financing activities** | | | | |
| Proceeds from long term borrowings | (21.71) | 251.38 | 121.61 | 41.78 |
| Repayment of long term borrowings | (11.43) | (269.10) | (62.19) | (29.24) |
| Proceeds from issues of shares | - | 130.00 | - | 30.00 |
| Net increase / (decrease) in working capital borrowings | (13.44) | 219.22 | 389.44 | 92.30 |
| Finance cost | (57.03) | (132.79) | (72.46) | (44.56) |
| **Net cashflow from financing activities (C)** | **(103.61)** | **198.71** | **376.40** | **90.28** |
| **Net (decrease) / increase in cash & cash equivalents (A+B+C)** | **(48.30)** | **(36.57)** | **48.71** | **29.09** |
| Cash and cash equivalents at beginning of the year | 52.12 | 88.69 | 39.98 | 10.89 |
| **Cash and cash equivalents at the end of the year** | **3.82** | **52.12** | **88.69** | **39.98** |
| * Comprises: | | | | |
| Balances with banks | | | | |
| In current accounts | 1.79 | 50.76 | 86.88 | 37.12 |
| Cash on hand | 2.03 | 1.36 | 1.81 | 2.86 |
| **Total** | **3.82** | **52.12** | **88.69** | **39.98** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**SD/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

Place: Erode
Date: 28.12.2018

**Sd/-**
**M Arumugam**
Chief Financial
Officer

**Sd/-**
**G Sasikumar**
Company Secretary and
Compliance Officer

## THE ISSUE

The following details summarises the Issue details:-

| Particulars | Number of Equity Shares |
|---|---|
| Public Issue[(1)] | Upto 10,000,000 Equity Shares aggregating upto ₹ [●] Million |
| *Of which:* | |
| Employee Reservation Portion [(4)]. | Upto [●] Equity Shares aggregating upto ₹ [●] Million |
| *Therefore,* | |
| Net Issue of Equity Shares to Public | [●] Equity Shares |
| *Of which* | |
| A) QIB Portion[(2) (3)] | [●] Equity Shares |
| *Of which:* | |
| Anchor Investor Portion | Upto [●] Equity Shares |
| Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | [●] Equity Shares |
| *Of which:* | |
| Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding Anchor Investor Portion)) [(3)] | [●] Equity Shares |
| Balance for all QIBs including Mutual Funds | [●] Equity Shares |
| B) Non-Institutional Portion[(2)] | Not less than [●] Equity Shares |
| C) Retail Portion[(2) (4)] | Not less than [●] Equity Shares |
| Equity Shares outstanding prior to the Issue | 2,35,49,500 Equity Shares |
| Equity Shares outstanding after the Issue | [●] Equity Shares. |
| **Use of Net Proceeds** | Kindly refer to the chapter titled "*Objects of the Issue*" beginning on page 80 of this Draft Red Herring Prospectus for information about the use of the Net Proceeds |

***Notes**:*
*Allocation to Bidders in all categories if any, except the Retail Portion and the Anchor Investor Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price.*

(1) *The Issue has been authorised by the Board pursuant to its resolution passed on February 7, 2019 and the Shareholders pursuant to the resolution passed at the Extraordinary General Meeting held on March 6, 2019. Our Company may undertake a private placement of up to 1,600,000 Equity Shares for cash consideration aggregating up to ₹ [●] million, at its discretion in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR.*

(2) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, other than the QIB category, would be allowed to be met with spill over from any other category or combination of categories of Bidders (including the Employee Reservation Portion) at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange subject to applicable law. Under-subscription, if any, in the QIB category would not be allowed to be met with spill-over from other categories or a combination of categories.*

(3) *Our Company, in consultation with the BRLM, may allocate upto 60 % of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price. in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allotment in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only,*

*and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Issue Procedure" beginning on page 272.*

(4) *The Employee Discount, if any, will be determined by the Company in consultation with the BRLM and will be offered to Eligible Employees, at the time of making a Bid. Eligible Employees bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Employee Discount), at the time of making a Bid. Eligible Employees bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount). Retail Individual Bidders must ensure that the Bid Amount, does not exceed ₹ 200,000. Retail Individual Bidders and Eligible Employees should note that while filling the "SCSB/Payment Details" block in the Bid cum Application Form, Retail Individual Bidders and Eligible Employees must mention the Bid Amount.*

For further details regarding the Issue Structure and Procedure, kindly refer to the chapters titled "*Issue Structure*" and "*Issue Procedure*" beginning on pages 265 and 272, respectively.

## GENERAL INFORMATION

Our Company was incorporated as *"Annai Developers Private Limited"*, a private limited company under the Companies Act, 1956, vide a Certificate of Incorporation issued by the RoC, Coimbatore on November 18, 2008. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on August 16, 2010, the name of our Company was changed to '*Annai Infra Developers Private Limited'* and a Fresh Certificate of Incorporation Consequent upon Change of Name dated September 15, 2010 has been issued by Registrar of Companies, Tamil Nadu, Coimbatore. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by Shareholders of our Company at the Extraordinary General Meeting held on September 15, 2018. The name of our Company was changed to its present name *'Annai Infra Developers Limited'*, pursuant to a fresh Certificate of Incorporation issued by the RoC, Coimbatore on September 24, 2018. The CIN of our Company is U45205TZ2008PLC014869. For details pertaining to the changes in our name and the address of our Registered Office, please refer to the chapter titled "*History and Certain Corporate Matters*" beginning on page 171.

**Registered and Corporate Office**

Door No. 2/9, A N Towers, Dr Sathiyamoorthy
Hospital Opp. Road, 2/5, Perundurai Road,
Erode,
Tamil Nadu – 638011,
India.
**Tel No:** +91 424 2241433
**Fax No.:** +91 424 2241455
**Email:** investors@annaiinfra.com
**Website**: www.annaiinfra.com
**Registration Number:** 014869
**Corporate Identification Number:** U45205TZ2008PLC014869

*For details relating to changes in our registered office, see the section titled "History and Certain Corporate Matters - Changes in Registered Office" on page 171.*

**ADDRESS OF REGISTRAR OF COMPANIES**

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

**Registrar of Companies**

No. 7, AGT Business Park, I Floor, Phase II
Avinashi Road, Civil Aerodrome Post,
Coimbatore – 641014
Tamil Nadu
Tel No.: +91 (422) 2629640
Fax: +91 (422) 2628089

**Board of Directors**

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

| Name | Designation | DIN | Address |
|---|---|---|---|
| Subramaniam Ashok Kumar | Chairman and Managing Director | 01660180 | 138, Mullai Nagar, Old Bus Stand Road, Perundurai, Erode - 638052, Tamil Nadu, India. |
| Duraisamy Kalaiselvi | Whole-Time Director | 01660237 | 138, Mullai Nagar, Old Bus Stand Road, Perundurai, Erode - 638052, Tamil Nadu, India |
| Ravindran Pichai | Whole-Time Director | 03583439 | Plot No. 36, Adaikala Madha Nagar, Mathakottai Road, Thanjavur, Taluk, Thanjavur, Raja Serfogi Govt College, Tamil Nadu- 613005 |
| Sengoda Gounder Gopalakrishnan | Independent Director | 08223364 | 102, Sri Thangam Nagar Phase I, Pavalatham Palayam, Kadirampatti, Erode, Tamil Nadu – 638 107. |
| Subramaniam Gnanashekaran | Independent Director | 06796817 | 107, Chettiyar Street, Kailasampalayam P.O. Namakkal, Namakkal, Tamil Nadu- 637209 |

| Name | Designation | DIN | Address |
|---|---|---|---|
| Nachimuthu Gounder Boopathy | Independent Director | 08293442 | 96A Velliangiri Pudhur, Archalur Erode, Tamil Nadu - 638101 |

For further details of our Directors, please refer to the chapter titled "*Our Management"* beginning on page 177.

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

**Mr. Sasikumar Gopal**
Door No. 2/9, A N Towers, Dr Sathiyamoorthy
Hospital Opp. Road, 2/5, Perundurai Road,
Erode,
Tamil Nadu – 638011,
India.
**Tel No.:** +91 424 2241433
**Fax No.:** +91 424 2241455
**Email**: companysecretary@annaiinfra.com
**Website:** www.annaiinfra.com

**CHIEF FINANCIAL OFFICER**

**Mr. Kizhanatham Sudarsan Sreekanth**
Door No. 2/9, A N Towers, Dr Sathiyamoorthy
Hospital Opp. Road, 2/5, Perundurai Road,
Erode,
Tamil Nadu – 638011,
India.
**Tel No.:** +91 424 2241433
**Fax No.:** +91 424 2241455

**Email:** cfo@annaiinfra.com
**Website:** www.annaiinfra.com

**Investor grievances**

**Bidders are advised to contact the Company Secretary and Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of funds by electronic mode etc.**

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, the Bid amount paid on submission of the Bid cum Application Form and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Brokers Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the Bid was submitted, and the ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

All grievances relating to the UPI mechanism may be addressed to the Registrar to the Issue with a copy to the relevant Sponsor Bank or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Brokers Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the Bid was submitted, and the UPI ID of the UPI ID Linked Bank Account in which the amount equivalent to the Bid Amount was blocked.

All grievances relating to Bids submitted through the Registered Broker and/or a Stock Broker may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue.

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

**BOOK RUNNING LEAD MANAGER**

**Pantomath Capital Advisors Private Limited**
406-408, Keshava Premises
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
**Tel**: +91 22 6194 6700
**Fax**: +91 22 2659 8690
**Email:** ipo@pantomathgroup.com
**Investor Grievance Email:** ipo@panthomathgroup.com
**Website:** www.pantomathgroup.com
**Contact Person:** Mr. Unmesh Zagade
**SEBI Registration No:** INM000012110

**Legal Counsel to the Issue**

**M/s. Kanga and Company**
Advocates & Solicitors,
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai – 400 001.
**Tel No**: +91 22 6623 0000
**Fax No**: +91 22 6633 9656/6633 9657
**Email:** chetan.thakkar@kangacompany.com
**Contact Person:** Mr. Chetan Thakkar

**Statutory Auditor to our Company**

**K.S. Aiyar & Co**., **Chartered Accountants**
No. 57, Kalpatharu Building, Fourth Floor,
East Sambandam Road, R.S. Puram
Coimbatore
Tamil Nadu - 641002
**Tel:** +91422 2540972
**Email:** skalyanaraman@ksaiyar.com
**Contact person:** S. Kalyanaraman
**Membership No.:** 200565
**Peer Review Number:** 008941
**Firm Registration Number:** 100186W

**Changes in Auditors during the last three years**

There has been no change in Auditors during the last three years.

**Registrar to the Issue**

**Link Intime India Private Limited**
C-101, 247 Park,
L.B.S. Marg
Vikhroli (West)
Mumbai - 400083
**Tel:** +91 02249186200
Fax: +91 022 49186195
**Email:** annai.ipo@linkintime.co.in
**Investor Grievance Email:** annai.ipo@linkintime.co.in
**Website:** www.linkintime.co.in
**Contact Person:** Ms. Shanti Gopalkrishnan
**SEBI Registration Number:** INR000004058

## BANKERS TO OUR COMPANY

**State Bank of India**
No. 45, Sathy Road,
Erode – 638 003
**Tel -** +91 424 2217900
**Fax-** +91 424 222 5400
**Email:** nandu.nathan@sbi.co.in
**Contact Person:** N. Ulaganathan

**Axis Bank Limited**
"Kumar Arcade",
Near Sudha Hospital,
Perundurai Road, Erode 638 011
**Tel-** +91 0424 2267896/ 2240670
**Fax -** +91 0424 2267896
**Email –** ccsuhead.erode@axisbank.com
**Contact Person:** K. Priya, Senior Manager

**HDFC Bank**
No. 6, Brindhavan Road,
Salem, Tamil Nadu- 636 061
**Tel-** +91 424 226 8522
**Fax – N.A.**
**Email:** durairaj.saman@hdfcbank.in
**Contact Person:** Durairaj Saman

**Kotak Mahindra Bank Limited**
8th Floor, TVH AGNITO PARK,
Old Mahabalipuram Road,
Kandhanchavadi, Chennai – 600 096
**Tel-** +91 44 66248509
**Fax – N.A.**
**Email –** bharanidharan.baskar@kotak.com
**Contact Person:** Mr. Bharanidharan Baskar

**IDBI**
IDBI Bank, Specialized Corporate Branch,
3rd Floor, Nandhanam,
Chennai- 600 035
**Tel-** +9144 243 03386
**Fax – N.A.**
**Email –** vijaya.sekhar@idbi.co.in
**Contact –** Merupo Vijaya Sekhar Babu

**IndusInd Bank Limited**
Steeple Reach,
Block No. 2,
25/14, Second Floor,
Cathedral Road,
Chennai – 600086.
**Tel-** +91 044-40061840
**Email –** selvakumar.ekambaram@indusind.com
**Contact Person:** Selvakumar Ekambaram

## SYNDICATE MEMBERS

The Syndicate Member(s) will be appointed prior to filing of the Red Herring Prospectus with the RoC.

## BANKERS TO THE ISSUE & ESCROW COLLECTION BANKS

The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

## REFUND BANK

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

**SPONSOR BANK**

The Sponsor Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

**SELF CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries as updated from time to time. For details of the Designated Branches of SCSBs which shall collect Bid cum Application Forms, refer to the above-mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form are provided on the aforementioned website of SEBI.

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40. For details on Designated Branches of SCSBs collecting the Bid Cum Application Forms, please refer to the aforementioned SEBI link.

**REGISTERED BROKERS**

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit the Bid cum Application Forms to Registered Brokers at the Broker Centres.

The list of the Registered Brokers, 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 and http://www.nseindia.com, respectively.

**COLLECTING DEPOSITORY PARTICIPANTS**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through CDPs who are depository participants registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of the CDPs, 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 and http://www.nseindia.com, respectively.

**COLLECTING RTAs**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of Collecting RTAs, 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 and http://www.nseindia.com, respectively.

**STATEMENT OF RESPONSIBILITIES**

Pantomath Capital Advisors Private Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

**CREDIT RATING**

This being an Issue of Equity Shares, there is no requirement of credit rating for the Issue.

**IPO GRADING OF THE ISSUE**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Issue.

**EXPERTS**

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

Our Company has received written consent from the Auditor, K.S Aiyar & Co., Chartered Accountants who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this DRHP and as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of (i) the examination reports on the Restated Consolidated Financial Information and Restated Standalone Financial Information, each dated December 28, 2018; and (ii) the statement of tax benefits dated

December 28, 2018, included in this DRHP and such consents have not been withdrawn as on the date of this DRHP.

**TRUSTEES**

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

**MONITORING AGENCY**

Our Company shall appoint a monitoring agency in relation to the Issue, if required, under Regulation 41 the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus.

**APPRAISING AGENCY**

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

**FILING OF THE OFFER DOCUMENT**

A copy of the DRHP has been filed with the Securities Exchange Board of India at the SEBI Regional Office, 7th Floor, 756-L, Anna Salai, Chennai - 600002, Tamil Nadu. The BRLM has also made an online filing of this DRHP through SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular No. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 issued by SEBI.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 32 of the Companies Act, 2013, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Sections 26 and 32 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies located at No. 7, AGT Business Park, I Floor, Phase II Avinashi Road, Civil Aerodrome Post, Coimbatore – 641014 Tamil Nadu.

**BOOK BUILDING PROCESS**

The book building, in context of the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the BRLM, and advertised in all editions of [●], all editions of [●] and all editions of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located) at least two Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of upload on its website. The Issue Price shall be determined by our Company, in consultation with the BRLM, after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) Our Company;
(2) the BRLM;
(3) the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters;
(4) the Registrar to the Issue;
(5) the Escrow Collection Banks/ Bankers to the Issue;
(6) the Sponsor Bank(s)
(7) the SCSBs; and
(8) the Registered Brokers.

The Issue is being made through the Book Building Process wherein not more than 50 % of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis. 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 Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue 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 Issue 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 a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

Further, upto ₹ [•] million shall be reserved for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. Any unsubscribed portion in Employee Reservation Category shall be added to the Net Issue to the public. Under-subscription, if any in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

**All potential Bidders (excluding Anchor Investors) are mandatorily required to utilize the ASBA process to participate in the Issue by providing details of their respective bank account which will be blocked by the SCSBs. Retail Individual Bidders can also participate in the Issue through the UPI mechanism under the ASBA process by providing details of their respective UPI ID Linked Bank Account which will be blocked upon acceptance of the UPI Mandate Request initiated by the Sponsor Bank. Anchor Investors are not permitted to participate through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees can revise their Bids during the Bidding/Issue Period and withdraw their Bids on or before the Bid/Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.**

For further details, see the chapters titled "*The Issue*", "*Terms of the Issue*" and "*Issue Procedure*" beginning on pages 62, 261 and 272, respectively.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for the Issue. In this regard, our Company has appointed the BRLM to manage the Issue and procure subscriptions to the Issue.

**The Book Building Process under the SEBI ICDR Regulations is subject to change from time to time and Bidders are advised to make their own judgment about an investment through the Book Building Process prior to submitting a Bid.**

For further details on the method and procedure for Bidding, please refer to the chapters titled "*Issue Structure*" and "*Issue Procedure*" beginning on pages 265 and 272, respectively.

**UNDERWRITING AGREEMENT**

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

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

The above mentioned is indicative underwriting and will be finalized after determination of the Issue Price and actual allocation subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the above mentioned 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).

Notwithstanding the table above, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the bidders 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 purchases for, or subscribe the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting agreement shall list out the role and obligations of each Syndicate Member, and *inter alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the bidders at the time of Bidding. The extent of underwriting obligations and the Bids to be underwritten in the Issue shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

Our Equity Share capital, as at the date of this DRHP and after the proposed Issue is set forth below: -

***(₹ in million, except share data)***

| | Particulars | Aggregate Value at Face value | Aggregate Value at Issue Price |
|---|---|---|---|
| **A.** | **AUTHORISED SHARE CAPITAL** | | |
| | 34,500,000 Equity Shares of ₹ 10/- each | 345.00 | |
| **B.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** | | |
| | 23,549,500 Equity Shares of ₹ 10/- each | 235.49 | |
| **C.** | **PRESENT ISSUE IN TERMS OF THIS DRHP** | | |
| | Issue of up to 10,000,000 Equity Shares of ₹ 10/- each at a price of ₹ [●] per Equity Share (1) (2) | 100.00 | [●] |
| | ***Of which:*** | | |
| | ***(i)*** Employee Reservation Portion of upto [●] Equity Shares at a price of ₹[●] per equity share aggregating to ₹ [•] Million not exceeding 5% of the Post-Issue Equity Share Capital of our Company. | [●] | [●] |
| | (ii) Net Issue: | [●] | [●] |
| | QIB Portion of not more than [●] Equity Shares | [●] | [●] |
| | Non-Institutional Portion of not less than [●] Equity Shares | [●] | [●] |
| | Retail Portion of not less than [●] Equity Shares | [●] | [●] |
| **D.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE** | | |
| | [●] Equity Shares of ₹10/- each | [●] | |
| **E.** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Issue | 0.00 | |
| | After the Issue | [●] | |

(1) *The Issue has been authorised by the Board of Directors of our Company at its meeting held on February 7, 2019 and by the shareholders of our Company at the Extra-Ordinary General Meeting of the Company held on March 6, 2019.*

(2)*) Our Company may consider issuing up to 1,600,000 Equity Shares on a private placement basis for cash consideration aggregating up to ₹ [●] million, at its discretion in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC (the "**Pre-IPO Placement**") and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of SCRR.*

Our Company has no outstanding convertible instruments as on date of DRHP.

1. ***Details of change in authorised share capital since incorporation***

The authorized share capital of the Company at the time of incorporation was ₹100,000/- divided into 10,000 Equity Shares of ₹ 10/- (Rupees Ten only) each. The following table gives the increase in the authorised share capital post incorporation of our Company:-

| Sr. No. | Particulars of increase | Date of Shareholders' meeting | AGM/ EGM |
|---|---|---|---|
| 1. | Increase in authorized share capital from ₹100,000 divided into 10,000 equity shares of ₹ 10/- each to ₹10,000,000 divided into 1,000,000 equity shares of ₹10/- each. | August 16, 2010 | EGM |

| Sr. No. | Particulars of increase | Date of Shareholders' meeting | AGM/ EGM |
|---|---|---|---|
| 2. | Increase in authorized capital from ₹10,000,000 divided into 1,000,000 equity shares of ₹ 10/- each to ₹25,000,000 divided into 2,500,000 equity shares of ₹10/- each | March 16, 2012 | EGM |
| 3. | Increase in authorized capital from ₹25,000,000 divided into 2,500,000 equity shares of ₹ 10/- each to ₹55,000,000 divided into 5,500,000 equity shares of ₹10/- each. | June 26, 2015 | EGM |
| 4. | Increase in authorized share capital from ₹55,000,000 divided into 5,500,000 equity shares of ₹ 10/- each to ₹185,000,000 divided into 18,500,000 equity shares of ₹10/- each. | February 15, 2018 | EGM |
| 5. | Increase in authorized share capital from ₹185,000,000 divided into 18,500,000 equity shares of ₹ 10/- each to ₹345,000,000 divided into 34,500,000 equity shares of ₹10/- each. | July 6, 2018 | EGM |

**Notes to Capital Structure**

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

A. The following is the history of the Equity Share Capital of our Company:

| Date of allotment of Equity Shares | No. of Equity Shares Allotted | Face Value (in ₹) | Issue Price (in ₹) | Nature of consideration | Reasons for allotment | Cumulative no. of Equity Shares | Cumulative paid-up Equity Share Capital (in ₹) |
|---|---|---|---|---|---|---|---|
| At incorporation | 10,000 | 10 | 10 | Cash | Subscription to MoA (1) | 10,000 | 100,000 |
| August 17, 2010 | 500,000 | 10 | 10 | Cash | Preferential Allotment (2) | 510,000 | 5,100,000 |
| March 23, 2012 | 1,605,000 | 10 | 10 | Cash | Preferential Allotment (3) | 2,115,000 | 21,150,000 |
| August 8, 2015 | 3,000,000 | 10 | 10 | Cash | Rights Issue (4) | 5,115,000 | 51,150,000 |
| March 28, 2018 | 13,000,000 | 10 | 10 | Cash | Rights Issue (5) | 18,115,000 | 181,150,000 |
| July 23, 2018 | 5,434,500 | 10 | Nil | NA | Bonus Allotment (6) | 23,549,500 | 235,495,000 |

(1) *Allotment to Subramaniam Ashok Kumar (9,000 Equity Shares); and S. Karthikeyan (1,000 Equity Shares);*
(2) *Allotment to Subramaniam Ashok Kumar (100,000 Equity Shares); P.C Subramaniam (50,000 Equity Shares); D Maragatham (100,000 Equity Shares); Duraisamy Kalaiselvi (100,000 Equity Shares); S Saraswathi (50,000 Equity Shares); and P.K. Duraisamy (100,000 Equity Shares)*
(3) *Allotment to Subramaniam Ashok Kumar (1,605,000 Equity Shares)*
(4) *Allotment to Subramaniam Ashok Kumar (3,000,000 Equity Shares). Duraisamy Kalaiselvi renounced 150,000 in favour of Subramaniam Ashok Kumar.;*
(5) *Allotment to Subramaniam Ashok Kumar (9,000,000 Equity Shares); Duraisamy Kalaiselvi (4,000,000 Equity Shares). Subramaniam Ashok Kumar renounced 3,745,850 in favour of Duraisamy Kalaiselvi.**
(6) *Allotment to Subramaniam Ashok Kumar (4,204,500 Equity Shares); Duraisamy Kalaiselvi (1,230,000 Equity Shares). Bonus allotment has been made in the ratio of 0.3:1.*

**Form PAS-3 filed for allotment of 13,000,000 Equity Shares on March 28, 2018 erroneously records that 4,000,000 Equity Shares have been allotted to Subramaniam Ashok Kumar and 9,000,000 Equity Shares have been allotted to Duraisamy Kalaiselvi. However, 4,000,000 Equity Shares have been allotted to Duraisamy Kalaiselvi and 9,000,000 Equity Shares have been allotted to Subramaniam Ashok Kumar which has been correctly recorded in Minutes of the Company.*

B. Shares issued for consideration other than cash or through bonus

| Date of the allotment | No. of Equity Shares | Face Value (in ₹) | Issue Price (in ₹) | Reasons for allotment | Benefits accruing to the Company | Persons to whom the allotments were made |
|---|---|---|---|---|---|---|
| July 23, 2018 | 5,434,500 | 10 | Nil | Bonus Allotment | Capitalization of reserves | Subramaniam Ashok Kumar (4,204,500 Equity Shares); Duraisamy Kalaiselvi (1,230,000 Equity Shares). Bonus allotment has been made in the ratio of 0.3:1 |

2. Till date, no Equity Shares have been issued out of capitalization of its revaluation reserves or unrealised profits by our Company.

3. Till date, no Equity Shares have been allotted by our Company pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of Companies Act, 2013.

4. The Company has not issued any Equity Shares under any employee stock option scheme.

5. Except as mentioned below, our Company has not issued any Equity Shares in the year preceding the date of this DRHP, which may be at a price lower than the Issue price.

| Date of the allotment | No. of Equity Shares | Face Value (in ₹) | Issue Price (in ₹) | Reasons for allotment | Persons to whom the allotments were made |
|---|---|---|---|---|---|
| March 28, 2018 | 13,000,000 | 10 | 10 | Rights Issue | See Note 1 below |
| July 23, 2018 | 5,434,500 | 10 | Nil | Bonus Allotment | See Note 2 below |

*Note 1: Allotment to Subramaniam Ashok Kumar (9,000,000 Equity Shares); Duraisamy Kalaiselvi (4,000,000 Equity Shares); for cash. Subramaniam Ashok Kumar renounced 3,745,850 in favour of Duraisamy Kalaiselvi.*

*Note 2: Allotment to Subramaniam Ashok Kumar (4,204,500 Equity Shares); Duraisamy Kalaiselvi (1,230,000 Equity Shares). Bonus allotment has been made in the ratio of 0.3:1.*

6. The following is the shareholding pattern of our Company as on the date of this DRHP:

| Category | Category of shareholder | Number of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrant) | Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered* | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | | | | |
| | | | | | | | | Class Equity X | Class Others Y | Total | | | | No (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held(b) | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV)+(V)+(VI) | (VIII) As a % of (A+B+C2) | (IX) | | | | (X) | (XI)= (VII)+(X) As a % of (A+B+C2) | (XII) | | (XIII) | | (XIV) |
| (A) | Promoter & Promoter Group | 2 | 23,549,000 | - | - | 99.99 | 99.99 | 23,549,000 | - | 23,549,000 | 99.99 | - | - | - | - | - | - | 23,549,000 |
| (B) | Public | 5 | 500 | - | - | 0.01 | 0.01 | 500 | | 500 | 0.01 | - | - | - | - | - | - | 500 |
| (C) | Non Promoter - Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares Held By Employee Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total** | **7** | **23,549,500** | **-** | **-** | **100.00** | **100.00** | **23,549,500** | | **23,549,500** | **100.00** | **-** | **-** | **-** | **-** | **-** | **3.18** | **23,549,500** |

*Our Promoters, Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi are required to pledge 650,000 equity shares and 100,000 equity shares, respectively, for securing the repayment of bank loans obtained by our Company from State Bank of India, which is under process.

i. The following is the shareholding of our Promoters and Promoter Group as of the date of filing this DRHP:

| S. No. | Name of shareholders | No. of Equity Shares | % of Pre- Issue Equity Share Capital | % of Post- Issue Equity Share Capital |
|---|---|---|---|---|
| **Promoters** | | | | |
| 1. | Subramaniam Ashok Kumar | 18,219,000 | 77.36 | [●] |
| 2. | Duraisamy Kalaiselvi | 5,330,000 | 22.63 | [●] |
| **Total** | | **23,549,000** | **99.99** | [●] |

Note: The Promoter Group members do not hold any equity shares in the Company.

ii. Names of Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them as on the date of the filing of this DRHP:

| S. No. | Name of shareholders | No. of Equity Shares | % of Pre- Issue Equity Share Capital | % of Post- Issue Equity Share Capital |
|---|---|---|---|---|
| 1. | Subramaniam Ashok Kumar | 18,219,000 | 77.36 | [●] |
| 2. | Duraisamy Kalaiselvi | 5,330,000 | 22.63 | [●] |
| | **Total** | **23,549,000** | **99.99** | [●] |

iii. None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of the DRHP are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.

iv. Names of Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them 1 (one) year prior to date of filing of this DRHP (as of March 28, 2018):

| S. No. | Name of shareholders | No. of Equity Shares | % of then existing Equity Share Capital |
|---|---|---|---|
| 1. | Subramaniam Ashok Kumar | 14,015,000 | 77.37 |
| 2. | Duraisamy Kalaiselvi | 4,100,000 | 22.63 |
| | **Total** | **18,115,000** | **100.00** |

v. Names of Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them 2 (two) years prior to date of filing of this DRHP (as of March 28, 2017):

| S. No. | Name of shareholders | No. of Equity Shares | % of then existing Equity Share Capital |
|---|---|---|---|
| 1. | Subramaniam Ashok Kumar | 5,015,000 | 98.04 |
| 2. | Duraisamy Kalaiselvi | 100,000 | 1.96 |
| | **Total** | **5,115,000** | **100.00** |

vi. Names of Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them as on 10 (ten) days prior to the date of filing this DRHP:

| S. No. | Name of shareholders | No. of Equity Shares | % of Pre- Issue Equity Share Capital | % of Post - Issue Equity Share Capital |
|---|---|---|---|---|
| 1. | Subramaniam Ashok Kumar | 18,219,000 | 77.36 | [●] |
| 2. | Duraisamy Kalaiselvi | 5,330,000 | 22.63 | [●] |

| | | | | |
|---|---|---|---|---|
| 3. | B Renugadevi | 100 | Negligible | [●] |
| 4. | N Balasubramanian | 100 | Negligible | [●] |
| 5. | Sakthiraj S | 100 | Negligible | [●] |
| 6. | T. Balashankar | 100 | Negligible | [●] |
| 7. | V S Mahalingam | 100 | Negligible | [●] |
| | **Total** | **23,549,500** | **100.00** | [●] |

vii. The Company has not made any initial public offer of its Equity Shares or any convertible securities in the 2 (two) years preceding the date of this DRHP.

7. Our Company does not have any intention or proposal to alter its capital structure within a period of 6 (six) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

8. Except for the Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts/UPI ID Linked Bank Account on account of non-listing, under-subscription etc, as the case may be. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR.

9. **Build-up of Promoters' capital**

***A. History of Equity Share capital held by the Promoters:***

As on the date of this DRHP, our Promoters hold 23,549,000 Equity Shares, constituting 99.99% of the issued, subscribed and paid-up Equity Share capital of our Company. The build-up of shareholding of Promoters are as follows:

***Mr. Subramaniam Ashok Kumar***

| Date of Allotment / Transfer and Date when made Fully Paid | No. Equity Shares Allotted / Transferred | Face Value | Issue/ Acquisition/ Transfer Price | Consideration | Nature of Transaction | % of Pre-Issue Paid up Capital | % of Post Issue Paid up Capital |
|---|---|---|---|---|---|---|---|
| At Incorporation | 9,000 | 10 | 10 | Cash | Subscription to MoA Allotment | 0.04 | [●] |
| August 17, 2010 | 100,000 | 10 | 10 | Cash | Preferential Allotment | 0.42 | [●] |
| January 4, 2011 | 1,000 | 10 | 29.50 | Cash | Transfer from S. Karthikeyan | Negligible | [●] |
| March 23, 2012 | 1,605,000 | 10 | 10 | Cash | Preferential Allotment | 6.82 | [●] |
| April 2, 2012 | 50,000 | 10 | 23.50 | Cash | Transfer from P.C Subramaniam | 0.21 | [●] |
| September 15, 2013 | 50,000 | 10 | 34.60 | Cash | Transfer from R Jaganathan | 0.21 | [●] |
| | 40,000 | 10 | 35 | Cash | Transfer from R Kumar | 0.17 | [●] |
| | 10,000 | 10 | 34.60 | Cash | | 0.04 | [●] |
| September 20, 2013 | 50,000 | 10 | 35.20 | Cash | Transfer from V Perumal | 0.21 | [●] |

| Date of Allotment / Transfer and Date when made Fully Paid | No. Equity Shares Allotted / Transferred | Face Value | Issue/ Acquisition/ Transfer Price | Consideration | Nature of Transaction | % of Pre-Issue Paid up Capital | % of Post Issue Paid up Capital |
|---|---|---|---|---|---|---|---|
| | 40,000 | 10 | 35.80 | Cash | Transfer from D Dharmalingam | 0.17 | **[●]** |
| | 10,000 | 10 | 34.60 | Cash | | 0.04 | **[●]** |
| September 22, 2013 | 50,000 | 10 | 35.50 | Cash | Transfer from S Saraswathi | 0.21 | **[●]** |
| August 8, 2015 | 3,000,000 | 10 | 10 | Cash | Rights Issue | 12.74 | **[●]** |
| March 28, 2018 | 9,000,000 | 10 | 10 | Cash | Rights Issue | 38.22 | **[●]** |
| July 23, 2018 | 4,204,500 | 10 | Nil | Nil | Bonus Allotment | 17.85 | **[●]** |
| August 17, 2018 | (100) | 10 | 49 | Cash | Transfer to B Renugadevi | Negligible | **[●]** |
| | (100) | 10 | 49 | Cash | Transfer to N Balasubramanian | Negligible | **[●]** |
| | (100) | 10 | 49 | Cash | Transfer to T Balashankar | Negligible | **[●]** |
| | (100) | 10 | 49 | Cash | Transfer to V S Mahalingam | Negligible | **[●]** |
| | (100) | 10 | 49 | Cash | Transfer to Sakthiraj S | Negligible | **[●]** |
| **Total** | **18,219,000** | | | | | **77.37** | |

***Mrs. Duraisamy Kalaiselvi***

| Date of Allotment / Transfer and Date when made Fully Paid | No. Equity Shares Allotted / Transferred | Face Value | Issue/ Acquisition Price | Consideration | Nature of Transaction | % of Pre-Issue - Paid up Capital | % of Post Issue Paid up Capital |
|---|---|---|---|---|---|---|---|
| August 17, 2010 | 100,000 | 10 | 10 | Cash | Preferential Allotment | 0.42 | **[●]** |
| March 28, 2018 | 4,000,000 | 10 | 10 | Cash | Rights Issue | 16.99 | **[●]** |
| July 23, 2018 | 1,230,000 | 10 | Nil | NA | Bonus Allotment | 5.22 | **[●]** |
| **Total** | **5,330,000** | | | | | **22.63** | |

10. Subramaniam Ashok Kumar and Duraisamy Kalaiselvi are required to pledge 650,000 equity shares and 100,000 equity shares, respectively, for securing the repayment of bank loans obtained by our Company from State Bank of India, which is under process.

11. As on the date of the DRHP, the Company has 7 (seven) members/shareholders.

12. The Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of 6 (six) months preceding the date on which this DRHP is filed with SEBI.

13. There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of 6 (six) months immediately preceding the date of filing of the DRHP.

14. **Promoters' contribution and lock-in**

***Details of Promoters' contribution locked in for three years:***

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post- Issue Equity Share capital of our Company held by our Promoters, shall be locked-in for a period of three years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked-in for a period of one year from the date of Allotment ("**Promoters' Contribution**").

The Equity Shares which are being locked in for 3 (three) years from the date of Allotment are as follows:

| Promoters | No. of Equity Shares Locked in | Face Value (in ₹) | Issue/ Acquisition Price | Date of Allotment/Acquisition and when made fully paid-up | Nature of Allotment/ Transfer | Consideration (Cash/other than cash) | Percentage of post-Issue paid-up capital |
|---|---|---|---|---|---|---|---|
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **TOTAL** | [●] | | | | | | [●] |

*The above table will be updated in the Red Herring Prospectus proposed to be filed by the Company.*

The Equity Shares that are being locked-in are eligible for computation of promoter's contribution under Regulation 15 of the SEBI ICDR Regulations. In this connection, as per Regulation 15 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not consist of:

(i) Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets

(ii) Equity Shares resulting from bonus issue by utilisation of revaluations reserves or unrealised profits of the Company or from bonus issue against Equity Shares which are otherwise ineligible for minimum promoters' contribution;

(iii) Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iv) Equity Shares issued to the Promoters upon conversion of a partnership firm;

(v) Equity Shares held by the Promoters that are subject to any pledge; and

(vi) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters' Contribution subject to lock-in.

The minimum Promoters' Contribution has been brought in to the extent of, not less than the specified minimum lot and from the persons defined as "*Promoters*" under the SEBI ICDR Regulations.

***Details of share capital locked in for one year***

Other than the above Equity Shares that would be locked in for 3 (three) years, the entire pre- Issue capital of our Company would be locked-in for a period of 1 (one) year from the date of Allotment in the Issue pursuant to Regulation 16(b) and Regulation 17 of the SEBI ICDR Regulations.

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

Pursuant to Regulation 21 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions or systematically important non banking financial company or housing finance company as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 16(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution or systematically important non banking financial company or housing finance company for the purpose of financing one or more of the objects of the Issue.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters 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 SEBI Takeover Regulations.

Further, pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 17 of the SEBI ICDR Regulations, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the SEBI Takeover Regulations, as applicable.

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

In terms of Schedule XIII of the SEBI ICDR Regulations, the Equity Shares, if any, allotted to Anchor Investors shall be locked in for a period of 30 days from the date of Allotment of such Equity Shares.

15. Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.

16. Our Company, Directors and BRLM have not entered into any buy-back or standby for the purchase of the Equity Shares of our Company from any person.

17. All Equity Shares offered through the Issue shall be made fully paid-up or maybe forfeited for non-payment of calls within 12 (twelve) months from the date of allotment of Equity Shares.

18. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor its associates hold any Equity Shares of our Company as on the date of the Draft Red Herring Prospectus. However, the associates and affiliates of BRLM and the Syndicate Members, if any may subscribe to the Issue, either in Net QIB category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on proportionate basis and such subscription may be on their own account or on behalf of their clients.

## OBJECTS OF THE ISSUE

The proceeds of the Issue, including Pre-IPO placement, after deducting Issue related expenses, are estimated to be ₹ [●] million (the "**Net Proceeds**").

Our Company proposes to utilise the Net Proceeds from the Issue **("Net Proceeds")** towards the following objects:

1. To finance the purchase of plant and equipment;
2. Funding the working capital requirement of the Company; and
3. General corporate purposes.

(Collectively, herein referred to as the **"Objects"**)

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Also, we believe that the listing of Equity Shares will enhance our Company's corporate image, brand name and create a public market for our Equity Shares in India.

### ISSUE PROCEEDS

The details of the proceeds of the Issue are set out in the following table:

***(₹ in million)***

| Particulars | Estimated Amount |
|---|---|
| Gross Proceeds to be raised through the Issue[(1) (2)] | [●] |
| Less- Issue Related Expenses [(1)] | [●] |
| **Net Proceeds of the Issue (Net proceeds)** | [●] |

*[(1)]Includes proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares pursuant to the Pre-IPO Placement, we may utilize the proceeds from the Pre-IPO Placement towards any of the objects of the Issue as set out in this section.*

*[(2)]To be finalised on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.*

### UTILISATION OF NET PROCEEDS

The Net Proceeds are proposed to be used in the manner set out in in the following table:

| Sr. No. | Particulars | Amount *(₹ in million)* | Percentage of Gross Proceeds | Percentage of Net Proceeds |
|---|---|---|---|---|
| 1 | To finance the purchase of plant and equipment | 292.43 | [●]% | [●]% |
| 2 | Funding the working capital requirement of the Company | 1,075.00 | [●]% | [●]% |
| 3 | General corporate purposes[(1)] | [●] | [●]% | [●]% |

*[(1)]To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

### Proposed Schedule of Implementation and Deployment of Funds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the objects of the Issue.

**(₹. *in million*)**

| Sr. No. | Particulars | Amount to be funded from the Net Proceeds | Estimated Utilisation of Net Proceeds (Financial Year 2019-20) |
|---|---|---|---|
| 1 | To finance the purchase of plant and equipment | 292.43 | 292.43 |
| 2 | Funding the working capital requirement of the Company | 1,075.00 | 1,075.00 |

| | | | |
|---|---|---|---|
| 3 | General corporate purposes[(1)] | [●] | [●] |

*[(1)]To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

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

The fund requirements mentioned above for purchase of plant and equipment are based on the internal management estimates of our Company and quotation received from third party. The fund requirements mentioned above except for purchase of plant and equipment are based on the internal management estimates of our Company, and have not been verified by the Book Running Lead Manager or appraised by any bank, financial institution or any other external agency. The fund requirements are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds or cost overruns, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

**Means of Finance**

We intend to finance the funds required for purchase of plant and equipment entirely from the Net Proceeds of the Issue. The working capital requirements under our Objects will be met through the Net Proceeds to the extent of ₹ 1,075.00 million and balance through internal accruals/ net worth and existing debt financing. Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 7(1) (e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

**(₹. *in million*)**

| Sr. No. | Objects of the Issue | Amount *Required* | IPO Proceeds (Including Pre-IPO Placement) | Internal Accruals/ Net Worth | Bank Finance |
|---|---|---|---|---|---|
| 1 | To finance the purchase of plant and equipment | 292.43 | 292.43 | - | - |
| 2 | Funding the working capital requirement of the Company | 2,560.60 | 1,075.00 | 1,035.60 | 450.00 |
| 3 | General corporate purposes[(1)] | [●] | [●] | - | - |

*[(1)]To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

**DETAILS OF THE OBJECTS OF THE ISSUE**

The details of the objects of the Issue are set out below.

**1. To finance the purchase of plant and equipment:**

We propose to utilize ₹ 292.43 million out of the Net Proceeds towards purchasing of capital equipment which includes paver, transit mixture, ready mix concrete batch plant and hydraulic excavator.

*Paver Machine*

We are primarily involved in providing infrastructure construction services, with primary focus in water management and irrigation projects. We also undertake road constructions, building complexes and power transmissions projects.  As part of our business strategy we intent to penetrate more into road construction segment. At present Company hires this machines from other vendors. We believe that ownership of paver machine will strengthen our execution capacity and would also be cost efficient.

*Ready Mix Concrete Batch Plant and transit Mixture*

Concrete is one of the major components of a structure. The quality of concrete has direct bearing a on the strength and durability of the structure as a whole. It is in this context that ready mix concrete assumes relevance. At present Company purchases ready mix concrete from the market and hires transit mixtures for transporting ready mix concrete to the project site. Owned ready mix concrete batch plant and transit mixture will enable the Company to move the ready mix concrete efficiently at the project site as well as the quality of the ready mix concrete can be maintained as per the technical specification of respective project at lower cost.

*Hydraulic Excavator*

Hydraulic excavators is primarily used for excavating of earth for laying of water pipes, construction of canals, and creating of path way for water flow in the channels or drains. We believe that owning hydraulic excavators will enable our Company to excavate significant volume of earth in short duration which in turn will enable our Company to complete the projects within the stipulated time. Further, owning of the hydraulic excavator will also be cost efficient.

**Detailed Cost Estimate:**

The breakup of estimated cost on purchase of plant and equipment, along with the details of the quotations obtained by us from the vendors is set out in the following table:

(₹ ***in million)***

| Sr. No | Description of Equipment | Name of the Vendor | Date of the quotation | Quantity | Cost Per Unit | Total Amount |
|---|---|---|---|---|---|---|
| **1.** | **Paver Machine** | | | | | |
| | Wirtgen Slipform Paver-Model SP-94 of Paving width upto 9 meter and Wirtgen Texturing and Curing Machine TCM 180, for 9 Meters Width | Wirtgen India Private Limited. | March 20,2019 | 1 | 100.42 (Euro- 1.285 million) | 100.42[1] (Euro- 1.285 million) |
| | Custom Duty on above @ 23.50% | | | | | 23.60 |
| **2.** | **Transit Mixture** | | | | | |
| | TVS SAN - AL-2518 C/4-BSIU | TV Sundram Iyengar and Sons Private Limited | March 16, 2019 | 20 | 2.58 | 51.52 |
| | Stetter Concrete Mixture Model AM7SHC2 | Schwing Stetter (India) Private Limited | January 17,2019 | 20 | 0.83 | 16.50 |
| **3.** | **Concrete Batching Plant** | | | | | |
| | Stetter Model 1 M1 Batching Plant | Schwing Stetter (India) Private Limited | January 17,2019 | 6 | 7.20 | 43.20 |
| | Supply of 100 Ton Cement Silo for Batching plant | | | 18 | 0.57 | 10.17 |
| | Supply of Cement blower 50 HP | | | 6 | 0.51 | 3.06 |
| | Supply of Aggregate Feeding Conveyor for M1 Batching Plant | | | 6 | 1.40 | 8.40 |
| | Schwing 1 Boom Pump S36X | | | 1 | 9.50 | 9.50 |
| **4**. | **Hydraulic Excavator** | | | | | |
| | Kobelco SK -220 XDLC Hydraulic Excavator powered by Hino J05E Engine with Standard Accessories | Kobelco Construction Equipment India Private Limited | March 16, 2019 | 5 | 5.21 | 26.06 |
| | **Total** | | | | | **292.43** |

** All the above amounts are exclusive of applicable taxes.*

[(1)]Cost of Wirtgen Slipform Paver is 1.285 million Euro. Exchange rate for conversion of 1 Euro = ₹ 78.1446 as on March 20, 2019 (Source: www.fbil.org.in).

The quotations in relation to the above equipment are exclusive of cost of freight, insurance and stay & travelling cost of commissioning personnel (wherever applicable). Such additional cost shall be funded from the Net Proceeds proposed to be utilized towards the purchase of capital equipment or through internal accruals, if required.

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

As on the date of this Draft Red Herring Prospectus, our Company has not placed any order for the above equipment.

We have not entered into any definitive agreements with the suppliers and there can be no assurance that the same suppliers would be engaged to eventually supply the plant & equipment at the same costs. The quantity of the plant & equipment to be purchased is based on the estimates of our management. Our Company shall have the flexibility to deploy the plant & equipment according to our business requirement of our Company, which are dynamic, which may evolve with the passage of time and based on the estimates of our management.

Our Promoters, Directors, Key Management Personnel or Group Entities have no interest in the proposed procurements, as stated above.

## 2. Funding the working capital requirements of our Company

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth, financing from various banks and financial institutions, and capital raising through issue of Equity Shares. As on March 31, 2017 and March 31, 2018, the amount outstanding on our Company's fund based working capital facility was ₹ 630.01 million and ₹ 849.23 million respectively and the amount outstanding on our Company's non-fund based working capital facility was **₹** 865.56 million and **₹** 1596.84 million respectively as per Restated Standalone Financial Information. As on September 30, 2018, our sanctioned working capital facilities comprising fund based limit of **₹** 640.00 million and non- fund facilities of ₹ 1,660.00 million. For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page 233 233 of the Draft Red Herring Prospectus.

**Basis of estimation of working capital requirement**

Our Company's existing working capital requirement and funding on the basis of Restated Standalone Financial Information as of March 31, 2017 and March 31, 2018 are as stated below:

***Amount (₹ in million)***

| *Particulars* | *Fiscal 2017* | *Fiscal 2018* |
|---|---|---|
| ***Current Assets*** | | |
| Inventories | | |
| -Raw materials, Stores and Spares | 0.74 | 1.28 |
| -Work-in-progress | - | - |
| -Finished Goods | - | - |
| Trade receivables | 801.22 | 1,472.39 |
| Cash and cash equivalents | 88.69 | 52.12 |
| Other financial assets | 26.09 | 69.91 |
| Unbilled Revenue | 763.36 | 872.47 |
| Other current assets | 94.07 | 166.86 |
| **Total (A)** | **1,774.17** | **2,633.7503** |
| | | |
| **Current Liabilities** | | |
| Trade Payables | 715.21 | 950.59 |
| Other financial liabilities, current liabilities, provisions and current tax liabilities (net) | 269.08 | 525.91 |
| **Total (B)** | **984.29** | **1476.50** |
| | | |
| ***Total Working Capital (A)-(B)*** | **789.88** | **1,158.53** |
| | | |
| ***Existing Funding Pattern*** | | |

| *Particulars* | *Fiscal 2017* | *Fiscal 2018* |
|---|---|---|
| Working Capital funding from Banks | **630.01** | **849.23** |
| Internal accruals/Net Worth | **159.87** | **309.30** |

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated March 15, 2019 has approved the business plan for the two year period for Fiscals 2019 and Fiscal 2020. The projected working capital requirements for Fiscal 2019 and Fiscal 2020 is stated below:

*Amount* (₹ in *million*)

| *Particulars* | *Fiscal 2019* | *Fiscal 2020* |
|---|---|---|
| ***Current Assets*** | | |
| Inventories | | |
| -Raw materials, Stores and Spares | 36.23 | 77.11 |
| -Work-in-progress | - | - |
| -Finished Goods | - | - |
| Trade receivables | 1,891.99 | 2,573.95 |
| Cash and cash equivalents | 40.70 | 71.90 |
| Other financial assets | 84.00 | 35.00 |
| Unbilled Revenue | 940.64 | 1,158.71 |
| Other current assets | 263.76 | 219.43 |
| **Total (A)** | **3,221.09** | **4,058.990** |
| | | |
| **Current Liabilities** | | |
| Trade Payables | 1,151.83 | 1,051.12 |
| Other financial liabilities, current liabilities, provisions and current tax liabilities (net) | 441.17 | 524.38 |
| **Total (B)** | **1,5930** | **1,575.50** |
| | | |
| ***Total Working Capital (A)-(B)*** | **1,664.32** | **2,560.60** |
| | | |
| ***Existing Funding Pattern*** | | |
| Working Capital funding from Banks | **1,050.00** | **450.00** |
| Internal accruals/Net Worth | **614.32** | **1,035.60** |
| IPO Proceeds (Including Pre-IPO Placement) | **-** | **1,075.00** |

**Assumption for working capital requirements**

Assumptions for Holding Period Levels

| **Particulars** | **Holding Level for Fiscal 2017** | **Holding Level for Fiscal 2018** | **Holding Level for Fiscal 2019 (Estimated)** | **Holding Level for Fiscal 2020 (Estimated)** |
|---|---|---|---|---|
| ***Current Assets*** | | | | |
| Inventories (In months) | | | | |
| Raw materials, Stores and Spares | - | - | 0.07 | 0.10 |
| Trade Receivables (In months) | 3.08 | 3.78 | 3.12 | 2.86 |
| Unbilled Receivable (% of gross revenue from contracts) | 24.48 % | 20.04 % | 13.94 % | 10.73% |
| ***Current Liabilities*** | | | | |
| Trade Payables (In months) | 3.70 | 3.34 | 2.59 | 1.61 |

***Justification for "Holding Period" Levels***

**The justifications for the holding levels mentioned in the table above are provided below:**

| Assets- Current Assets | |
|---|---|
| **Inventories** | Our raw material requirement mainly consists of steel, cement, DI pipes, MS pipe, blue metals, HDPE pipes and sand. We have assumed raw material inventory period of 0.07 month and 0.10 month for the fiscal 2019 and 2020 respectively. |
| **Trade receivables** | Our trade receivables based on our restated standalone financial for fiscal 2017 and fiscal 2018 were 3.08 months and 3.78 months respectively. Based on the projects our Company will focus on and undertake in future. Our Company has anticipated trade receivables of 3.12 months and 2.86 months in Fiscal 2019 & 2020 respectively. |
| **Unbilled Receivable** | Our unbilled receivable based on restated standalone financial information were 24.48 % and 20.04 % of gross revenue from contracts for fiscal 2017 and fiscal 2018 respectively. Unbilled revenue is projected to be 13.94 % of gross revenue from contracts in fiscal 2019 and 10.73 % of gross revenue from contracts in fiscal 2020. Going forward the Company will complete the projects in lesser time period which in turn will lead to early stage wise billing and reduction in portion of unbilled revenue. |
| **Liabilities–Current Liabilities** | |
| **Trade Payables** | Our creditors primarily comprises of payables for raw material and other manufacturing expenses. Our creditors based on restated standalone financial information were 3.70 months and 3.34 months for fiscal 2017 and fiscal 2018 respectively. We have expected creditors' days of 2.59 months and 1.61 month for Fiscal 2019 and for Fiscal 2020 respectively. Going forward our Company will make early payments to creditors; so as to achieve better negotiating terms viz: discount and price offering from creditors. |

Our Company proposes to utilize ₹ 1,075.00 million of the Net Proceeds in Fiscal 2020 towards our working capital requirements. The balance portion of our working capital requirement for the Fiscal 2020 will be arranged from Bank loans and internal accruals.

The working capital estimates have been compiled from the Restated Standalone Financial Information for the Fiscal 2017 and 2018 and the working capital projections for the Fiscal 2019 and 2020 has been approved by the Board pursuant to its resolution dated March 15, 2019.

**3. General Corporate Purposes**

The Net Proceeds will be first utilized towards the Objects as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

a) strategic initiatives

b) brand building and strengthening of marketing activities; and

c) ongoing general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head "General Corporate Purposes" and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

**ISSUE RELATED EXPENSES**

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Issue expenses are as follows.

| Expenses | Expenses (₹ *in mn*)[1] | Expenses (% of total Issue expenses) | Expenses (% of Gross Issue Proceeds) |
|---|---|---|---|
| Fees payable to the Book Running Lead Manager (including Underwriting commission) | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Fees payable to the Legal Advisors to the Issue | [●] | [●] | [●] |
| Fees payable to the Registrar to the Issue | [●] | [●] | [●] |
| Fees payable to the to the Regulators including stock exchanges | [●] | [●] | [●] |
| Printing and distribution of Issue stationary | [●] | [●] | [●] |
| Brokerage and selling commission payable to Syndicate[2] | [●] | [●] | [●] |
| Brokerage and selling commission payable to Registered Brokers[3] | [●] | [●] | [●] |
| Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs[4] | [●] | [●] | [●] |
| Processing fees to Issuer banks for UPI Mechanism w.r.t application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to them[5] | [●] | [●] | [●] |
| Others (bankers to the Issue, auditor's fees etc.) | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

[1]*Will be incorporated at the time of filing of the Prospectus.*

[2]*Selling commission payable to the members of the Syndicate, CDPs, RTA and SCSBs (for the bid cum application forms directly procured from investors), on the portion for RIIs and NIIs, would be as follows:*

Portion for RIIs [●]% ^ (exclusive of GST)

Portion for NIIs [●]% ^ (exclusive of GST)

^Percentage of the amounts received against the Equity Shares Allotted (i.e. the product of the number of Equity Shares Allotted and the Issue Price)

Further, the Members of Syndicate, RTAs and CDPs will be entitled to bidding charges of ₹ [●] (plus applicable GST) per valid ASBA Form. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTA/CDP.

[3]Registered Brokers, will be entitled to a commission of ₹ [●] (plus GST) per Bid cum Application Form, on valid Bids, which are eligible for allotment, procured from RIIs and NIIs and submitted to the SCSB for processing. The terminal from which the bid has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant Registered Broker.

[4]SCSBs would be entitled to a processing fee of ₹ [●] (plus GST) for processing the Bid cum Application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to SCSBs.

[5]Issuer banks for UPI Mechanism as registered with SEBI would be entitled to a processing fee of ₹. [●] (plus GST) for processing the Bid cum Application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to them.

**BRIDGE FINANCING**

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance our fund requirements towards the objects of the Issue until the completion of the Issue. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance our fund requirements towards the objects of the Issue will be repaid from the Net Proceeds.

**INTERIM USE OF FUNDS**

Pending utilization of the Net Proceeds for the Objects of the Issue described above, our Company shall deposit the funds 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, pending utilisation of the proceeds of the Issue as described above, it shall not use the funds from the Net Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

**MONITORING UTILIZATION OF FUNDS**

Our Company has appointed [●] as the monitoring agency to monitor the utilisation of the proceeds of the Issue in accordance with Regulation 41(1) of the SEBI ICDR Regulations, 2018. Our Board and the monitoring agency will monitor the utilization of the proceeds of the Issue and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscal subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(5) of the SEBI Listing Regulations, our Company shall disclose to the Audit Committee the uses and applications of the Net Proceeds. Our Company shall prepare an annual statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus, certified by the statutory auditors of our Company and place it before the Audit Committee, as required under applicable laws. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. 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 utilization of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the utilization of the proceeds from the Issue from the objects of the Issue as states above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

**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 Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (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 the 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, in accordance with our AoA and Companies Act, 2013, and as may be prescribed by SEBI, in this regard.

**OTHER CONFIRMATIONS**

No part of the Net Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Managerial Personnel or Group Companies, except in the normal course of business and in compliance with the applicable laws.

## BASIS FOR ISSUE PRICE

The Price Band/Issue Price will be determined by our Company in consultation with the Book Running Lead Manager, on the basis of an assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of the qualitative and quantitative factors as described below.

Investors should also refer to the sections titled “Risk Factors”, “Financial Information” and chapter titled “Our Business” beginning on pages 26, 206 and 150 respectively of this Draft Red Herring Prospectus, to have a more informed view before making an investment decision. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

**QUALITATIVE FACTORS**

Some of the qualitative factors, which form the basis for computing the price are:

- Strong execution capabilities;
- Revenue visibility with robust order book;
- Established water and related infrastructure company in South India;
- Efficient Business model;
- Strong financial performance;
- Experienced management.

For further details, refer to heading “Our Competitive Strengths” under the chapter titled “Our Business” beginning on page 150 of this Draft Red Herring Prospectus.

**QUANTITATIVE FACTORS**

The information presented below relating to the Company is based on the restated standalone financial information of the Company for the period ended September 30, 2018 and for the Financial Year 2018, 2017 and 2016 and restated consolidated financial information for the period ended September 30, 2018 and for the Financial Years 2018 prepared in accordance with Ind AS, The Companies Act, 2013 and Restated in accordance with SEBI ICDR Regulations. For details, refer section titled “Financial Information” beginning on page 206 of the Draft Red Herring Prospectus.

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

**1. Basic and Diluted Earnings per Share (“EPS”) as adjusted for changes in capital**

**As per Restated Consolidated Ind AS Financial Information:**

| Year/Period ended | Basic and diluted EPS (Rs.) | Weight |
|---|---|---|
| March 31, 2016 | N.A.* | N.A.* |
| March 31, 2017 | N.A.* | N.A.* |
| March 31, 2018 | 28.11 | N.A.* |
| September 30, 2018** | 6.90 | |
| Weighted average | N.A.* | |

**Since our Company has started preparing its consolidated financial statements from the financial year 2017-18 onwards, Basic & Diluted EPS for the year ended March 31, 2017 & for the year ended March 31, 2016 and weighted average EPS on consolidated basis are not applicable.*

***Not Annualised*

**As per Restated Standalone Ind AS Financial Information:**

| Year/Period ended | Basic and diluted EPS (Rs.) | Weight |
|---|---|---|
| March 31, 2016 | 10.40 | 1 |
| March 31, 2017 | 15.62 | 2 |
| March 31, 2018 | 28.11 | 3 |
| September 30, 2018* | 6.90 | |
| Weighted average | 21.00 | |

**Not Annualised*

**Note:-**

1. *Basic Earnings per share = Net profit/ (loss) after tax, as restated attributable to equity shareholders /Weighted average number of equity shares outstanding during the year/period.*
2. *Diluted Earnings per share = Net profit after tax, as restated attributable to equity shareholders / Weighted average number of potential equity shares outstanding during the year/period.*
3. *Weighted average EPS = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights].*
4. *Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the period/ year adjusted by the number of Equity Shares issued during the period/ year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/ year.*
5. *Earnings per share calculations are in accordance with the notified Indian Accounting Standard 33"Earnings per share"*
6. *The face value of each Equity Share is ₹ 10.*
7. *The figures disclosed above are based on the Restated Ind AS Financial Information of our Company.*

**2. Price to Earnings (P/E) ratio in relation to Price Band of Rs. [●] to Rs. [●] per Equity Share of face value of Rs. 10 each fully paid up**

| Particulars | P/E Ratio at the lower end of Price Band (no. of times) | PE Ratio at the higher end of Price Band (no. of times) |
|---|---|---|
| P/E ratio based on Basic & Diluted EPS for FY 2017-18 based on a consolidated basis | [●] | [●] |
| P/E ratio based on Basic & Diluted EPS for FY 2017-18 based on a standalone basis | [●] | [●] |

**Industry P/E ratio***

| Particulars | P/E |
|---|---|
| Highest | 21.42 |
| Lowest | 21.04 |
| Average | 21.23 |

*Note-The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this chapter. For further details, see "– Comparison of Accounting Ratios with Listed Industry Companies" on Note 5 of this chapter.*

**Source: www.bseindia.com; www.nseindia.com*

**3. Return on Net worth (RoNW)**

**As per Restated Consolidated Ind AS Financial Information:**

| Year/Period ended | RoNW (%) | Weight |
|---|---|---|
| March 31, 2016 | N.A.* | N.A.* |
| March 31, 2017 | N.A.* | N.A.* |
| March 31, 2018 | 34.10 % | N.A.* |
| September 30, 2018** | 15.57 % | |
| **Weighted average** | N.A.* | |

**Since our Company has started preparing its consolidated financial statements from the financial year 2017-18 onwards, Return on Net Worth for the year ended March 31, 2017 & for the year ended March 31, 2016 and weighted average Return on Networth on consolidated basis are not applicable.*

***Not Annualised*

**As per Restated Standalone Ind AS Financial Information:**

| Year/Period ended | RoNW (%) | Weight |
|---|---|---|
| March 31, 2016 | 34.49 % | 1 |
| March 31, 2017 | 36.53 % | 2 |
| March 31, 2018 | 34.10 % | 3 |

| Year/Period ended | RoNW (%) | Weight |
|---|---|---|
| September 30, 2018* | 15.57 % | |
| **Weighted average** | 34.98 % | |

**Not Annualised*

*Notes:*

1. *Return on Net Worth (%) = Net Profit after tax attributable to equity shareholders, as restated / Net worth as restated as at year end.*
2. *Weighted average RoNW = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.*
3. *Net worth is aggregate value of the paid-up share capital of the Company and other equity, excluding revaluation reserves if any, as per Restated Financial Information.*

**4. Net Asset Value (NAV) per Equity Share of Face Value of Rs 10 each**

**As per Restated Consolidated Ind AS Financial Information:**

| Particulars | Rs. per Equity Share |
|---|---|
| Net Asset Value per Equity Share as of March 31, 2018 as per Restated Consolidated Financial Information | 37.43 |
| Net Asset Value per Equity Share as on September 30, 2018 as per Restated Consolidated Financial Information | 44.31 |
| Net Asset Value per Equity Share after the Issue- At Floor Price as per Restated Consolidated Financial Information | [●] |
| Net Asset Value per Equity Share after the Issue - At Cap Price as per Restated Consolidated Financial Information | [●] |
| Issue Price per equity share | [●] |

**As per Restated Standalone Ind AS Financial Information:**

| Particulars | Rs. per Equity Share |
|---|---|
| Net Asset Value per Equity Share as on March 31, 2018 as per Restated Standalone Financial Information | 37.43 |
| Net Asset Value per Equity Share as on September 30, 2018 as per Restated Standalone Financial Information | 44.31 |
| Net Asset Value per Equity Share after the Issue- At Floor Price as per Restated Standalone Financial Information | [●] |
| Net Asset Value per Equity Share after the Issue - At Cap Price as per Restated Standalone Financial Information | [●] |
| Issue Price per equity share | [●] |

*Notes:*

1. *Issue Price per Equity Share will be determined on conclusion of the Book Building Process.*
2. *Net Asset Value Per Equity Share = Restated net worth, attributable to equity holders of the Company at the end of the year/period. / Number of equity shares outstanding as at the end of year/period.*
3. *Net worth is aggregate value of the paid-up share capital of the Company and other equity (excluding revaluation reserves, if any) and attributable to equity holders of the Company, if any, as per Restated Financial Information.*

**5. Comparison of Accounting Ratios with Listed Industry Companies:**

| Name of the Company | CMP* | EPS (Basic (Rs.) | EPS (Diluted (Rs.) | P/E Ratio | RONW (%) | NAV (Rs.) | Face Value (Rs.) | Total Income (Rs. in millions) |
|---|---|---|---|---|---|---|---|---|
| Annai Infra Developers Limited | [●] | 28.11 | 28.11 | [●] | 34.10 % | 37.43 | 10.00 | 4,707.29 |
| Peer Group** | | | | | | | | |
| Indian Hume Pipe Company Limited. | 292.20 | 13.64 | 13.64 | 21.42 | 14.58 % | 93.52 | 2.00 | 15,539.76 |
| RPP Infra Projects Limited. | 108.35 | 5.15 | 5.15 | 21.04 | 5.29 % | 97.28 | 10.00 | 5,054.80 |

* Issue Price of our Company is considered as CMP.

**Source: www.bseindia.com and www.nseindia.com

Notes:

1. *Considering the nature, range of products/services, turnover and size of business of the Company, the peers are not strictly comparable. However, above Companies have been included for broad comparison.*
2. *The figures for Annai Infra Developers Limited are based on the restated consolidated financial information for the year ended March 31, 2018.*
3. *The figures for the peer group are for the year ended March 31, 2018, for RPP Infra Projects Limited based on their respective consolidated financial statement and for Indian Hume Pipe Company Limited which are based on standalone financial statements, filed with BSE.*
4. *Current Market Price (CMP) is the closing price of the peer group scrip as on March 18, 2019 on National Stock Exchange of India Limited.*
5. *NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Net worth has been computed as the aggregate of share capital and other equity (excluding Revaluation Reserves, if any) and as attributable to the owners of the Company.*
6. *P/E Ratio for the peer has been computed based on the closing market price of respective equity shares as on March 18, 2019 sourced from website of National Stock Exchange of India Limited as divided by the Basic EPS.*
7. *RoNW is computed as net profit after tax, as attributable to the owners of the Company divided by closing net worth. Net worth has been computed as the aggregate of share capital and other equity (excluding Revaluation Reserves, if any) and as attributable to the owners of the Company.*
8. *Annai Infra Developers Limited is a Book Built Issue and price band for the same shall be published 2 working days before opening of the Issue in English and Hindi national newspapers and one regional newspaper with wide circulation.*
9. *The price band/floor price/Issue Price shall be determined by the company in consultation with the BRLM on the basis of assessment of market demand from investors for the equity shares by way of Book Building and is justified based on the above qualitative and quantitative parameters.*

For further details see section titled “Risk Factors” beginning on page 26 of this Draft Red Herring Prospectus and the financials of the Company including profitability and return ratios, as set out in the section titled “Financial Information” beginning on page 206 of this Draft Red Herring Prospectus for a more informed view.

## STATEMENT OF TAX BENEFITS

**Statement of Possible Special Tax Benefits Available to the Company and Its Shareholders**

**Date**: December 28, 2018

To,

**The Board of Directors**
**M/s Annai Infra Developers Limited**
(Formerly Known as M/s Annai Infra Developers Private Limited)
Door No 2/9 A N Towers
Dr Sathiyamoorthy Hospital Opp Road
2/5 Perundurai Road
Erode-6380121

Dear Sir / Madam,

**Ref: Proposed Initial Public Offering (the "Offer") of equity shares (the "Equity Shares") by M/s Annai Infra Developers Limited (Formerly Known as M/s Annai Infra Developers Private Limited) ('the Company')**

**Sub: Statement of possible special direct tax benefits ('the Statement') available to M/s Annai Infra Developers Limited (Formerly Known as M/s Annai Infra Developers Private Limited) ('the Company') and its Shareholders prepared in accordance with the requirement in Schedule VIII – Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended ('the Regulations')**

We report that the enclosed Annexure prepared by the Company, states the possible special direct tax benefits available to the Company and to its shareholders under the Income-tax Act, 1961 ("**the Act**") and Income-tax Rules, 1962 (together "**tax laws**"), presently in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive these special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face and accordingly, the Company or its shareholders may or may not choose to fulfill.

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

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

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

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

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

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

Our views expressed herein are based on the facts and assumptions indicated to us. 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.

We hereby give consent to include this statement of tax benefits along with annexure in the Draft Red Herring Prospectus and in any other material used in connection with this Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

All capitalized terms used herein and not specifically defined or derived shall have the meaning as ascribed to it in the Draft Red Herring Prospectus. Further, we make no representations regarding questions of contractual or legal interpretations or regarding sufficiency for your purposes of the information in the preceding paragraphs.

**For M/s K S Aiyar & Co**
***Chartered Accountants***
**ICAI Firm Registration No.100186W**

Sd/-
**S Kalyanraman**
***Partner***
**Membership No: 200565**

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the direct tax laws in force in India (*i.e.* applicable for the Financial Year 2018-19 relevant to the Assessment Year 2019-20).

**A. Special Tax Benefits to the Company**

Additional depreciation under section 32 of the Act Subject to the specified conditions under section 32(1) (iia) of the Act, Assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power is allowed additional depreciation at the rate of 20 per cent on any new plant and machinery installed after March 31, 2005.

**B. Special Tax Benefits to the Shareholders of the Company under the Act**

There are no Special tax benefits available to the shareholders of the Company.

**Notes:**

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

b) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.

c) The statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

d) The Company will continue to obtain these benefits in future;(a) the conditions prescribed for availing the benefits have been/ would be met with; and (b) the Revenue authorities/courts will concur with the view expressed herein.

e) This certificate doesn’t intend to mislead the Draft Red Herring Prospectus either directly or indirectly

## SECTION IV – ABOUT THE COMPANY

## INDUSTRY OVERVIEW

## OUR INDUSTRY

Unless noted otherwise, the information in this section has been obtained and derived from the "Assessment of the infrastructure Sector in India" report of August, 2018 by CRISIL Research, a division of CRISIL Limited, as well as publicly available information, data and statistics and has been derived from various government publications and industry sources. The information has not been independently verified by us, the BRLM, or any of our or their respective affiliates or advisors. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this 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 company / entity covered in the Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (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.

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 prove to be incorrect and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on pages 26 and 206 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

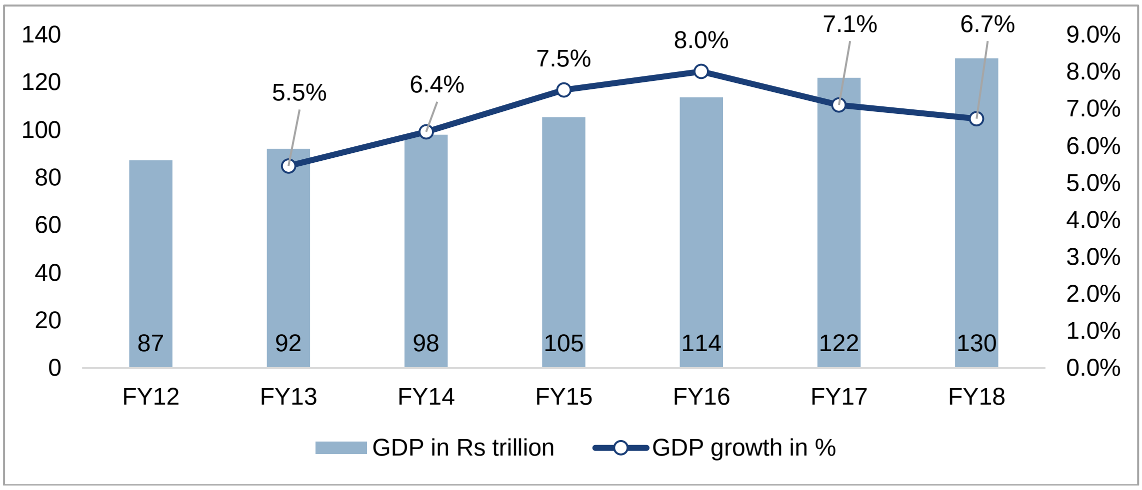
**Overview of India's economy**

**Review of and outlook on GDP growth**

**GDP rose sharply over past six years**

India adopted fiscal 2012 as the new base year for calculating gross domestic product (GDP). Based on this, the GDP rose at 6.9% compound annual growth rate (CAGR) between fiscals 2012 and 2018, to Rs 130 trillion. In fiscal 2018, as per the Central Statistics Office (CSO), the GDP expanded 6.7% on faster growth in the second half of the fiscal.

**Real GDP growth in India (new GDP series)**




*Source: Central Statistics Office (CSO), CRISIL Research*

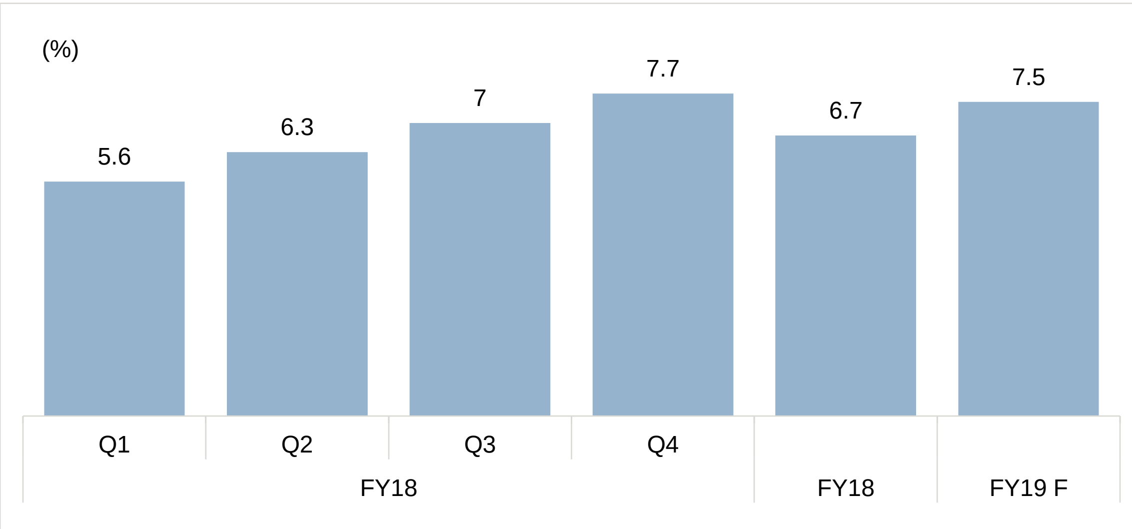
In May 2018, the CSO released the GDP data for the fourth quarter of fiscal 2018 and the provisional estimates for fiscal 2018. There was a sharp upturn in economic activity in the quarter-ended March 2018, which improved real GDP growth for the fiscal to 6.7%, from 6.6% estimated earlier. This was in sync with healthy corporate results for the fourth quarter, if we leave out banks and oil marketing companies. Clearly, the economy is recovering well, with the impact of demonetisation fading and the government taking steps to resolve the glitches during the implementation of the Goods and Services Tax (GST) last year.

In fact, real GDP growth accelerated to an eight-quarter high of 7.7% in the fourth quarter of fiscal 2018, up from 7% (revised downward from 7.2% earlier) in the third quarter.

The improvement in growth appears to be broad-based, with consumption as well as investment on the rise. Final consumption expenditure improved to 8.1% in the fourth quarter, from 6% in the third quarter, mostly supported by a 16.8% rise in government consumption expenditure in the fourth quarter (up from 6.8% in the third quarter).

This could be attributed to Pay Commission hikes being implemented by the states. Private consumption improved to 6.7% from 5.9%. Fixed investment growth jumped to 14.4% from 9.1%. However, the external sector remains a drag on GDP, with imports rising 10.9% in the fourth quarter, compared with muted growth of 3.6% in exports.

**Real GDP growth (% on-year)**



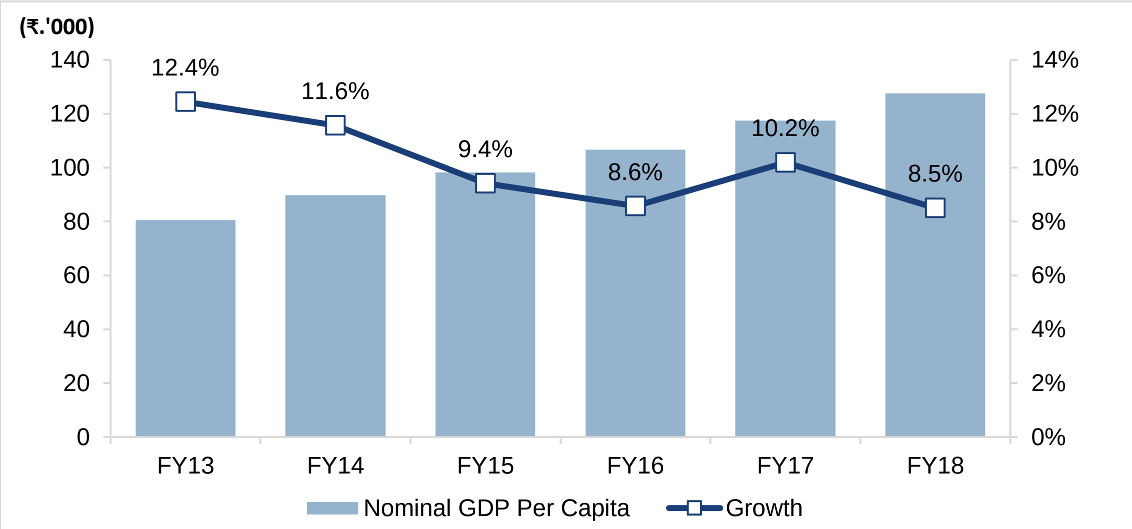
*F: Forecast*

*Source: CSO, CRISIL Research*

GDP growth to rise to 7.5% in fiscal 2019 from 6.7% in fiscal 2018. The weak base of fiscal 2018, too, will give a statistical lift to growth. Supporting this will be a continued pick-up in government investment spending, a good monsoon led lift to rural incomes and continuing global recovery that provides stimuli to exports.

Private consumption is the largest contributor to India's GDP at 58%. The nominal per capita GDP growth, which is used as a proxy for income growth, picked up in fiscal 2017. Despite demonitisation, it rose 10.2% on-year compared with 8.6% on-year in the previous year. In fiscal 2018, it rose 8.5% on-year, indicating some disruptions caused on account of a shift to GST.

**Nominal per capita GDP growth**




*Source: CSO, CRISIL Research*

Growth in gross value added (GVA) - a firmer measure of economic activity - improved 100 basis points (bps) to 7.6% in the fourth quarter of fiscal 2018 from 6.6% in the third quarter. While agriculture (fourth quarter growth at 4.5% vs 3.1% in third quarter) and industrial (8.8% vs 7.1%) sectors saw improvement in growth in fiscal 2018, the services sector growth was stagnant at 7.7%. Agriculture growth was supported by record food grains production in fiscal 2018.

Within industry, manufacturing growth gained momentum, rising 9.1% in fourth quarter (up from 8.5% in the third quarter), and so did the construction sector (11.5% growth), albeit on a weak base. It is surprising that the services sector growth did not pick up despite higher agriculture and industry growth. One reason was the poor performance of the financial, real estate and professional services sector, where growth slowed to 5% in the fourth quarter (from 6.9% in the third quarter). This was largely because of poor performance of the banking sector. Growth of the trade, hotels, transport, communication and services related to broadcasting sector slowed to 6.8% from 8.5%, seemingly on account of GST-related glitches. Government services did the balancing, with its growth jumping to 13.3% from 7.7%.

**Past trend in FDI inflows**

In 1990, the Government of India, with the help of the World Bank and the International Monetary Fund, introduced the macroeconomic stabilisation and structural adjustment programme to tide over the balance of payment crisis. As a result of the reforms, India opened its door to foreign direct investment (FDI) and adopted a more liberal foreign policy in order to boost the confidence of foreign investors. Further, under the new foreign investment policy, the government constituted the Foreign Investment Promotion Board (FIPB), whose main function was to invite and facilitate foreign investment. The FIPB ceased to exist as per the decision taken by the finance ministry in 2017.

The government has now empowered individual departments to clear FDI proposals in consultation with the Department of Industrial Policy and Promotion (DIPP), with set timelines. From less than $1 billion in 1990, India has become one of the most important FDI destinations in the world.

FDI inflows in India have grown rapidly at ~18% CAGR to $44.7 billion in fiscal 2018 from $2.5 billion in fiscal 2001. The pace of growth was faster from fiscal 2001 to 2010 (~30% CAGR), but the global slowdown affected investments in fiscal 2010 and 2011. For fiscal 2018, FDI inflows were $44.7 billion

According to the quarterly fact sheet on FDI prepared by the DIPP, Mauritius was the leader in cumulative FDI inflows over April 2000 to December 2017 with a share of 34%, followed by Singapore (17%), Japan (7%), the UK (7%), the US (6%), and the Netherlands (6%).

The services sector accounted for 17% of the cumulative FDI inflows over the period, followed by computer software and hardware (8%), telecommunications (8%), construction development (7%) and automobiles (5%).

Mumbai accounted for 31% of the cumulative FDI inflows over the period, followed by New Delhi (20%), Bengaluru (8%), Chennai (7%) and Ahmedabad (5%).

**Tamil Nadu – Macroeconomic indicators**

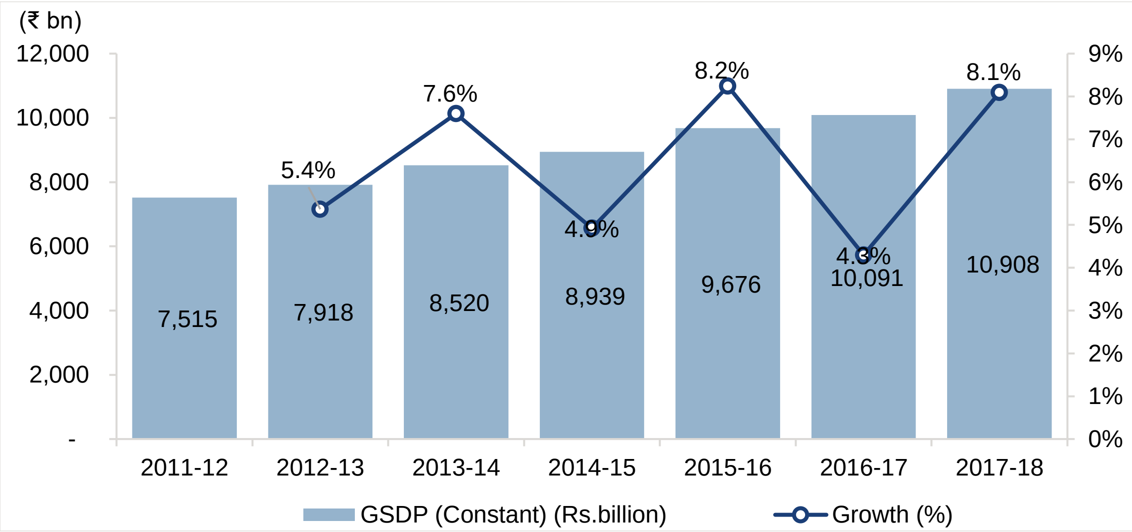
**State overview**

Tamil Nadu, which lies in the southernmost part of the Peninsula, is the eleventh-largest state in India by area, i.e. 130,060 sq km, and the sixth-most populous. The state was ranked third according to the Human Development Index in 2015, and is the second-largest state economy in India. It is divided into 32 districts for administrative purposes. Its capital and largest city is Chennai.

**Economic overview**

Tamil Nadu was one of the larger contributers to Indian GDP. Tamil Nadu's gross state domestic product (GSDP) increased from 5.4% in fiscal 2013 to 8.1% in fiscal 2018. In fiscal 2018, its GSDP was Rs 10.9 trillion.

**Tamil Nadu GSDP (at constant 2011-12 price)**




*Source: Ministry of Statistics and Programme Implementation (MoSPI), Crisil Research*

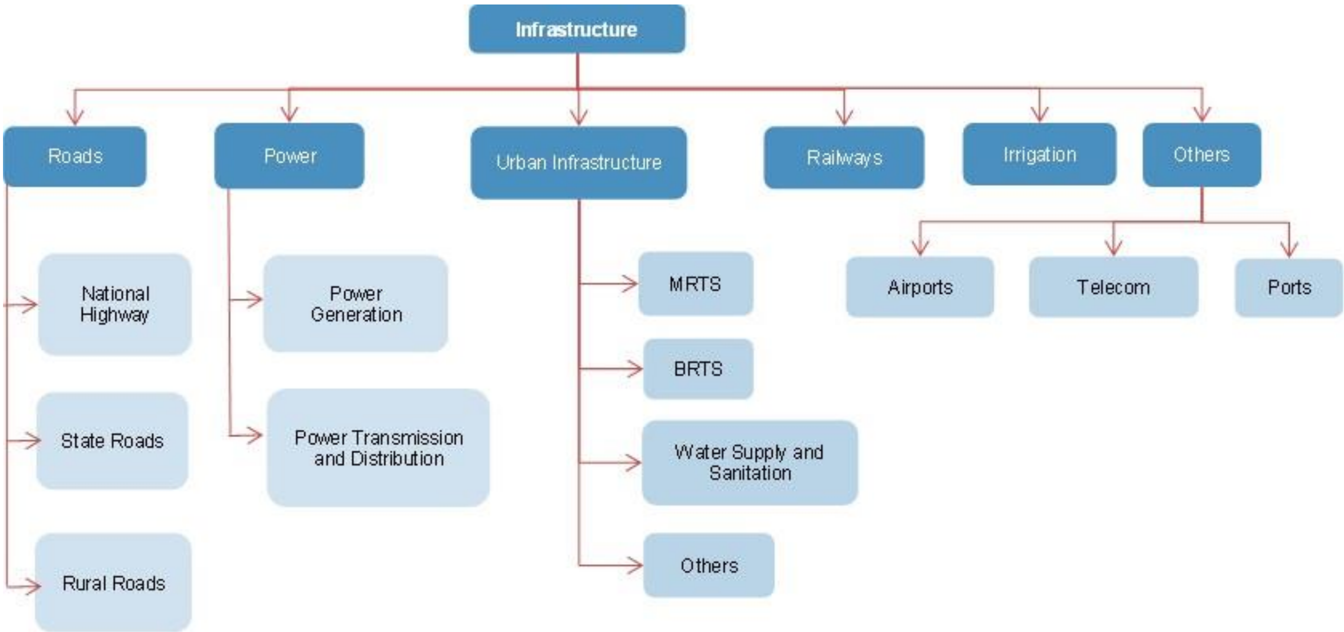
**Overview of infrastructure sector in India**

**Review and outlook of investments in key infrastructure segments**

The infrastructure sector encompasses roads, power, railways, urban infrastructure and irrigation, among others. The sector sees sizable capital investments because of the sheer size of major infrastructure development projects.

The government introduced significant policy reforms to augment FDI inflows to boost investment and enhance infrastructure in the country.

**Key infrastructure segments**




*Source: CRISIL Research*

### 2.1. Share of various infrastructure segments in total construction spends

**Public spend in key infra sectors to stoke construction growth**

Construction sector had been plagued with policy logjams in the infrastructure segment and muted industrial investments over the past few years. Construction spends in the residential segment have been falling on account of weak demand caused by affordability issues and overall weak economic scenario. However, construction spends have picked up because of the policy initiatives introduced by the central and state governments in the infrastructure segment.

Some key initiatives introduced by the central government are as follows:

- Introduction of schemes like Smart Cities Mission, Pradhan Mantri Awas Yojana, and Swacch Bharat Abhiyan
- Streamlining of existing schemes, e.g., AMRUT, clubbing four major irrigation schemes under Pradhan Mantri Krishi Sinchayee Yojana
- Introduction of Hybrid Annuity Model (HAM) model in road construction
- Payment of 75% of arbitration claims to private players against a bank guarantee
- Awarding national highway projects only after 80-90% of the required land is in possession of the government
- Launching of schemes to help developers improve cash flow and repay debt, such as rescheduling premiums in road projects and permitting developers to offload stake in build-operate-transfer projects

Total budgetary allocation on capital expenditure in infrastructure was hiked 3% to Rs 4 trillion in the Union Budget 2018-19, with railways and roads being the biggest beneficiaries. Of this, Rs 1.5 trillion will be through budgetary support, with the remainder, from internal and extra budgetary resources. CRISIL Research estimates construction investments in the infrastructure sector to register a healthy CAGR of about 10-12% in the fiscal 2019-2023.

**Growth drivers for the infrastructure industry**

Economic growth, increasing government thrust, preference towards roads in freight traffic, spurt in private participation, and surge in passenger traffic and vehicle density, are key growth drivers for infrastructure investment.

**Economic growth**

Freight traffic growth is a function of economic activity, as it further necessitates road development. Primary freight in billion tonne km (BTKM)  grew at 5-6% on-year in fiscal 2018, compared with 6% growth in fiscal 2017. Similar growth is expected in fiscal 2019, indicating sustained momentum. CRISIL Research expects India's real GDP to grow at 7.5% this fiscal, up from 6.7% in fiscal 2018. This is expected to boost overall freight demand in the country.

**Make in India to boost traffic**

Started in September 2014, the Make in India campaign is directed towards encouraging multi-national companies across 25 sectors in the economy to manufacture in India. This will not just boost overall economic growth, but also increase the need for transportation of goods, thus increasing freight traffic.

**State of Tamil Nadu has a strong governance setup to boost infrastructure investments**

Tamil Nadu Infrastructure Development Board (TNIDB)

The 'TamilNadu Infrastructure Development (TNID) Act 2012' has established the "Tamil Nadu Infrastructure Development Board (TNIDB)." TNIDB is the nodal agency to coordinate the implementation of infrastructure projects in the State. The Board coordinates infrastructure development activities in the State and facilitate projects undertaken solely by Government institutions as well as projects undertaken through Public-Private Partnerships (PPP). The Secretariat of TNIDB is in the Infrastructure Cell under the Department of Finance, Government of Tamil Nadu.

Funding

Tamil Nadu Infrastructure Development Fund (TNIDF)

It has a infrastructure fund named Tamil Nadu Infrastructure Development Fund (TNIDF) for providing financial support to facilitate the design, development, functioning, administration, management of projects. The Fund can also be used to provide financial support for projects undertaken under the public private partnership mode in specific forms.

Project Preparation Fund (PPF)

The Government has also constituted the Project Preparation Fund to provide financial support for conducting studies, hiring the services of experts and consultants, preparing feasibility studies, detailed project studies, capacity building, research and related purposes.

Tamil Nadu Urban Infrastructure Financial Services Limited

Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) is a Public Limited Company promoted by Government of Tamil Nadu with equity participation from banks and financial institutions. Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL) is the Fund Manager of Tamil Nadu Urban Development Fund (TNUDF) which is set up for for development of urban infrastructure in the state of Tamil Nadu.

Under TNUDF, All categories (Corporations, Municipalities and Town Panchayats) of Urban Local Bodies (ULBs) in the State of Tamil Nadu and Chennai Metropolitan Water Supply & Sewerage Board (CMWSSB) can avail financial assistance in the form of loan for implementation of urban infrastructure projects. The fund receives assistance form agencies like the World Bank, Japan International Co-operation Agency (JICA), KfW(German funding agency), etc. apart from the state government.

Tamil Nadu Urban Finance and Infrastructure Development Corporation Ltd (TUFIDCO)

TUFIDCO is a Nodal Agency for Government schemes. It also extends financial assistance from its own source to the Local Bodies and Parastatal Agencies for various Infrastructure development schemes. TUFIDCO provides financial assistance to implement various infrastructure projects of local bodies, Statutory Authorities, Boards and other Government agencies under TUFIDCO'S Infrastructure Funding Scheme(TIFS).

Following are the list of segments, for which financial assistance is granted for projects to be undertaken:

- Construciton of Commercial /Shopping complex
- Construction of Office Complex
- Weekly Shandy, Daily market.

- Bus Terminals
- Water Supply Schemes
- Drainage Schemes
- Sites and Services Schemes
- Development of Truck Terminals
- Street Lighting for major roads
- Traffic improvement programme
- Social amenities
- Provision of Tourist facilities
- Construciton/improvement of major roads, important roads including ring, arterial, by-pass, link road, small bridges, Culverts etc.
- Solid Wate Management including Construciton of garbage plant, Vermi-compost yards and purchase of vehicles
- Construciton/Upgradation of storm water drains
- Crematorium project
- Warehouse/Godowns
- Infrastructure for Housing scheme
- Housing and Sites & Service schemes

**Water supply and sanitation (WSS)**

Universal access to both water and sanitation still remains an issue in India. According to the Indian Constitution, water supply and sanitation are state subjects, and hence the responsibility of provision of urban water supply and sanitation services lies with the state government. After the 74th Amendment, the responsibility for provisioning of water and sanitation lies with urban local bodies. Irrespective of the fact that local and state governments have the mandate for provisioning of urban local bodies, the central government has been a significant and influential player in the WSS segment. It influences the sector through three primary means: a) by being the largest funder, b) setting overall policy framework, and c) setting technical standards and norms. The first route, i.e., funding of urban programmes has been most significant. The Government of India has funded several centrally sponsored schemes/ projects. The investments made through schemes are influenced by guidelines set by the centre. The Government of India is responsible for setting the overall policy framework, though the influence of the national policies is variable.

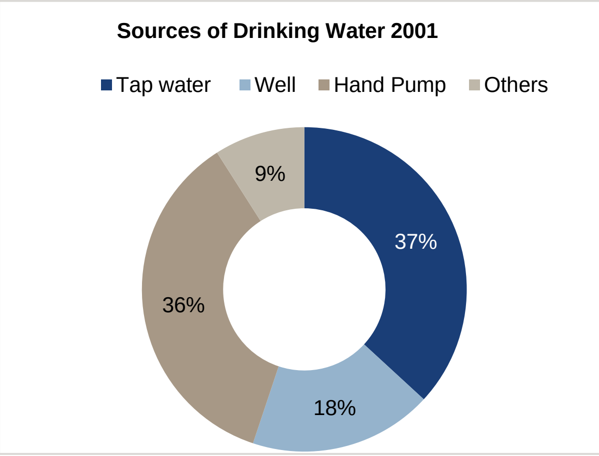
Since water and sanitation are state subjects, there are a range of different institutional arrangements across states, and often across cities within the same state. The state government funds independent projects, and also provides supplementary funding for projects, sponsored by the Government of India. The state governments also play a major role in planning and implementation of projects. This is done through a variety of means, either by the Public Health Engineering Departments or through specially constituted State Boards (e.g., Tamil Nadu Water Supply and Drainage Board). Despite the 74th Amendment being in place for nearly two decades—which ascribes the responsibility of UWSS to the ULBs—the role of the ULBs remains limited. Often, there are separate arrangements for metropolitan cities, and another set for the rest of the cities. In some metropolitan cities, the planning and implementation is sometimes done by statutory/parastatals at the city level, e.g., Delhi Jal Board, Bangalore Water Supply and Sewerage Board, and in the remaining cases by ULBs. In most of the non-metros, responsibility is split between the state and Urban Local Bodies (ULBs). However, the onus for Operations and Maintenance for a large majority of cases lies with the ULBs.

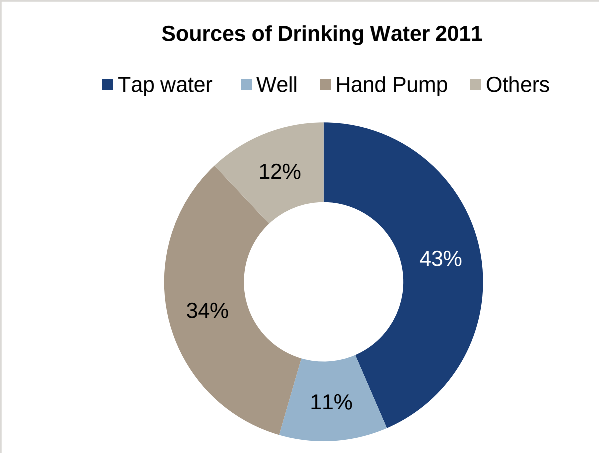
Water and sewerage services and solid waste disposal facilities are basic public services. In absence of public service, households depend on multiple sources of water—procuring water from private players or some form of provisioning. Safe dringking water and sanitation are critical to overall well being of the people and thus have positive impact on the social indicators. In a developing country like India, the repsonsibility to fund, manage and monitor water supply and sanitation projects lies wholly with the government – central, state and local. Growing urbanisation has led to greater need for expenditure on water supply and sanitation systems as they form a crucial component of the overall urban infrastructure setup. The government, thus, actively intervenes in these sectors by providing funding under a number of social sector schemes and programmes. Also, investments to the segment have driven improvement in coverage for water supply and sanitation in the rural areas as well.

Low levels of tap water connections at pan-India level to drive investments in WSS segment

Rising population has constantly increased demand for water supply as well as investments on infrastructure development. Government push towards tap water utilization in order to prevent ill effect of ground water depletion as well as providing safe water has increased demand. The tap water coverage has increased from 37% to 44% in 10 years in addition to 20% increase in population.

**Moderate increase in tap water connection coverage in India between two censuses; coverage still inadequate**




However, even as nearly 70% households have access to tap water, only 62% of these have access to treated tap water. Thus, nearly 40 per cent of urban households have no access to public supply, and have to depend on other sources of water. Moreover, not all households that have access to public supply have access to it within the premise. Only 49% of households have access to piped water supply within their premises.

**WSS segment to see strong investments in medium term**

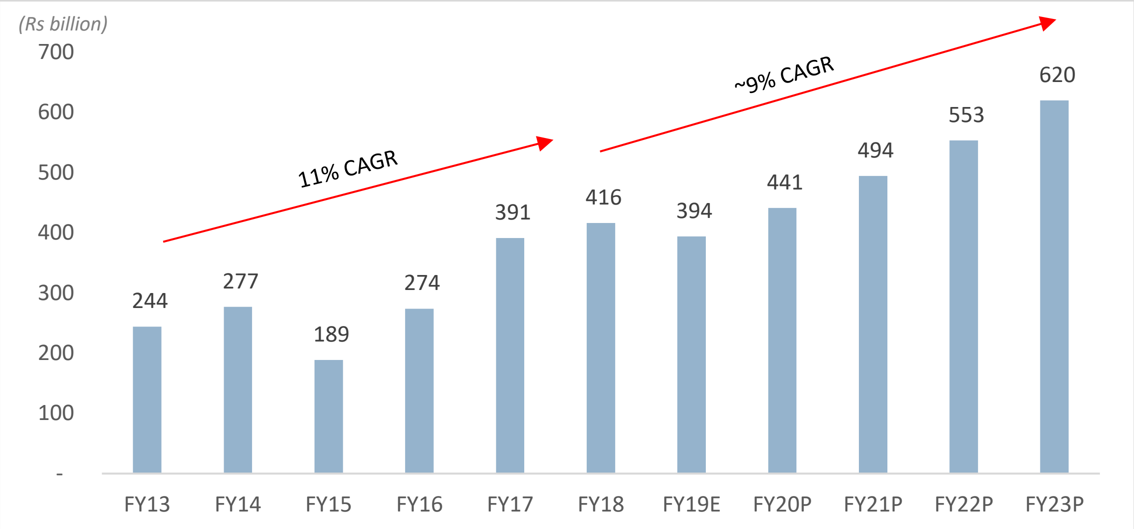
In India, states are responsible for regulation and providing of services related to water and sanitation since these are state subjects. The Ministry of Drinking Water and Sanitation is primarily responsible for policy planning, funding, and coordination of programs for drinking water and sanitation in rural areas. Currently, the Ministry oversees the implementation of two key schemes viz. Swachh Bharat Mission-Gramin (SBM-G) and National Rural Drinking Water Programme (NRDWP). On the other hand, the urban Water Supply and Sanitation (WSS) projects come under the purview of the Ministry of Housing and Urban Affairs (MoHUA). Currently, the MoHUA oversees the implmentation of Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission, etc.

CRISIL Research expects investment in India's urban infrastructure to grow at a robust pace, driven by government schemes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Swachh Bharat, Smart City Mission, and Clean Ganga. Investments in Water supply and sanitation (WSS) segment (urban and rural) is expected to receive a boost in the next 5 years on account of schemes/ programmes like AMRUT, National Rural Drinking Water Programme (NRDWP), etc. Commencement of work on 99 smart cities announced so far will also be a key monitorable.

The total investment in WSS between fiscals 2008 and 2012 ($11^{th}$ five year plan) was Rs 1.4 trillion, accounting for ~5% of overall investment in infrastructure. Being a state subject, water supply has a larger share of state investment than of the Centre’s. However, private investment has been low, as states and local authorities have not adopted a PPP model for upgrading and modernising water supply infrastructure. However, government’s spend on WSS has risen under the new plans of AMRUT and Swachh Bharat Mission.

**Investments in WSS to drive demand for construction**

**Expenditure on WSS expected to be 70% higher over fiscals 2019 to 2023 compared to previous five years**

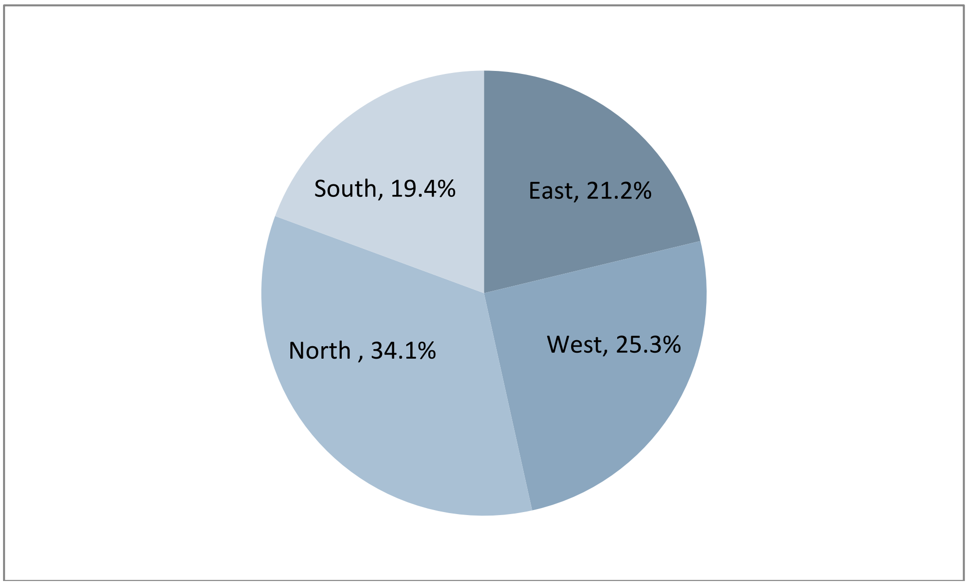



*Source: Central and State government budgets, CRISIL Research*

While over the past five years from fiscal 2014 to 2018, total investments in WSS were estimated to have grown at a CAGR of 11%, it is proejcted to grow at a CAGR of 9% over the next five years from fiscal 2019 to 2023. However, its share in total urban infrastructure investment spend is expected to be over 50% during the corresponding period.

Considering the higher levels of population as well as land area, the northern region acccounts for highest share (more than one-third) of total expenditure on WSS in India. West with a share of almost one-fourth of the expenditure comes in at second place.

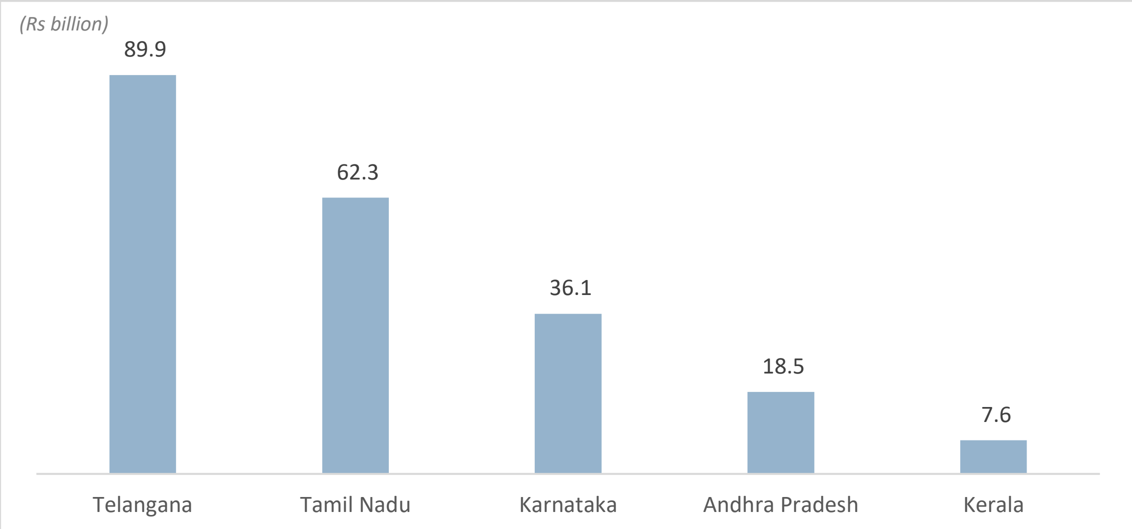
**North accounts for largest share of expenditure on WSS**




*Source: Central and State government budgets, CRISIL Research*

During the preceding 5-year period from fiscal 2014 to 2018, the state of Telangana saw the highest expenditure by state government on WSS among all states in the southern region. The higher expenditure in Telangana can be attributed to increased infrastructure spending in the state after its formation. ‘Mission Bhagiratha’ project which aims to supply piped drinking water across the state, including 5.5 million rural households is one of the major projects under implementation in the state. Tamil Nadu, with a cumulative expenditure of Rs 62.3 billion by its government, came in at second place during the corresponding year.

**In south India, Telangana accounted for largest share of expenditure on WSS (fiscal 2014 to 2018)**

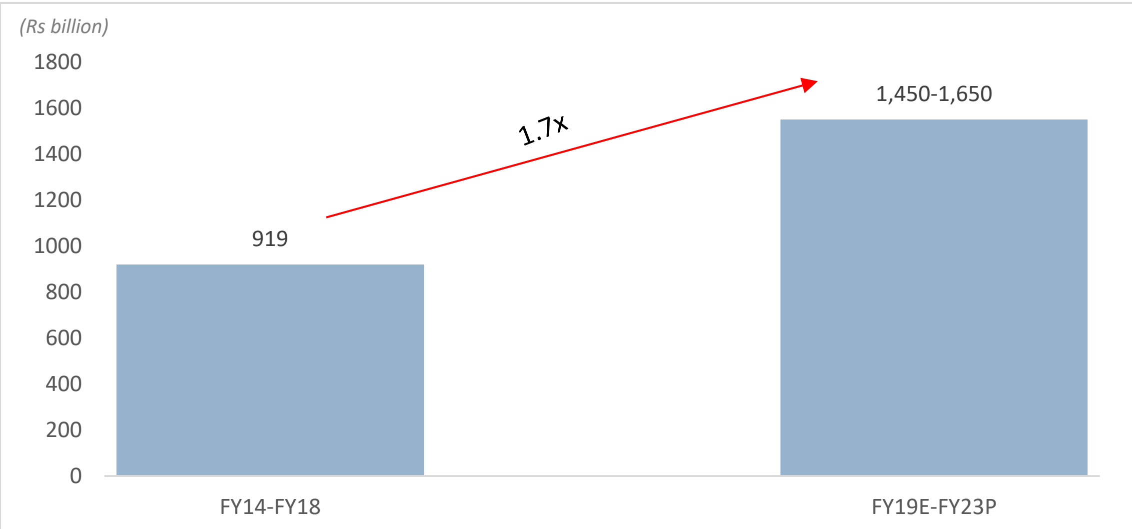



*Source: Central and State government budgets, CRISIL Research*

The expenditure on WSS segment during the 5-year period from fiscal 2014 to 2018 is expected to have created contruction opportunities worth ~Rs 919 billion. The projected investments of Rs 2,400-2,600 billion over the next five years from fiscal 2019 to 2023 are expected to translate into construction potential of ~Rs 1,450-1,650 billion.

The projects implemented in Water Supply and Sanitaion segment are largely implemented through the EPC players. The government agencies viz. State Water department/ board or urban local bodies ususally float tenders for implementation of these projects. The projects are mostly alloted to the EPC players through bidding process. The EPC players are then repsonsible for the implementation of these projects. These payments to these EPC players are linked to the stages of execution of the project.

**Increase in investments in WSS to translate into equivalent increase in construction potential**




*Source: CRISIL Research*

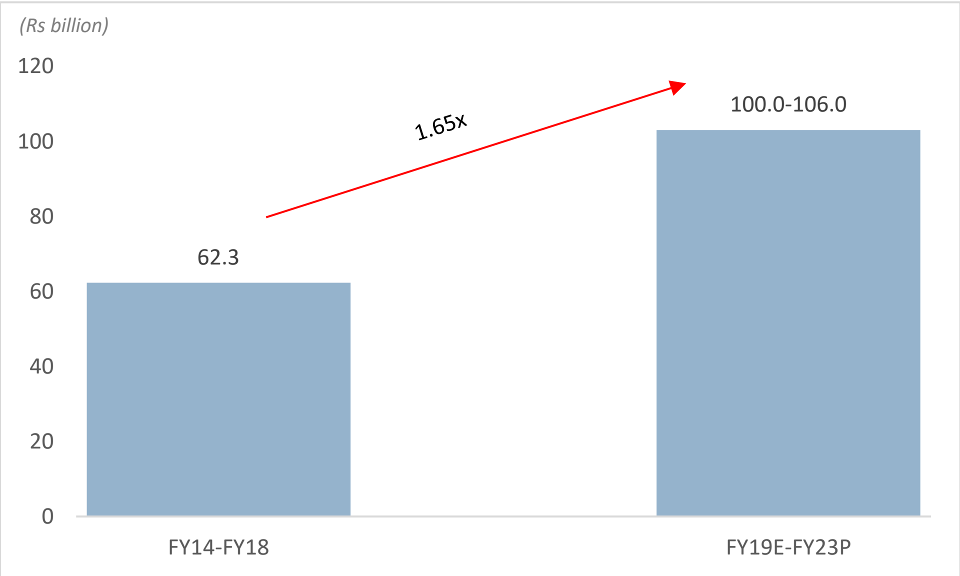
**Tamil Nadu to receive a boost to its WSS coverage over medium term**

Tamil Nadu occupies about ~4% of the geographical area and ~6% of the population of India; however, the available water resources is only ~3% of that of the country. The national decadal growth rate in population between 2001 and 2011 is estimated to have been ~17.6% while that rate for Tamil Nadu stood at ~15.5%. Tamil Nadu is one of the most urbanised States with ~48.5% of its population living in urban areas. Also, the average rainfall is 925 mm against the nationl average rainfall of 1,170 mm. It varies from 1,200 mm near coastal areas to 550 mm in inland area. Though Tamil Nadu receives rainfall in the North east as well as south west monsoons, the precipitation is limited to about two months only. Thus, Tamil Nadu is a deficit state from the point of view of water resources both for irrigation and drinking water and is dependent on the monsoons very heavily. All these factors put together necessitate expenditure on WSS segment in the state.

In Tamil Nadu, the Department of Rural Development & Panchayat Raj and the Tamil Nadu Water Supply & Drainage Board (TWAD) are incharge of planning, designing, commissioning, implementation and monitoring the drinking water and sanitation projects for the rural areas in the state. These responsibilities are handled by the Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) in case of the Chennai Metropolitan Area. In the case of other urban areas, the TWAD Board is largely responsible for water supply and sanitation projects. However, the Municipal Corporations and Special Grade Municipalities are also empowered to take up water supply schemes on their own.

Tamil Nadu provided for combined investments to the tune Rs 62.3 billion on the Water Supply and Sanitation segment in its budgets during the previous fiver years i.e fiscals 2014 to 2018. These investments were part of expenditure on projects implemented under central schemes as well as under the ambit of the state government. Some central shcemes like AMRUT require contributions from the state governments for proejcts implemented in the respective states. Going ahead, over the next five years from fiscal 2019 to 2023, the combined invesments on WSS projects under various schemes is expected to be Rs 100-106 billion. This expenditure will be largely driven by progress on schemes like Smart Cities, AMRUT, etc. which require state government contribution towards funding of the projects.

**Tamil Nadu capital expenditure growth on WSS to rise in line with India's**



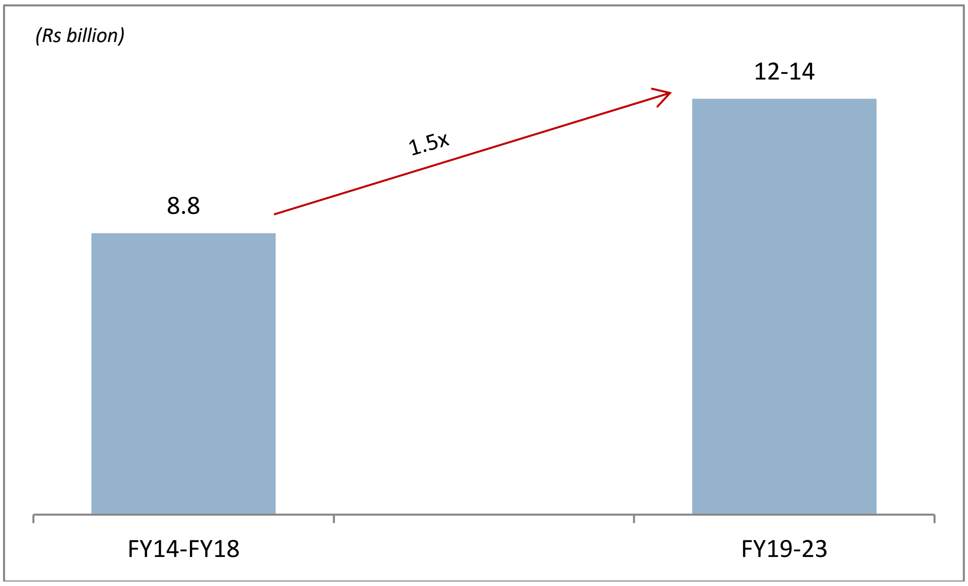

*Source: CRISIL Research, RBI State study; state budget documents*

**Expenditure on WSS in Tamil Nadu at ULB level set to increase during next five years**

Of late, increasing number of central government schemes and projects like AMRUT, Smart Cities, Swachh Bharat Abhiyan, etc. are designed in a way which allows for participation of local governing bodies. This allows for greater freedom at the local government level in terms of conceptualization, selection and execution of projects. Funding of projects in such cases largely happens through the central and state government assistance.

However, increasingly with the central government playing a lesser role in financing of projects, these local governments are required to contribute to their project funding through own resources. ULBs have been given freedom to fund expenditure on social sector projects in their juridiction through raising loans, floating bonds, etc.

**Growing urbanization and greater devolution of responsibilities to push ULB level expenditure**




Note: Urban local bodies in Tamil Nadu considered are: Chennai, Coimbatore, Madurai, Tiruchirappalli, Ambur, Avadi, Cuddalore, Dindigul, Erode, Hosur, Kancheepuram, Karaikudi, Kumbakonam, Nagapattinam, Nagercoil, Pallavaram, Pudukottai, Rajapalayam, Salem, Tambaram, Thanjavur, Thiruvannamalai, Thoothukkudi, Tirunelveli, Tiruppur, Velankanni and Vellore.

Indicative figures based on budget documents, projects under implementation and secondary sources

*Source: ULB budget documents, secondary sources, CRISIL Research*

Considering the nature of schemes and growing population in the urban areas, the overall expenditure at ULB level on WSS projects in the state of Tamil Nadu over the 5-year period from fiscal 2019 to 2023 is espected to be around Rs 12-14 billion, more than 50% of that estimated to have been during the preceding five years from fiscal 2014 to 2018. This increase in expenditure will largely be on account of new projects under schemes like Smart Cities, AMRUT, etc.

**NRDWP to play a key role in achieving the target of 90% tap water connection by 2021**

National Rural Drinking Water Programme (NRDWP) was launched under Bharat Nirman by the Government with objective of ensuring provision of safe and adequate drinking water supply through hand-pumps, piped water supply etc. to all rural areas, households and persons. NRDWP is a centrally sponsored scheme with 50-50 fund sharing between the Centre and states; the scheme is implemented by the Ministry of Drinking Water and Sanitation.

As of August 2017, 96% of rural habitations have access to safe drinking water. In 2011, the Ministry came out with a strategic plan for the period 2011-22. The plan identified certain standards for coverage of habitations with water supply, including targets for per day supply of drinking water. As of February 2018, 74% habitations are fully covered (receiving 55 litres per capita per day), and 22% habitations are partially covered (receiving less than 55 litres per capita per day). The Ministry aims to cover 90% rural households with piped water supply and 80% rural households with tap connections by 2022. The Estimates Committee of Parliament (2015) observed that piped water supply was available to only 47% of rural habitations, out of which only 15% had household tap connections.

**Expenditure under NRDWP in Tamil Nadu on a declining trend due to already higher levels of coverage**

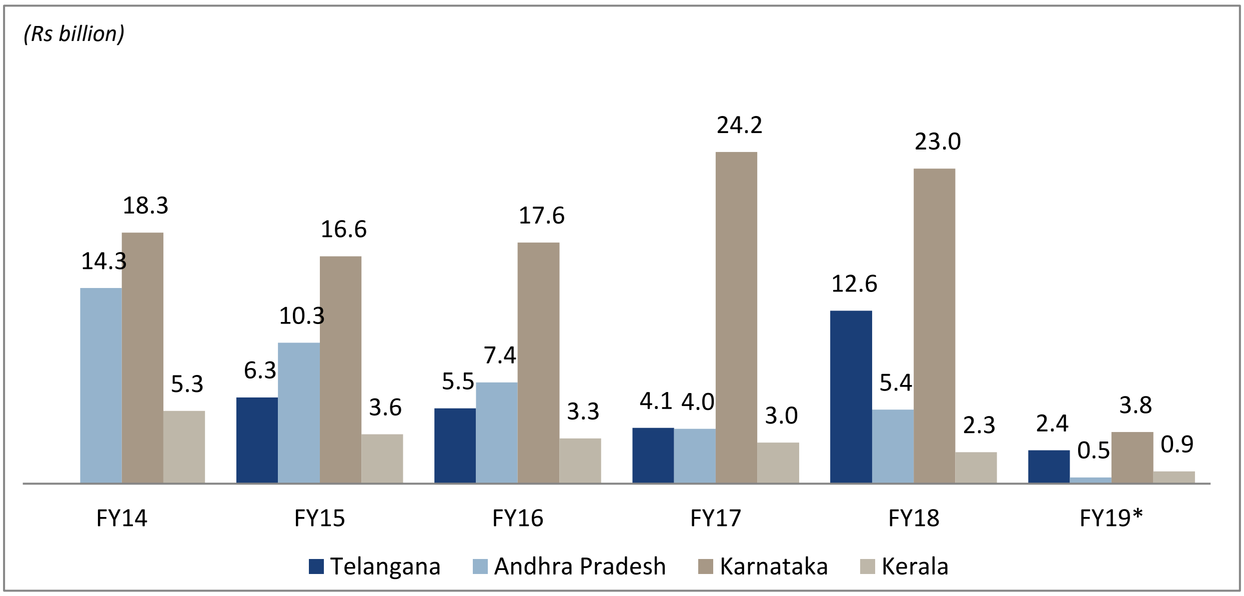

*Note: Data for fiscal 2019 for months of April to August*

*Source: Ministry of Drinking Water and Sanitation, CRISIL Research*

The expenditure under the NRDWP for the state of Tamil Nadu has been declining over the last six years (fiscal 2013 to fiscal 2018). The decline in expenditure under the schme can be attributed to the already high levels of coverage w.r.t. tap water connections in rural areas in the state. A survey was conducted in the Tamil Nadu in 2011, to assess the status of water supply coverage in the habitations in rural areas. As per the survey, out of total 94,614 habitations, 84,003 habitations (89%) were supplied 40 LPCD or more (fully covered) and 10,611 habitations were provided 10 to 39 LPCD water (partially covered). There were no uncovered habitations at the end of the Eleventh Plan. Rural habitations are covered through Individual Power Pump Schemes and Combined Water Supply Schemes.

The district-wise expenditure under NRDWP is given in Annexure-1.

**Expenditure under NRDWP for other Southern states has seen an uneven trend**




*Note: Data for fiscal 2019 for months of April to August*

*Source: Ministry of Drinking Water and Sanitation, CRISIL Research*

The expenditure under the scheme in states of Karnataka and Telangana have progressively increased during the past six years from fiscal 2014 to 2018, while that of Andhra Pradesh and Kerala have declined during the correpsonding period. This is largely because, like Tamil Nadu, the other Southern states also have higher rural drinking water coverage comapred to other states in the country.

**Rapid urbanisation and government policies and schemes to drive WSS**

**Urbanisation**

The rapid growth in urbansiation and the consequent increase in urban settlements and real estate will lead to greater demand for water connectivity at the last mile as well as to the sources of water as well. Additionally, it will also lead to increased demand for drainge and sewerage coverage. Going forward, the largest demand boost for water supply and sanitation is expected to come from urban areas.

**Increasing awareness**

Increasing awareness about health related hazards of impure water and increasing preventive care against water borne disease will also boost the demand for WSS segment expenditure.

**Pollution control measure**

There has been increasing effort to reduce water pollution, which is a measure issue in the recent times. On eof the most effective methods of arresting pollutionis through treatment and proper drainage and sewerage coverage. Thus efforts on pollution front will also boost expenditure in WSS segment.

**Benchmarking with other countries**

India has set targets with respect to various social indicators as measured by the UN. These targets are to be achieved in a time-bound manner. Achieving these goals will require substantial focus on WSS since they form critical part of these social indicators. This will help boost expenditure on various aspects of WSS.

**Growth drivers specific to Tamil Nadu**

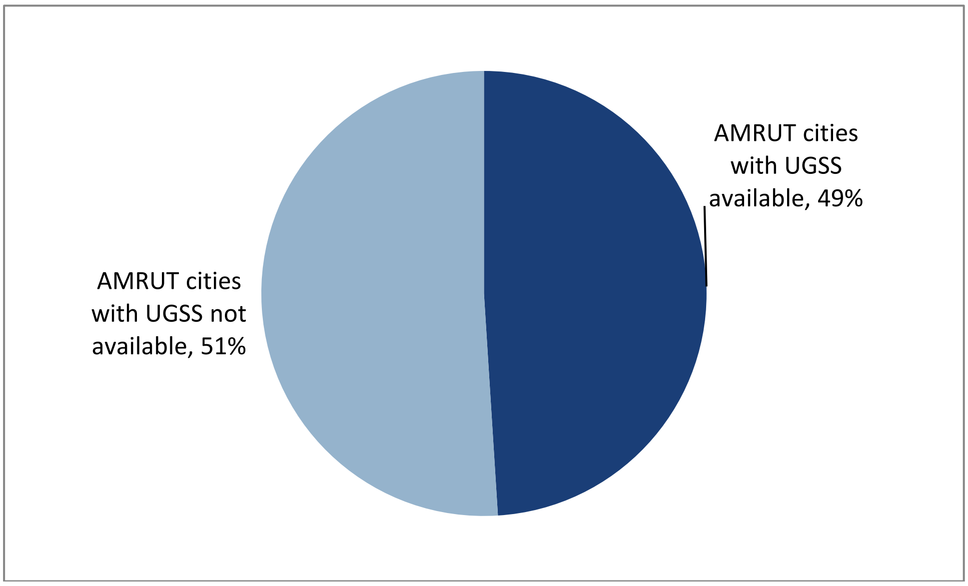
Low per capita availability of water

As indicated in Annexure 5 only 3 cities in the state have achieved the 120 litres per capita per day against the norm of 135 litres per capita per day. Around 80 % of cities have water supply levels between 40-80 LPCD only. The cities are facing crucial issues in supply of water supply in terms of insufficient source, no proper coverage of water supply connections to the city etc. This will lead to greater expenditure on the water supply segment to increase per capita availability and meet the benchmark levels.

Inadequate underground drainage systems in AMRUT cities

Of the 27 cities eligible under AMRUT scheme, 49% of the cities do not have the UGSS facilities. This inadequacy of basic facilities will lead to higher expenditure on the sewerage and drainage facilities.

**Half of the cities do not have UGSS**



*Source: Tamil Nadu SAAPs, CRISIL Research*

**Government expenditure key to growth of the segment**

Government schemes such as the Swachh Bharat Mission, AMRUT, Smart City Mission and the National Mission for Clean Ganga (NMCG) are likely to boost WSS investments. However, NMCG has failed to make an impact so far.

**Status of Swachh Bharat Mission**

On October 2, 2014, the Prime Minister of India launched the 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) - aimed at achieving Swachh Bharat by 2019. Components of the mission include: construction of household, community, and public toilets, including conversion of insanitary latrines into pour-flush latrines; solid waste management; and public awareness. The budgetary allocation to Swachh Bharat Mission in fiscal 2018 was Rs 162.5 billion, whereas the overall expenditure in fiscal 2018 was Rs 192.5 billion as per the revised estimates. In the Union Budget of fiscal 2019, the Centre allocated Rs 175.8 billion. The Namami Gange scheme received budgetary support of ~Rs 23 billion in the past 3 years. However, the actual investments have been lower.

**Gramin**: As per the Union Budget for fiscal 2018, the budgetary allocation to the scheme was ~Rs 140 billion. Revised estimates stood at ~Rs 170 billion. The central government allocated Rs 152 billion fiscal 2019. Under this scheme, more than 7 crore household toilets have been constructed and more than 390 states have been declared as open defecation-free since October 2, 2014.

**Urban**: Under this component, the government has sanctioned Rs 25 billion to be spent in fiscal 2019. About Rs 23 billion has been expended in fiscal 2018, as per the revised estimates. Over 4.6 lakh individual toilets and about three lakh community and public toilets have been constructed since October 2, 2014.

Swachh Bharat Mission (Gramin) accounts for ~85% of the total investments, whereas Urban accounts for the rest.

**AMRUT - Another driver of WSS spend**

In May 2015, the government approved the replacement of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) by AMRUT, to focus on basic infrastructure services such as water supply, sewerage, storm water drains, transport, and development of green spaces and parks.

Under AMRUT, the Centre is committed to assisting states based on the project cost and population of cities and towns. The financial aid is released in three instalments in the 20:40:40 ratio, based on the achievement of milestones indicated in State Annual Action Plans (SAAP).

ULBs develop service level improvement plan which assesses the gaps to be addressed. They also prepare bid documents for projects approved under SAAP. The state government develops SAAP, which is an aggregate of Servie Level Improvement Plans (SLIPs) drawn at city-level. Funds are allocated to ULBs through states. The Apex committee at the Centre (chaired by Secretary, Ministry of Housing and Urban Affairs (MoHUA)) approves SAAP. The central government allocates and release funds to states/union territories.

The scheme is also supposed to cover JNNURM projects sanctioned between 2005 and 2012, and those that have achieved 50% physical progress (102 projects), or have availed of 50% central government funding up to the initiation of project (296 projects).

Of the 500 cities selected under this scheme, 32 cities/towns have been selected from the state of Tamil Nadu. Out of 32 Cities /Towns, four municipalities are merged with Corporation of Chennai and one municipality merged with Coimbatore City Municipal Corporation. The list of cities/towns and the population of the respective cities/towns are mentioned in Annexure 6. As per census 2011, the total population of the AMRUT Cities in Tamil Nadu is 1,37,28,549.

The state of Tamil Nadu has planned to undertake implmentation of projects for achieving universal coverage by fiscal 2020 on key parameters:

Water supply –

- Household coverage of direct water supply connections
- Per capita quantum of water supplied

- Quality of water supplied

Sewerage and septage management –

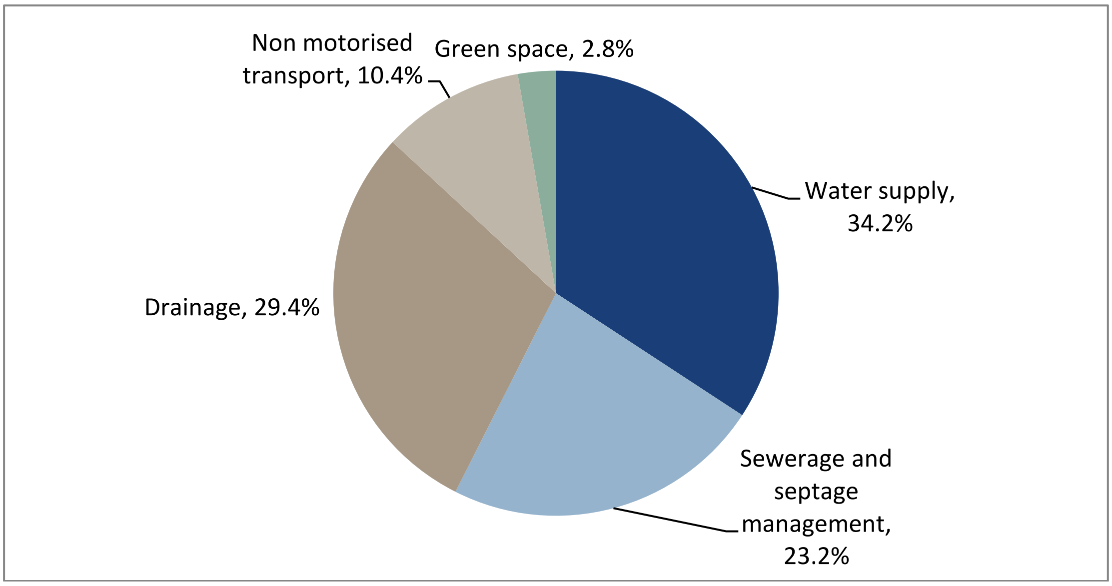
- Coverage of Latrines (Individual or community)
- Coverage of sewerage network services
- Efficiency of Collection of Sewerage
- Efficiency in treatment

Drainage -

- Coverage of storm water drainage network

The projects proposed to be undertaken are broadly categorised under following heads– Water supply, Sewerage and Septage management, Drainage, Non Motorised Transport and Green Spaces. However, Water supply and sanitation segments are expected to account for almost 90% of these overall investments.

**Water supply and sanitation expected to account for major share of proposed investments under AMRUT in Tamil Nadu**

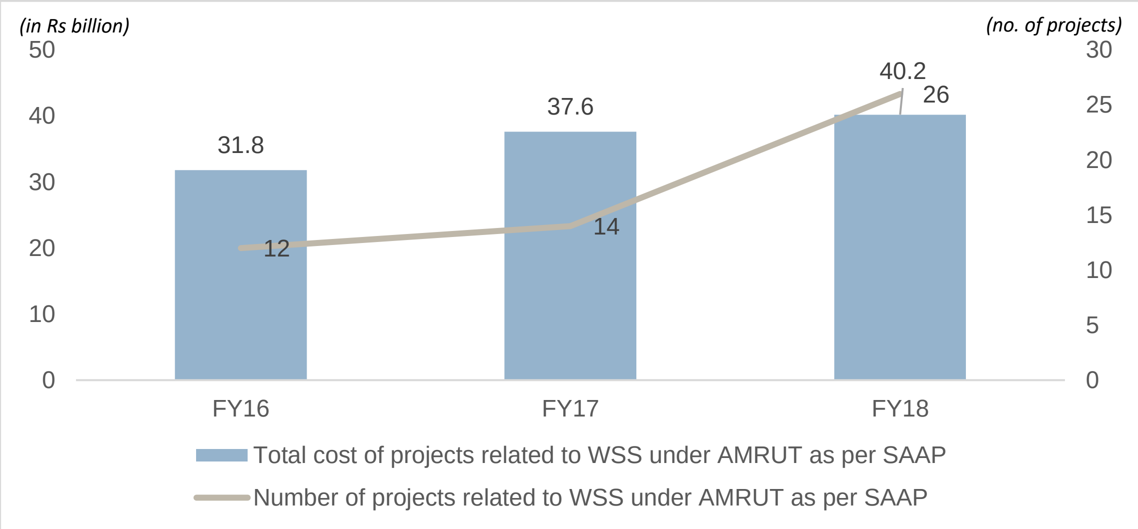



*Source: CRISIL Research, SAAP documents*

However, the budgetary outlay at pan India level for AMRUT in fiscal 2019 is Rs 60 billion as against Rs 50 billion budgeted and estimated to have been spent in fiscal 2018.

However, as on 7 March 2018, total funds released by the Central Government under the AMRUT scheme stood at the central government had cumulatively released ~Rs 78.7 billion across states in the past 3 years, of which only Rs 22.1 billion had been utilised. The fund utilisation were highest in Jammu & Kashmir, followed by Karnataka, Madhya Pradesh, and West Bengal. Tamil Nadu, with funds amounting to ~Rs 10 billion, accounted for the largest share of these funds after Uttar Pradesh. The state of Tamil Nadu utlilised only 30% of the funds released from the Central Government. State-wise details of funds released and utilized for implementation of projects during the last three years are given in Annexures section (Annexure 2).

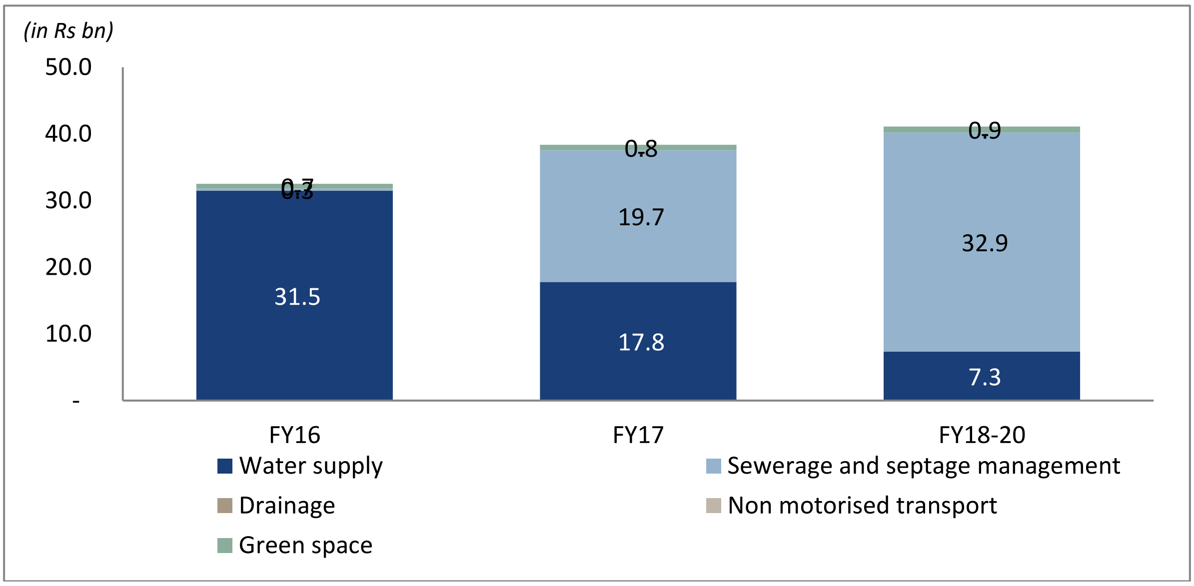
**AMRUT projects approved as per SAAP - Tamil Nadu**




*Source: CRISIL Research, SAAP documents*

Over the past three years, the share of water supply in the expenditure has seen a decline while, that of sewerage and septage management segment has increased drastically. During this period, 21 projects each under water supply and sewerage and septage management segments have been approved. As of fiscal 2018, none of the projects under Draninge segment have been approved for funding in the SAAPs.

**Expenditure under the scheme has seen a steady on-year increase during the past three years**




*Source: CRISIL Research, SAAP documents*

In the SAAP of 2017-20, following three proejcts have been approved under the water supply segment for achievement of universal coverage:

1. Chennai – Disctribution system improvement
2. Pudukottai - Dedicated water supply
3. Madurai - Distribution System for newly added areas

Similarly 13 projects under various phases related to implementation of underground drainiange systems have been approved under the Sewerage and septage management segment across 13 ULBs.

Based on the projects approved over the past three years, the average ticket size of the porjects under Water supply and the sewerage and septage management segment comes to around Rs 2.7 and 2.5 billion, respectively.

**WSS one of the prime focus areas under smart cities**

The government introduced the Smart Cities Mission in June 2015 for the development of 100 smart cities to meet the infrastructure and services expectations of citizens.

The objective of the mission is to promote cities that provide core infrastructure and smart solutions to citizens apart from giving them a clean and sustainable environment and a decent quality of life. These selected cities, once developed, will create a model expected to be replicated by other cities in the country over the course of time.

The central government will contribute Rs 5 billion per city (Rs 2 billion in the first year and Rs 1 billion each for the next 3 years) in a phased manner. The rest will be met through a combination of contribution from the state government, PPP, debt, user charges, and convergence with other existing schemes such as AMRUT, PMAY, etc.

A Special purpose Vehicle (SPV) will implement the Smart Cities Mission and be responsible for planning, approval, release, and monitoring the progress of the projects. The SPV's board will include nominees of the central as well as the state government, along with nominees of the respective ULB, to keep a close watch on the progress and utilisation of funds provided by the government. In all, 1,333 projects worth Rs 506 billion have been completed or are under implementation/tendering. Overall projects worth Rs 2.03 trillion have been identified for all 99 smart cities across the country.

**Smart Cities Mission budget**

| Round | Winning proposals | Total area based development Cost (Rs bn) | Total pan-city solution Cost (Rs bn) | Total cost of projects (Rs bn) |
|---|---|---|---|---|
| Round 1 | 20 | 37,123 | 10,941 | 48,064 |
| Fast-track | 13 | 25,974 | 3,821 | 29,795 |
| Round 2 | 27 | 42,524 | 11,379 | 53,903 |
| Round 3 | 30 | 46,979 | 10,515 | 57,493 |
| Round 4 | 9 | 11,605 | 2,258 | 13,917 |
| Overall | **99** | **164,204** | **38,914** | **203,172** |

*Source: Ministry of Housing and Urban Affairs, Crisil Research*

**Round-level funds released by Centre for Smart Cities (up to March 31, 2018)**

| Round | Funds released (Rs bn) |
|---|---|
| Round 1 | 39.2 |
| Fast-track | 20.83 |
| Round 2 | 37.62 |
| Round 3 | 7.03 |
| Round 4 | 0.29 |

*Source: C*

According to the Ministry of Housing and Urban Poverty Alleviation, 91 out of 99 smart cities selected so far have already incorporated SPVs as on May 17, 2018. Nine smart cities, viz., Ahmedabad, Rajkot, Vadodara, Visakhapatnam, Bhopal, Pune, Kakinada, Surat, and Nagpur have already established integrated city command and control centres. Work is under progress on 14 more and 32 are under tendering stage.

**Region-wise share in funding**

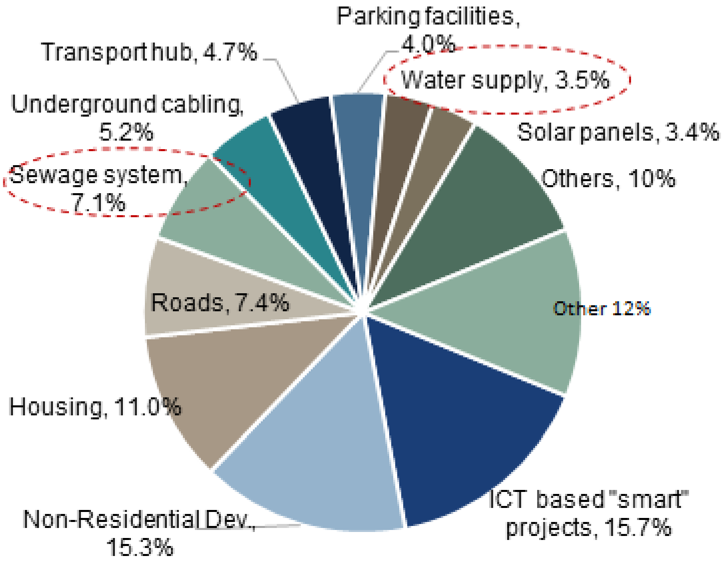
| Region | No. of states | No. of cities | Median size of proposal (Rs bn) | % of total smart city investment |
|---|---|---|---|---|
| **North** | 7 | 19 | 21.5 | 25 |
| **South** | 6 | 26 | 16 | 24 |
| **West** | 4 | 19 | 17.5 | 20 |
| **Central** | 2 | 10 | 25 | 15 |

| | | | | |
|---|---|---|---|---|
| **East** | 5 | 8 | 15 | 9 |
| **North East** | 7 | 8 | 18 | 7 |

*Note: Based on smart city proposal of announced for 99 smart cities*

*Source: Ministry of Housing and Urban Affairs, Crisil Research*

**WSS segment expected to account for ~10.6% of the expenditure under Smart Cities initiative**

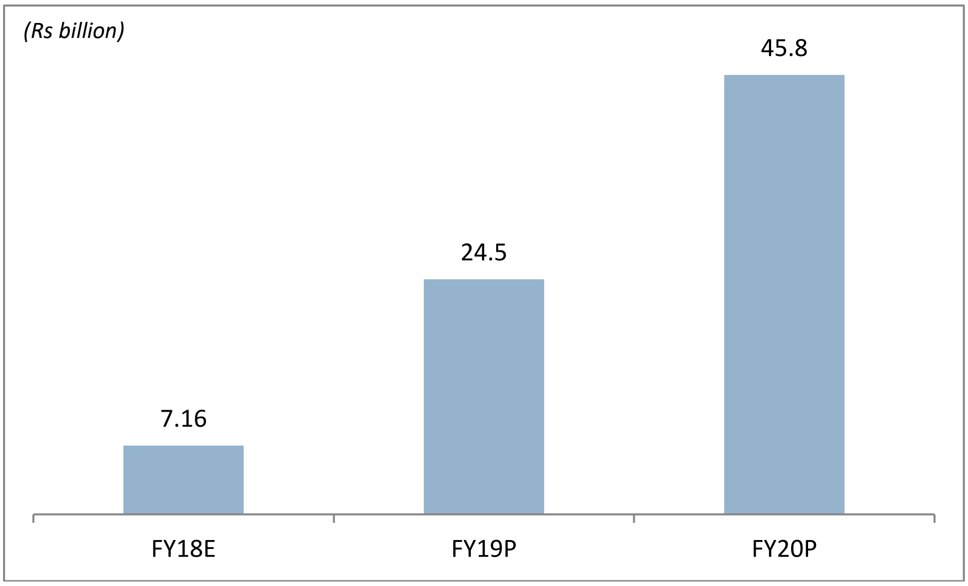



*Note: Based on smart city proposals*

*Source: CRISIL Research, MoUD*

Of the total expenditure of Rs 2.0 trillion envisaged under smart cities scheme, ~3.5% and ~7.1% funds are expected to be allocated for water supply and sewage system infrastructure development, respectively.

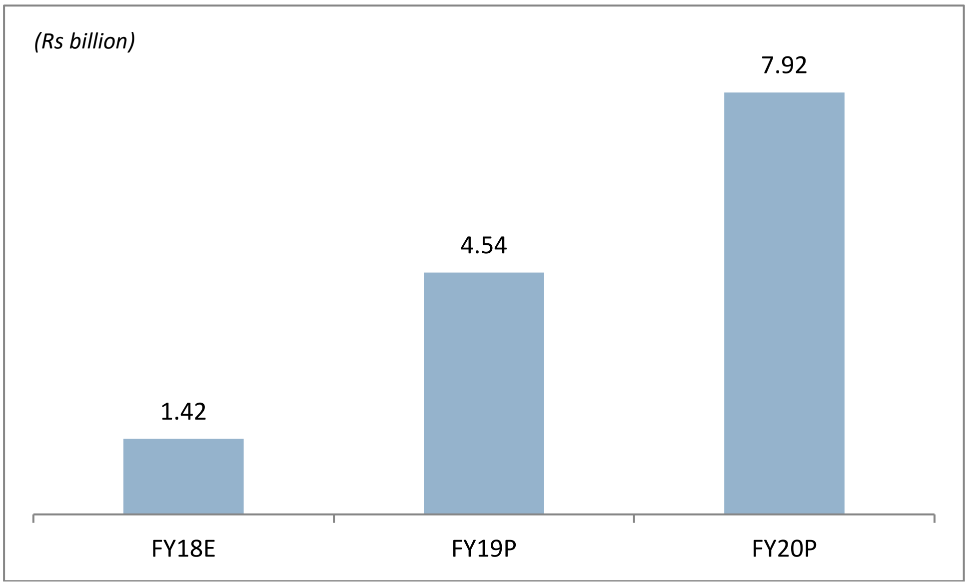
**Expenditure on projects under Smart cities expected to receive a boost in the medium term**




*Source: CRISIL Research, MoUD*

The expenditure is expected to pick up going forward as the DPRs and approvals for a number of projects have either been apporved or are expected to be apporved shortly. Due to higher priority for water supply and sanitation which are basic necessities, proejcts under WSS are expected to receive greater focus and faster approvals and thus fastracked implementation in the initial period of the scheme.

**Expenditure on WSS projects under Smart cities expected to pick up in line with increase in overall expenditure**




*Source: CRISIL Research, MoUD*

Tamil Nadu has 11 cities selected under the initiative. These cities are Coimbatore, Chennai, Vellore, Madurai, Thanjavur, Salem, Tiruppur, Tirunelveli, Thoothukudi,Tiruchirappalli and Erode. Water supply and sanitation: Development of water distribution network, reservoirs, treatment plants, sewerage network, and toilets. As per the proposals accpeted by the MoHUA, the 11 cities shortlisted from Tamil ANdu are expected to see overall investments to the tune od Rs 136 billion on urban infrastruture. The WSS segment is expected to account for around 20% of these investments in the state.

**Tamil Nadu to see investments of around Rs 25.5 billion in WSS under Smart Cities initiative across 11 shortlisted cities**

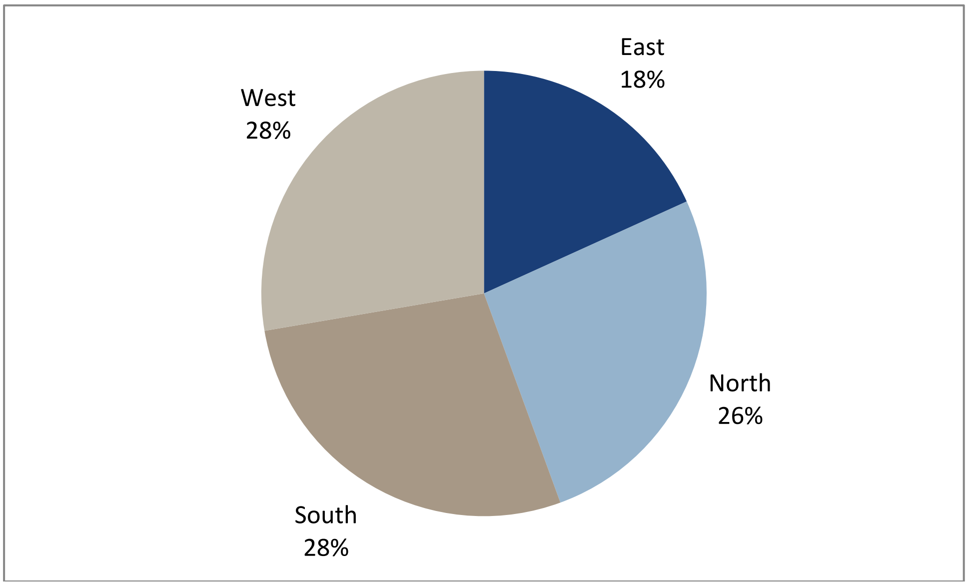
| Name of city | Round in which selected | Total expenditure (Rs bn) | Expenditure on WSS (Rs bn) |
|---|---|---|---|
| Coimbatore | Round 1 | 13.8 | 0.8 |
| Chennai | Round 1 | 13.7 | 3.5 |
| Vellore | Round 2 | 12.7 | 4.1 |
| Madurai | Round 2 | 13.4 | 3.3 |
| Thanjavur | Round 2 | 12.9 | 0.1 |
| Salem | Round 2 | 19.5 | 1.4 |
| Tiruppur | Round 3 | 11.9 | 4.1 |
| Tirunelveli | Round 3 | 12.2 | 1.8 |
| Thoothukudi | Round 3 | 13.2 | 4.7 |
| Tiruchirappalli | Round 3 | 12.7 | 1.7 |
| Erode | Round 4 | 15.4 | N.A. |

*Note: Based on smart city proposal*

*Source: CRISIL Research, MoHUA*

Based on the proposals submitted, the five southern states, with an estimated combined investment of around Rs 7,400 billion, are expected to account for the highest share of investments on WSS segment under the Smart Cities initiative. The west region is also expected to see investments similar to those expected in the South region.

**South region to account for highest share of investments on WSS under the Smart Cities initiative**

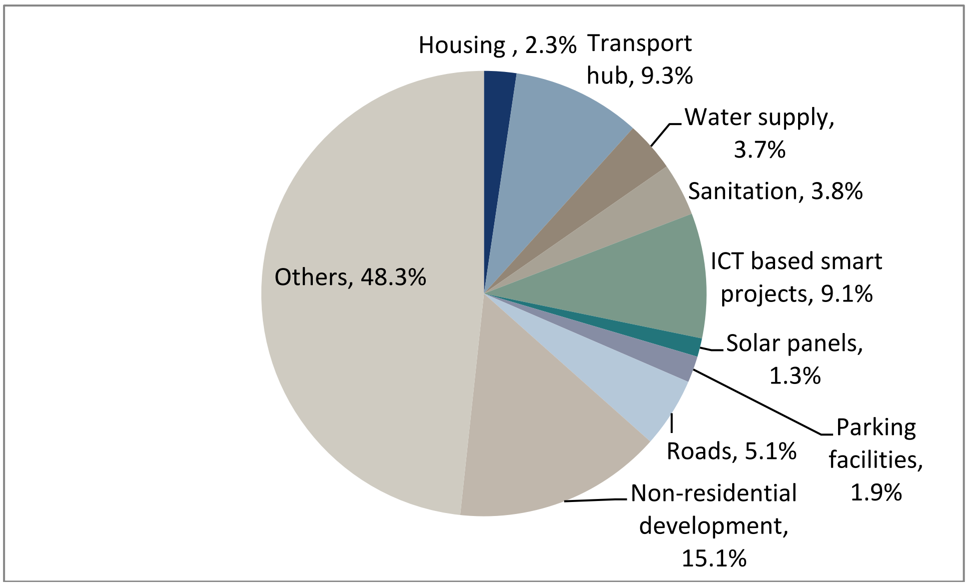



*Note: Based on smart city proposal*

*Source: CRISIL Research, MoHUA*

In the South, the expenditure split across the water supply and sanitation segments is expected to even. While the water supply segment is expected to accounf for around 45% of the share, the remining will be accounted for by the sanitation segment. While in the water supply segment the projects will be w.r.t. storage, distribution and metering, the sanitation segment will largely involve projects related to sewerage networks and systems, treatment plants and solid waste management. The funding under the scheme varies from project to project; sources for funds include the Urban Local Bodies (ULBs), central and state governments as well as multilateral agencies like the World Bank and Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), etc. Some projects area are alos expected to be implemented on Public private partnership (PPP) basis.

**WSS segment expected to account for ~7.5% of the expenditure under Smart Cities initiative in Tamil Nadu**




*Note: Based on smart city proposals*

*Source: CRISIL Research, MoUD*

The total expenditure under Smart Cities initiative across segments in the state of Tamil Nadu is expected to around Rs 13.6 billion. Out of this the water supply and sanitation segment is expected to account for around 7.5% share. While, the water supply projects would be to improve distribution levels, connectivity antreatment, the sanitation projects would include storm water drainage and sewerage coverage and connectivity.

**Key projects in Tamil Nadu**

Below is the indicative list of the some of the key proejcts being implemented in the WSS space in the state of Tamil Nadu:

- Linking of Pennaiyar (Nedungal Anicut) and Palar rivers at an estimated cost of Rs 6.5 billion is under consideration with the state government of Tamil Nadu. The Palar river is a source for at least 50 water supply schemes including ones serving Tambaram and Pallavaram. Under this project, 86 mcm of flood water will be diverted from Pennaiyar river to Palar river by linking of canals.
- Tamil Nadu Water Supply & Drainage Board is implementing a combined water supply scheme to Alampalayam town panchayat, Padaveedu town panchayat alongwith 669 rural habitation in Pallipalayam and Tiruchengoda Unions in Namakkal district and Sankari town panchayat in Salem district with river Cauvery in Tamil Nadu. The project cost is estimated at Rs 2.6 billion.
- Thanjavur Municipality plans to implement Water Supply Scheme (Package-II) in Thanjavur district of Tamil Nadu. The project cost is estimated at Rs 1.7 billion.
- Tamil Nadu Water Supply & Drainage Board (TWAD) is implementing a Combined Water Supply Scheme (CWSS) to Perundurai and seven other town panchayats alongwith 547 wayside rural habitations with River Bhavani as source in Erode (Periyar) and Tiruppur districts of Tamil Nadu. The project cost is estimated at Rs 1.4 billion.
- Chennai Metropolitan Water Supply & Sewerage Board is implementing of tertiary treatment reverse osmosis plant with a capacity of 45 MLD at Koyambedu in Chennai district of Tamil Nadu. The project cost is estimated at Rs 5.9 billion.
- Tamil Nadu Water Supply & Drainage Board (TWAD Board) is implementing a combined water supply scheme to Annur, Mooperipalayam town Panchayat in Coimbatore and Avinash town Panchayat in Tiruppur, Airforce Station, Sulur and bulk quantity to 155 rural habitations in Palladam and Tiruppur unions in Tiruppur district with Bhavani River as source in Tamil Nadu. The project cost is estimated at Rs 1.3 billion.
- Tamil Nadu Water Supply & Drainage Board is implementing Ooratchikottai drinking water supply scheme in Erode district of Tamil Nadu under AMRUT scheme. The project comprises laying of 785 km of pipeline and construction of 120 MLD water treatment plant. The project cost is estimated at Rs 4.8 billion.
- A project under comprehensive water supply schemes (CWSS) with capacity of 48.1 MLD is being implemented in Dindigul and Tiruchchirappall district of Tamil Nadu. The scope of work will include providing water suppply to Natham, Nilakottai and Ammaiyanaickanur Town Panchayats and 1276 rural habitation in 11 unions of Dindigul district with bulk provision to Gandhigram Rural University, Keeranur, Neikarapatty Town Panchayats and 354 rural habitations in Palani and Thoppampatty unions in Dindigul district and bulk provision to 135 rural habitations in Vaiyampatty and Marungapuri unions in Tiruchchirappalli district. The project cost is estimated at Rs 4.4 billion.
- A project is being planned for implementation of dedicated water supply scheme in Erode district of Tamil Nadu. It includes construction of an intake cum pump house in the river Cauvery, a 120 MLD water treatment plant, water storage structures along with supply and laying of clear water mains, feeder mains and distribution system. The project cost is estimated at Rs 3.7 billion.
- A project is being planned to improve water supply distribution to the added areas of Tiruppur Corporation in Coimbatore district. The project cost is estimated at Rs 1.8 billion.
- The project is being planned under water supply improvement scheme to Vellore Municipal Corporation in Tamil Nadu under AMRUT. The project cost is estimated at Rs 1.8 billion.
- A project is being planned for improvement of water supply scheme to extended areas (Thudiyalur, Vellakinaru, Chinnavedampatti, Saravanampatti, Vilankurichi and Kalapatti) in Coimbatore district. The project cost is estimated at Rs 1.9 billion.

- A project is being planned for implementation of 61 MLD water supply scheme for Madurai Corporation in Tamil Nadu. The project cost is estimated at Rs 2.4 billion.
- The project is being planned for implementation of combined water supply scheme with capacity of 38.11 MLD to 1,751 rural habitations for Pattukottai, Madukkur, Peravurani and Sedhubavachathiram unions, 150 wayside habitations at Thiruvaiyaru, Papanasam, Thanjavur, Orathanadu and Thirivonam unions and Peravurani, Perumagalur and Adiramapattinam town panchayats in Thanjavur. The project cost is estimated at Rs 4.9 billion.
- Tamil Nadu Water Supply & Drainage Board (TWAD) plans to implement Combined Water Supply Scheme (CWSS) to Perundurai and seven other town panchayats alongwith 547 wayside rural habitations with River Bhavani as source in Erode (Periyar) and Tiruppur districts of Tamil Nadu. The project cost is estimated at Rs 1.4 billion.
- Tiruchirappalli City Corpn. plans to implement underground drainage scheme (Phase-II) in Tiruchchirappalli district of Tamil Nadu under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The project envisages extending the sewer lines to uncovered areas in some 25 wards in the city, Phase-II will cover about 30 per cent of the extended areas of the city, the remaining areas will be covered in Phase-III of the project. The project cost is estimated at Rs 3.4 billion.
- A project is being planned for implementation of underground drainage scheme at Kuniamuthur in Coimbatore district of Tamil Nadu.The project will lay underground sewer lines for 511 km by dividing the 14 wards falling in Kurichi and Kuniamuthur into 13 zones. The project will provide underground drainage connections to over 50,000 houses, take the sewage to a treatment plant in Vellalore using 11 pumping stations and 19 lift stations, and release the treated water into Noyyal river. The project cost is estimated at Rs 4.4 billion.
- A project is under implementation for a new underground drainage system with underground seswerage line of 582.88 km and treatment plants in Coimbatore municipal area in zone 4, 5 and 6. The project cost is estimated at Rs 3.8 billion.

Below is the indicative list of the some of the key projects being implemented in the WSS space in other southern states:

- Karnataka Urban Water Supply & Drainage Board is implementing a project of continuous pressurized water supply scheme to Bijapura (Vijayapura) city in Karnataka under AMRUT scheme. The project cost is estimated at Rs 2.0 billion.
- Karnataka Urban Water Supply & Drainage Board is planning implementation of underground drainage scheme to Hubli-Dharwad city in Dharwad district of Karnataka under AMRUT. The project cost is estimated at Rs 1.8 billion.
- A project is being planned for implementation of underground drainage scheme to Gadag-Betageri city in Gadag district of Karnataka under AMRUT. The project cost is estimated at Rs 1.7 billion.
- A project is bring implemented under water sewerage scheme at Serilingampally Municipality in Ranga Reddy district of Andhra Pradesh under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The project cost is estimated at 2.0 billion.
- A project is being planned for implementation of underground drainage scheme in Bidar district of Karnataka under AMRUT. The project cost is estimated at Rs 1.3 billion.
- A project is being implemented for provision of water supply distribution system to the 8 urban local bodies (ULBs), seven city municipalities (CMC) and one town municipality (TMC) around Bangalore called Greater Bangalore Water Supply Project (GBWASP).The entire project is estimated to cost Rs.3.5 billion with part funding coming from the World Bank.
- A project is being planned for implementation of underground drainage scheme in Belgavi district of Karnataka under AMRUT. The project cost is estimated at Rs 1.8 billion.
- A project is being planned for implementation of underground drainage scheme (Phase-II, 4th Stage) in Kalaburagi district of Karnataka under AMRUT. The project cost is estimated at Rs 1.8 billion.

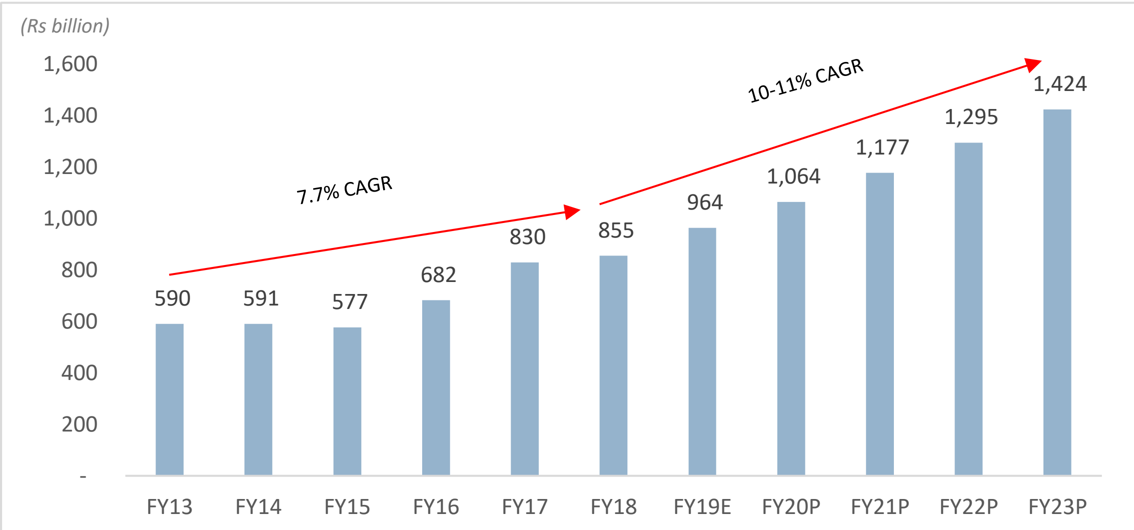
## Irrigation: Review and outlook

### Review of investments and potential of EPC in irrigation in India

Irrigation is a process whereby water is supplied to crops though artificial modes, i.e., canals, pipes, sprinklers, etc., reducing dependency on rainwater. Any increase in agricultural production and productivity largely depends on the availability of water. In terms of investment, irrigation is one of the largest infrastructure sectors, after roads, power, and urban infrastructure.

Expenditure on irrigation grew at a CAGR of 7.7% during the preceding five year periof from fiscal 2014 to 2019. CRISIL Research projects investments in irrigation to increase 1.7 times during the 5-year period from fiscal 2019 and 2023. Annual expenditure is expected to grow faster at a CAGR of ~10-11% during the correpsonding period. With irrigation being a state subject, most of the investment will flow from state governments which will account for 85-90% of total investment. A majority of the investments are expected to focus on the completion of existing major and medium-sized irrigation projects.

**Estimated investments in irrigation (Rs billion)**

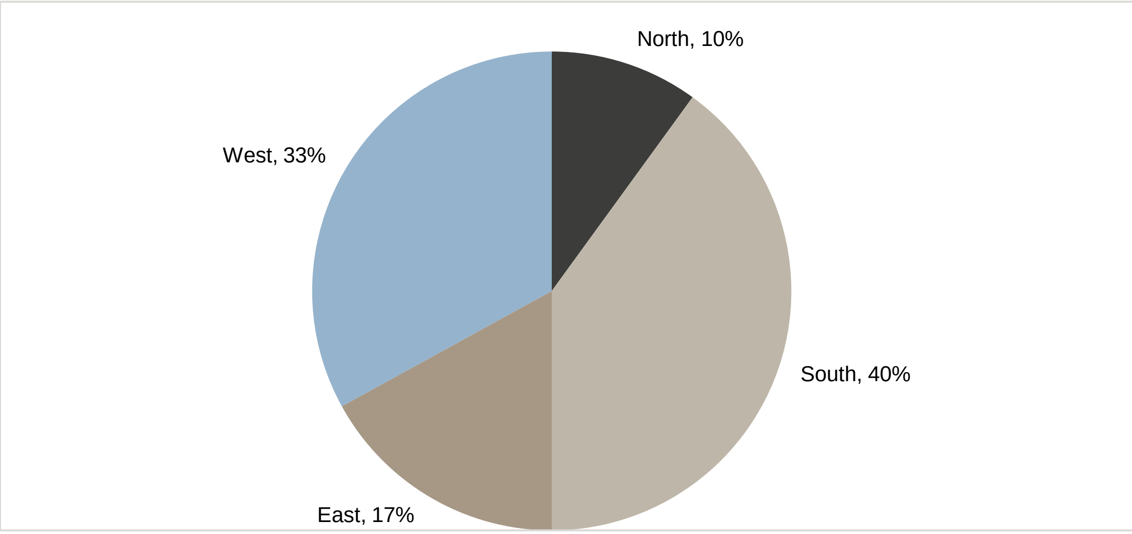



*Source: CRISIL Research*

### Region-wise share of irrigation investment

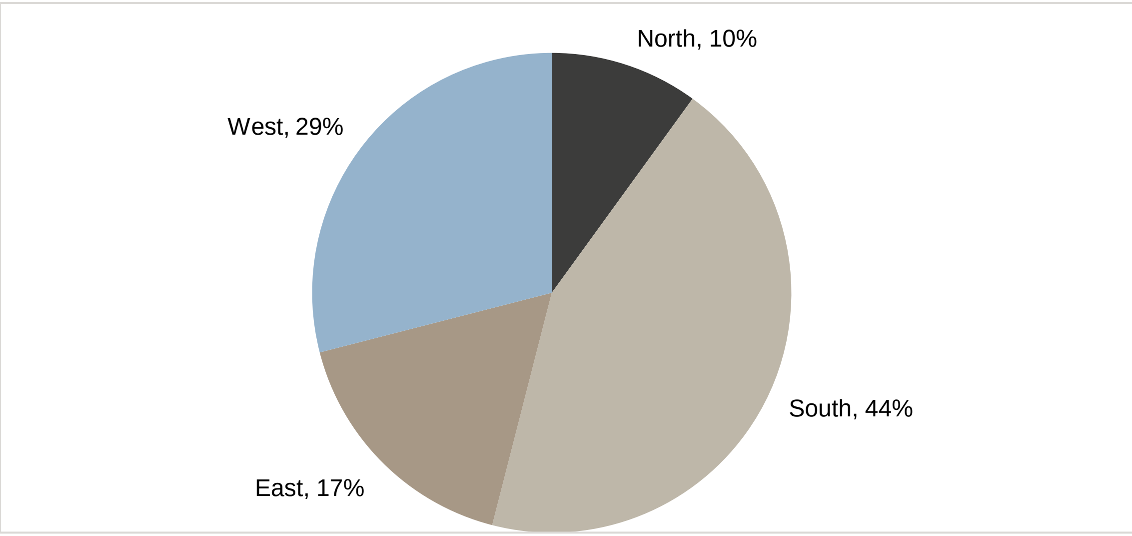
The southern states continue to account for a major chunk of irrigation investments (40% of the total over the period FY16 to FY18). The share of the southern states is expected to increase to 44% over the next three years (FY19-FY21), as compared with 40% over the last three years (FY16 to FY18). Andhra Pradesh, Telangana and Karnataka will drive the major investments in southern India. In the west, Maharashtra, Gujarat and Madhya Pradesh will drive investments. The eastern states like Odisha, Bihar, Chhattisgarh and Jharkhand will drive investments in eastern India.

**Region-wise proportion of investments (FY16 to FY18)**




*Source: CRISIL Research*

**Region-wise proportion of investments (FY19 to FY21)**

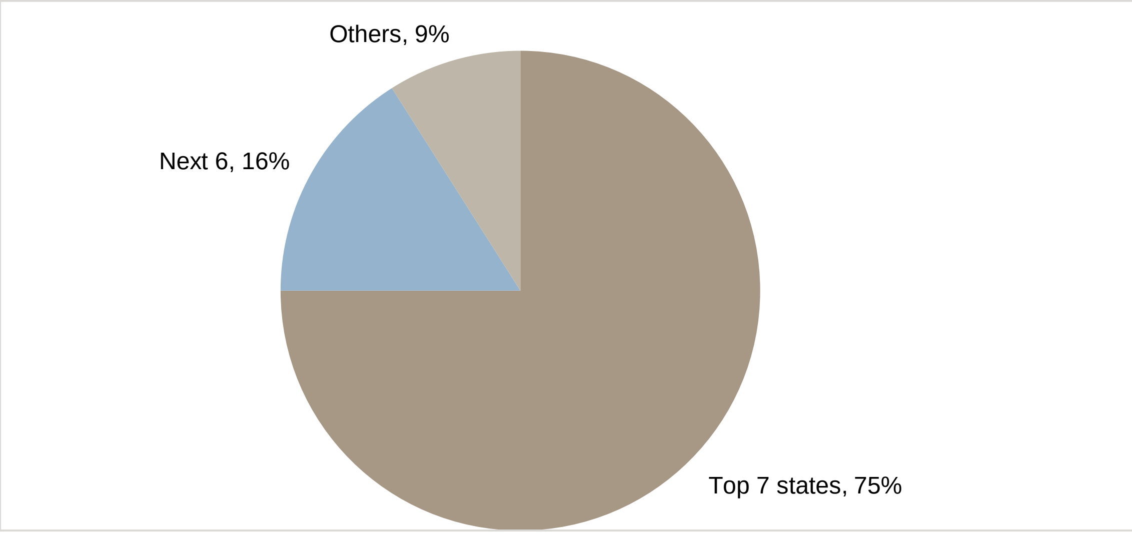



**Top seven states account for ~75% of total irrigation investment**

Water resources being a state subject, state governments are responsible for regulating the use of water. The development of irrigation projects is entrusted to state departments and corporations. While the irrigation/water resources department in a state handles all types of irrigation projects, minor irrigation projects can also be implemented by the agriculture department, zilla parishads/panchayats, and minor irrigation corporations.

Irrigation investments are heavily skewed, with the top seven states - Andhra Pradesh (including Telangana), Maharashtra, Karnataka, Gujarat, Madhya Pradesh and Uttar Pradesh - accounting for ~75% of the total investment from fiscal 2016 to 2018. During this time, the share of Bihar, Orissa, Jharkhand, Chhattisgarh, Tamil Nadu, and West Bengal together was ~16%, while the share of the remaining states was ~9%.

**Share of states in irrigation investments (FY16 to FY18)**




*E: Estimated*

*Note: Top seven states: Andhra Pradesh, Telangana, Gujarat, Maharashtra, Karnataka, Uttar Pradesh, and Madhya Pradesh. Next six states: Bihar, Orissa, Jharkhand, West Bengal, Chhattisgarh, and Tamil Nadu*

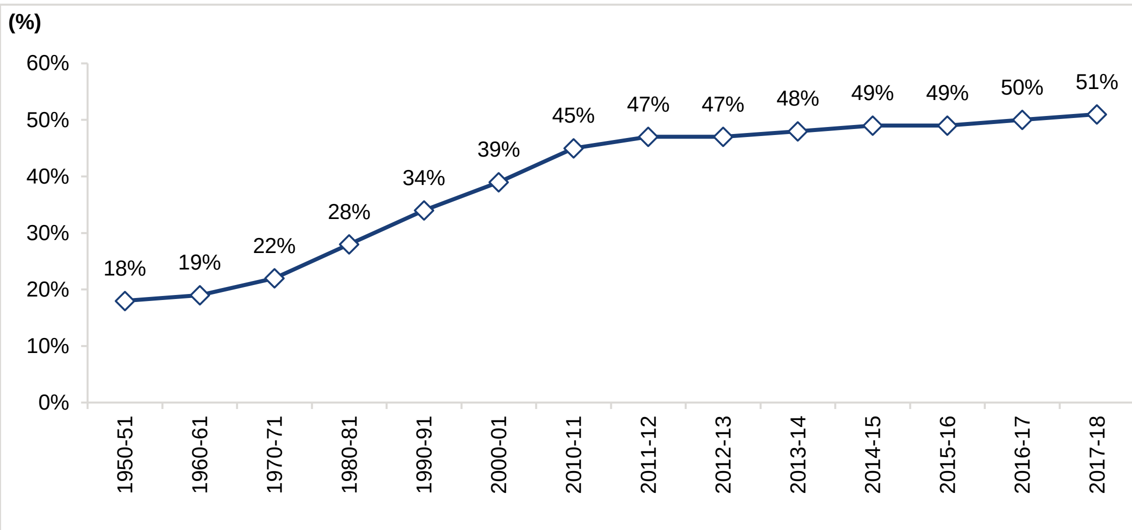
*Source: CRISIL Research*

CRISIL Research expects investments to remain skewed towards these top seven states over the next three fiscals. The share is expected to remain at similar levels over fiscals 2019 to 2021.

**Review of irrigation penetration levels**

Penetration of irrigation in India is low, but efforts are on to improve it. As per CRISIL estimates, 51% of the net sown area had been irrigated, as of fiscal 2018. With 49% of the net sown area still rain-fed, Indian farmers are forced to keep an eye on the sky for a good crop. The government has been making significant investments in developing irrigation infrastructure, having spent ~Rs 6,844 billion during the past 10 years. With only 51% land irrigated, the country has huge potential for irrigation. The government's focus on sophisticated technology such as pressurised irrigation, pipelines, drip and sprinkler irrigation, is expected to deepen irrigation penetration.

**Irrigation penetration levels in India**




*Note: Irrigation is measured in terms of net area irrigated (per cent) as a percentage of net sown area.*

*Source: Ministry of Agriculture, CRISIL Research*

**Disparity among states in irrigation penetration**

Irrigation penetration is not uniform across the country. States in the Ganges belt, for example, enjoy high irrigation penetration. Punjab, Uttar Pradesh and Haryana have taken the lead in this regard, with more than 80% of the net sown area under irrigation. They collectively produce 39% of the total agricultural produce. Tamil Nadu hashigher irrigation penetration compared to all India average. In Jharkhand and Maharashtra, irrigation penetration was less than 20% as of FY18.

**Review of construction investment in irrigation**

CRISIL Research believes construction spend in irrigation will rise sharply to Rs 4,443 billion over fiscals 2019 to 2023, compared with Rs 2,651 billion over the past five years (fiscal 2014 to 2018). The construction spend on irrigation in the sector are expected to be driven by increased spending by states. Also, the focus on establishing a line of command, and merging various policies under one roof, will provide much-needed push to the sector.

**Key growth drivers for the sector**

**Clubbing of all centrally-sponsored schemes under one umbrella**

The PMKSY has four major components: Accelerated Irrigation Benefit Programme (AIBP), Integrated Watershed Management Programme (IWSMP), On Farm Water Management (OFWM or Har Khet Ko Pani) and Per Drop More Crop. This scheme plans to increase area under cultivation by 8 million ha from fiscal 2017 to 2021.

**Improved monitoring from central government**

The government has started to take a bottom-up approach, with each district asked to prepare a district irrigation plan. All states have to prepare a state irrigation plan on the basis of their district irrigation plans. The National Executive Committee, chaired by the vice-chairman of NITI Aayog, will oversee programme implementation, thus bringing in swiftness in execution.

**Secure access to land and water, driven by policy reforms**

Land is a critical input for irrigation projects. Projects have been delayed due to issues in land acquisition and clearances. The sector also faces delays due to water disputes with neighbouring states. For example, major projects in the states of Andhra Pradesh and Telangana (Pranahita Chevella and Indirasagar Polavaram Project) have been delayed for more than a decade due to disputes with Maharashtra. Providing a framework for fast-tracking dispute resolution, in effect reducing delays, will make the industry more attractive for private players.

**Increasing penetration of micro-irrigation**

The potential for micro-irrigation in India is very high, given that only 10.0 million ha of a potential ~69.5 million ha have been covered under such systems (as of March 2018), even as water scarcity issues loom large. The Government of India task force 2004 report estimates a potential of 27 million ha for drip irrigation and 42.5 million ha for sprinkler irrigation. Rajasthan, Punjab, Haryana, Gujarat, Maharashtra, Madhya Pradesh, and Uttar Pradesh account for over 80% of this irrigation potential.

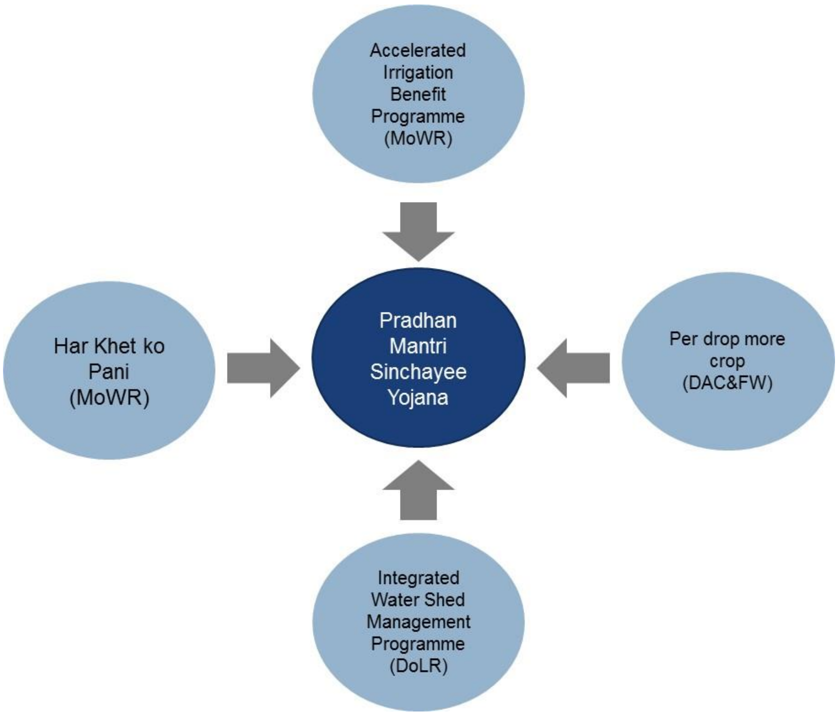
**Policy and regulatory framework for the industry**

Aiming to converge irrigation investment at the field level to maximise its impact, the government initiated the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) in fiscal 2016 with a spending target of Rs 500 billion until 2020. It was approved by the Cabinet Committee on Economic Affairs on July 1, 2015.

The key schemes that converged included the Accelerated Irrigation Benefit Programme (AIBP), Integrated Water Shed Management Programme (IWSMP), On Farm Water Management (OFWM or Har Khet ko Pani), and Per Drop More Crop, of which micro-irrigation is a component. Micro-irrigation promotes efficient water conveyance and precision water application devices such as drips, sprinklers, pivots, and rain guns. An area of 1.6 milion ha is proposed to be irrigated during fiscal 2019, under PMKSY.

While AIBP and OFWM fall under the Ministry of Water Resources (MoWR), Per Drop More Crop falls under the Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW), and IWSMP is overseen by the Department of Land Resources (DoLR). PMKSY will be implemented by Ministry of Agriculture, Water Resources and Rural Development.

**Convergence of various schemes under one umbrella**




*Note: MoWR- Ministry of Water Resources, DAC&FW- Department of Agriculture, Cooperation & Farmers Welfare,*

*DoLR- Department of Land Resource*

Looking to provide irrigation to all farms, PMKSY will focus on an end-to-end solution for the irrigation supply chain and monitor implementation at the district, state, and national levels. The state and central governments will formulate district irrigation plans (DIPs) for each district and state irrigation plans (SIPs) for each state which will guide the planning and implementation of the scheme. DIPs will identify gaps in irrigation infrastructure after taking into consideration the district agriculture plans (DAPs) already prepared for the Rashtriya Krishi Vikas Yojna (RKVY). DIPs can be formulated on two levels – the block and the district. Once the block master plan is made, it has to be approved by the intermediate-level block panchayat and forwarded to the district planning committee for inclusion in the district master irrigation plan.

The nodal department - the state agriculture department - will collate the sub-projects of each cluster, received from different departments/districts as one plan, and place it before the Inter-Departmental Working Group (ID WG) for scrutiny and State-Level Sanctioning Committee (SLSC) for sanction. Project execution will be monitored by SLSC and progress reviewed by the National Steering Committee. Further, a national executive committee under Niti Aayog will monitor implementation, allocation, and execution to disburse resources.

**Current status of PMKSY**

- State-level sanctioning committees have been formed for all states.
- As per Union Budget 2019, there is a target to complete 48 of 99 AIBP projects by December 2019. The financial target for this period is Rs 187.61 billion.
- Of the 99 projects, 26 projects are in Maharashtra, 14 in Madhya Pradesh, 11 in Telangana, 8 in Andhra Pradesh, 8 in Odisha, 5 in Karnataka, 4 in Uttar Pradesh and the remaining in various other states.
- Total fund requirement for 99 fast-tracked AIBP projects is envisaged at Rs 775.95 billion, with estimated central assistance of Rs 313 billion; potential utilisation through these projects is estimated to be 76.03 lakh hectare.
- The centre will take loans from National Bank for Agriculture and Rural Development (NABARD), for which a fund has been set up. The Cabinet Committee on Economic Affairs has approved an initial corpus of Rs.50 billion for setting up a dedicated “Micro Irrigation Fund” (MIF) with NABARD. An

allocation of Rs 20 billion has been made for fiscal 2019, while Rs 30 billion has been earmarked for fiscal 2020.

- Rs 26 billion has been allocated for ground water irrigation scheme under PMKSY-Har Khet Ko Pani. This scheme will be taken up in 96 deprived irrigation districts where less than 30% of the land holdings gets assured irrigation presently.

**Government schemes on micro-irrigation**

| | |
|---|---|
| Centrally sponsored scheme on Micro Irrgiation | • The scheme was launched by the department of Agriculture & Cooperation, Minsitry of Agriculture in January, 2006. |
| National mission on micro irrigation (NMMI) | • The scheme launched in January 2006 was up-scaled to NMMI in June 2010. The scheme continued till 2013-14. |
| On Farm Water Management (OFWM) | • In 2014-15, NMMI was clubbed under the National Mission on sustainable Agriculture (NMSA) and implemented as OFWM during the financial year 2014-15 |
| Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) | • In April 2015, micro irrigation component of OFWM has been put under PMKSY's Per Drop More Crop. |

*Source: CRISIL Research*

Subsidy levels are 55% for small and marginal farmers and 45% for other farmers, with the maximum area for which subsidy will be provided capped at 5 ha per farmer. However, subsidy levels are not uniform across states, ranging from 50-90%, with some states providing subsidies as high as 90-100%. While the central government offers its contribution, subsidies over and above are borne by state governments.

**Interlinking of Rivers Programme (ILR)**

- Interlinking of rivers programme aims to ensure equity in distribution of water by enhancing the availability of water across drought and flood-prone areas.
- The National Water Development Agency (NWDA) under the National Perspective Plan identified 30 links for preparation of feasibility reports. 16 links are under the peninsular component and 14 under the Himalayan component.
- The NPP envisages ~185 billion cubic metres of storage along with building of links.
- Four priority links have been identified for preparation of detailed project report. These are Ken-Betwa link project (KBLP) Phase –I & II, Damanganga-Pinjal link project, Par-Tapi-Narmada link project and Mahanadi Godavari link project. The detailed project report is taken only after consent from the concerned state government.

- Additionally, NWDA has received 47 proposals for intra-state links from nine states viz. Maharashtra, Gujarat, Jharkhand, Orissa, Bihar, Rajasthan, Tamil Nadu, Karnataka and Chhattisgarh. Of these 47 proposals, pre-feasibility reports (PFRs) of 36 intra-state links had been completed by NWDA up to March 2017.
- The overall implementation of ILR programme under NPP is expected to ensure an additional 35 million hectares of irrigation, increasing the ultimate irrigation potential from 140 million hectare to 175 million hectare, along with the other benefits of navigation, water supply, flood control, and pollution control etc.

**National Mission for Clean Ganga**

- The Ganga covers a length of 2525 kilometres across five states, namely Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal. It has a catchment area of 8,61,404 square km covering over a quarter of the country's land area and sustaining 46% of the total population of the country. It touches 118 towns and 1657 gram panchayats across 66 districts in five Indian states. It faces a challenge to its existence due to the discharge of increasing quantities of sewage, trade effluents and other pollutants on account of rapid urbanisation and industrialisation.
- The National Mission for Clean Ganga (NMCG), created in June 2014, is supported by state-level programme management groups (SPMGs) of Uttar Pradesh, Uttarakhand, Bihar, Jharkhand and West Bengal. The main activities undertaken under the programme include sewage and effluent management, including creation of new and rehabilitation of existing STPs, complete sanitation coverage of gram panchayats, development of model cremation/dhobi ghats, development of decision support system in GIS platform for efficient planning and monitoring and creation of an IT-based monitoring centre with real time alert and prediction capabilities.
- The expenditure incurred on NMCG in the first four years, (i.e.; fiscal 2015 to 2018) has been ~Rs 4,500 crore. It has, however, been seen that the pace of utilisation of funds under this programme has not been satisfactory. The slow implementation of projects is owing to delays in tendering, re-tendering, non-availability of land, legal issues, natural calamities, delays in permissions for road cutting, crossing, local festivals, higher fund requirements and pending approvals of state cabinet, etc.
- River surface cleaning work has been undertaken in major cities on the banks of the Ganga, in collaboration with corporate bodies and public sector undertakings. About 11 lakh toilets have been constructed so far. For renovation/modernisation and construction of crematoria based on standard design, initially, 20-25 urban local bodies (ULBs) are being taken up with the target of developing 100 crematoria in a year's time
- River front/ ghat development work has been taken up in seven towns, namely Kedarnath, Haridwar, Delhi, Allahabad, Kanpur, Varanasi and Patna, in addition to repair and modernisation of existing ghats.

**Overview of key irrigation projects in Tamil Nadu**

In Tamil Nadu, close to 57% of the net sown area was irrigated, as of fiscal 2018, as per CRISIL Estimates. The state has a high water requirement as paddy is a major crop. Investments in the state have been clocking a slower 2% CAGR over the past three years. The government has announced a budget outlay of Rs 29.94 billion for fiscal 2019, 4% higher than the budget estimates of fiscal 2018. However, an analysis of state budget indicates an achievement ratio of only 59% over the past five years. There are no major or medium projects that have been fast-tracked in the state under the AIBP.

The World Bank has approved a USD 318 million loan for modernisation of irrigation projects in Tamil Nadu and help small and marginal farmers improve water management and adopt climate resilient techniques. This aid will be as part of a tripartite agreement signed between the central government, the World Bank and the Tamil Nadu government.

Recently, projects are being planned to bringing surplus water from Indravati river, a tributary of Godavari to Cauvery, in Tamil Nadu. As per the project plan, backwater will be routed from the Polavaram project to Krishna river, Krishna to Pennar and Pennar to Cauvery. This will improve water availability in the state.

**Irrigation statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Irrigation penetration | % | 57 |
| Unirrigated area | 000 hectares | 2060 |
| Key crops grown (% of gross sown area as of 2016-17) | | Paddy, Urad, Maize, Jowar, Groundnut |
| Water needs | % | High |
| Current reservoir level | % | 74 |
| Irrigation as a percent of total capex | | 11 |
| Probability of variable rainfall | | Low |
| Key ongoing projects | | Kudimaramathu, Avinashi-Athkadavu lift irrigation |
| Projects fastracked under AIBP | | None |
| Major rivers | | Kaveri, Vaigai, Thamarabharani |

*Note: Irrigation penetration and unirrigated land are estimated for 2017-18*

*Reservoir Level is as on 12 April 2018, as a percentage of live capacity at FRL (Full Reservoir Level)*

*Irrigation as a percent of total capex is for 2018-19 BE*

*There is no project which is fast-tracked under AIBP*

*Source: State budgets, CRISIL Research*

**State statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Budget allocation 2018-19 | Rs billion | 29.95 |
| Proportion of major, medium, minor and flood control | % | Major irrigation – 24 Medium - 64 Minor – 10, Flood control - 2 |
| Investment growth over next 3 years | times | 1.3 |
| Achievement ratio (fiscal 2017) | % | 68 |
| Achievement ratio (fiscal 2018)* | % | 65 |
| GFD/GSDP | % | 2.79 |

*Note: Budget allocation includes only capital expenditure*

**Achievement Ratio for 2017-18 is based on the Revised Estimates*

*Source: State budgets, CRISIL Research*

**Key ongoing projects**

***Kudimaramathu scheme***

**Scope and features**

- In Tamil Nadu, King Karikalan built a dam made in a water stream for maintaining and regulating irrigation) across the Cauvery river. The reaches of the head sluices of the irrigation systems were maintained by the government, which was known as "Sarkari" and the lower reaches were maintained by the farmers, popularly known as "Kudimaramath" in the local language.
- The project, which was launched on March 13, 2017, aims at reviving the Kudimaramath concept and improve the water resource management through community participation. In the Union Budget speech for fiscal 2016-17, Rs 100 crore was set apart as an incentive fund. During fiscal 2017, 1,519 works at an estimated cost of Rs.100 crore in 30 districts were taken up.
- Of the estimated amount, 10% should come as a contribution from the Users' Association or Ayacutdars in the form of labour or material or cash.
- In this scheme, maintenance works in supply channels, canals, tanks, shutters, strengthening and reconstruction of surplus weirs and sluices are taken up.

- The budget for fiscal 2017-18 saw an allocation of Rs 300 crore.
- Major works are executed by the Water Resources Department by following the usual rules and regulations in force. Minor works are executed on a nomination basis through farmer organisations or farmer councils or 'ayacutdars' or group of 'ayacutdars'.
- For fiscal 2018-19, Rs.300 crore has been allocated for Kudimaramath works in the budget.

**Avinashi-Athkadavu scheme**

***Scope and features***

- A lift irrigation project is designed to benefit "the areas of the Athikadavu-Avinashi scheme for Coimbatore, Tiruppur and Erode districts by diversion of surplus water of the Bhavani river from the downstream of the Kalingarayan anicut has been prepared.
- As per the state budget 2018-19, the project envisages involving 32 Water Resources Department tanks, 42 Panchayat Union tanks and 971 ponds in Coimbatore, Tiruppur and Erode districts. Besides, the ground water potential is expected to be augmented. For this purpose, Rs 250 crore were allocated in the budget 2018-19.
- By implementing this scheme, in addition to the improvement in irrigation, there are benefits expected such as aquaculture, sericulture and animal husbandry. The current power consumption for lifting of ground water is expected to considerably decline, due to the increase in the water table level in nearby wells.

Telangana:

Telangana has been proactive in investing in irrigation projects and has remained among the top spenders, as water is a major requirement for the state. To stop migration of people due to the lack of water availability, irrigation occupies strategic importance for the state. The state is one of the top spenders over the past three years, accounting for 13% of total spending over the same period. The revised estimate for fiscal 2018 was brought down to Rs 101 billion from the budget estimate of Rs 154 billion (a 35% decline). Further, the achievement ratio has averaged around 70%. The estimated fiscal deficit of the state is high at 3.5% of the GDP for fiscal 2019. However, the state's focus towards irrigation is visible, as 50% of its total capex is directed towards the sector. Also, the budget allocation for fiscal 2019 has been significantly increased to Rs 167 billion (8.5% higher than the budget estimate for fiscal 2018 and 67% higher than the revised estimate for fiscal 2018).

**Irrigation statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Irrigation penetration | % | 47 |
| Unirrigated area | 000 hectares | 2315 |
| Key crops grown (% of gross sown area as of 2016-17) | | Paddy, Cotton, Maize (74% of the gross sown area of fiscal 2017) |
| Water needs | % | High |
| Current reservoir level | % | 7 |
| Irrigation as a percent of total capex | | 50 |
| Key ongoing projects | | Kaleshwaram project, Mission Kakaitya, Palamaru Rangareddy, J Chokka Rao Devadula |
| Projects fastracked under AIBP | | J Chokka Rao LIS, Sri Komakaram Bheem project, Indiramma Flood Flow Canal, SRSP St.II, Nilwai |
| Major rivers | | Godavari, Krishna, Bhima, Pranhita, Tungabhadra |

*Note: Irrigation penetration and unirrigated land are estimated for 2017-18*

*Reservoir Level is as on 12 April 2018, as a percentage of live capacity at FRL (Full Reservoir Level)*

*Irrigation as a percent of total capex is for 2018-19 BE*

*Source: State budgets, CRISIL Research*

**State statistics**

| Parameter | Unit | |
|---|---|---|
| Budget allocation 2018-19 | Rs billion | 167 |
| Proportion of major, medium, minor and flood control | % | Major irrigation – 78 Medium – 4<br>Minor – 16, Flood control – 1 |
| Investment growth over next 3 years | times | 1.3 |
| Achievement ratio (fiscal 2017) | % | 74 |
| Achievement ratio (fiscal 2018)* | % | 65 |
| GFD/GSDP | % | 3.5 |

*Note: Budget allocation includes only capital expenditure*

**Achievement Ratio for 2017-18 is based on the Revised Estimates*

*Source: State budget, CRISIL Research*

**Key ongoing projects**

**Kaleshwaram project: Costliest project undertaken by the state; work going on war footing**

**Scope and features**

- The Kaleshwaram project on the Godavari river is a complex irrigation and drinking water supply plan constituting construction of 20 new reservoirs that will, when completed, store 142 thousand million cubic feet (TMC ft) of water. It involves transferring water through lift schemes and conveying it to water-deficient upland regions of Telangana.
- The command area proposed under this project is a part of the balance command area not covered by any other schemes; thus it becomes a project of strategic importance for the state
- According to our interactions with irrigation department officials, unlike many other irrigation projects, where work is usually taken up in stages, the pace of work on the Kaleshwaram project is same at every site, being carried out simultaneously.
- The state government has demanded the national status for the project.
- The work on the project is as per schedule. The Telangana government accorded permission to the Kaleshwaram Irrigation Project Corporation Ltd (KIPCL) to borrow a term loan of Rs 120.67 billion for the construction of pumps for the lift irrigation scheme. It is one of the costliest projects being undertaken by a state.

**Palamuru Rangareddy Scheme**

**Scope and features**

- PRLIS is one of the largest welfare projects being undertaken by Telangana. While the immediate purpose for the project is to provide water for drinking and industrial purposes, the eventual plan (to be implemented at a later date) is to use this water for irrigation through a network of canals.
- The project is designed to provide irrigation facility to 2,83,278 hectare in Mahbubnagar, 2,02,342 hectare in the Rangareddy district and 12,140 hectare in the Nalgonda district. There is tremendous shortage of drinking water, as these are fluoride-affected areas. As a result, a large part of the population of these districts is being forced to migrate to other parts of the country. To redress this situation, the state government has taken up the Palamuru Ranagareddy Lift Irrigation Scheme (PRLIS).
- The project was redesigned in June 2016 to lift 1.5 TMC feet of water from Srisailam foreshore for about 90 days in a year. Before redesigning of the project, it was planned to lift water from Jurala reservoir project to irrigate 4,04,685 hectare land. However, it involved large-scale submergence – 16,342 houses in 47 villages and over 84,000 population getting affected.
- It would be the major project in the country with least submergence and environmental damage, in spite of it having major balancing reservoirs with a storage capacity of 67.85 TMC ft.
- The total displacement, in terms of houses, was only 2,450 for the entire project, the officials said.

- The project plans to construct major balancing reservoirs with a total storage capacity of 67.85 TMC ft. at Narlapur, Yedula, Vattem, Karivena, Uddandapur and Laximdevipally. Despite legal hurdles, works on the Yedula reservoir, one of the major components in the project, were completed to over 95% by the end of March 2018.
- The state government already issued Rs 352 billion administrative permission to the project and wanted to complete the first phase by 2018. But, due to the court cases, the project got delayed.

**J Chokka Rao Devadula Lift irrigation scheme: Second largest water scheme of its kind in Asia**

**Scope and features**

- The J. Chokka Rao Devadula Lift Irrigation Scheme is a project designed for effectively channelling the flood waters of the Godavari river towards irrigating the agricultural land and drinking water supply across the drought-prone state. Warangal-Medak, Karimnagar and Nalgonda; all drought-prone districts covering about 6% of net sown area of the state as of fiscal 2018 will be benefitted from this project.
- This is the second largest water scheme of its kind in Asia, wherein 38.16 TMC of water will be lifted from the Godavari river and used to provide irrigation benefits to 6.21 lakh acre and also for drinking purpose.
- Funds from a special purpose vehicle, Telangana State Water Resources Infrastructure Development Corporation (TSWRIDC), will be used for the execution of this project.
- Works under Package II are underway with completion scheduled for July 2018. Work on remaining packages is underway with completion expected by October 2018.

**Mission Kakatiya: Focus on micro-irrigation to revive the importance of tanks in the state**

**Scope and features**

- The mission aims at retrieving the lost glory of minor irrigation in the state with community participation for ensuring sustainable water security.
- The topography and rainfall pattern of Telangana makes tank irrigation an ideal type of irrigation by storing and regulating water flow for agricultural use.
- In 2014, the irrigation department had planned to restore all the 46,531 minor irrigation sources in the state in the next five years, taking up 20% of tanks each year.
- As per a NABCONS (NABARD Consultancy Services) report, this project has not only increased the irrigation intensity, but also enhanced the crop yield. Though there was inadequate rainfall in 2016, the cultivable area was increased 51.5%. The area under paddy cultivation increased from 49.2% to 62.1% in the state.
- In all the three phases put together, the department could complete only 28% of the tanks targeted until March 2017, according to the report. Only 14% works out of the actual 8,315 tanks taken up were completed in time.
- Removal of silt was one of the main components of Mission Kakatiya. There was an average shortfall of 33% in the removal of silt in 27 test-checked tanks. Prioritisation of works was not in accordance with the guidelines.

Andhra Pradesh:

Andhra Pradesh accounted for ~14% share of the country's total irrigation investment between fiscals 2016 and 2018. In fact, the state's revised estimates for fiscal 2018 were higher than the budget estimate, with average achievement ratio as high as 135% over the past two years. The state, which increased its budget outlay by a significant 40% to Rs 159.2 billion for fiscal 2019, has earmarked 55% of the total towards irrigation as it aims to complete 50 high priority projects.

**Irrigation statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Irrigation penetration | % | 53 |
| Unirrigated area | 000 hectares | 2950 |
| Key crops grown (% of gross sown area as of 2016-17) | | Paddy, Cotton, Groundnut, Urad (72%) |

| Parameter | Unit | |
|---|---|---|
| Water needs | % | Moderate |
| Current reservoir level | % | 8 |
| Irrigation as a percent of total capex | | 55 |
| Key ongoing projects | | Polarvaram, Telugu Ganga Project |
| Projects fastracked under AIBP | | Tarakaram Teerta sagaram, Totappalli, Pushkara |
| Major rivers | | Godavari, Krishna, Penna, Tunga |

*Note: Irrigation penetration and unirrigated land are estimated for 2017-18*

*Reservoir Level is as on 12 April 2018, as a percentage of live capacity at FRL (Full Reservoir Level)*

*Irrigation as a percent of total capex is for 2018-19 BE*

*Source: State budgets, CRISIL Research*

**State statistics**

| Parameter | Unit | |
|---|---|---|
| Budget allocation 2018-19 | Rs billion | 159.2 |
| Proportion of major, medium, minor and flood control | % | Major irrigation – 89 Medium – 1<br>Minor – 8, Flood control – 1 |
| Investment growth over next 3 years | times | 1.7 |
| Achievement ratio (fiscal 2017) | % | 139 |
| Achievement ratio (fiscal 2018)* | % | 130 |
| GFD/GSDP | % | 2.8 |

*Note: Budget allocation includes only capital expenditure*

**Achievement Ratio for 2017-18 is based on the Revised Estimates*

*Source: State budget, CRISIL Research*

**Key ongoing projects**

**Polavaram project: Work being carried in full swing; project regarded as lifeline of the state**

**Scope and features**

- The Polavaram project, which was declared a national project in 2014, is a major multi-purpose irrigation project being constructed on the Godavari River, and traversing across three states – Andhra Pradesh, Odisha and Chhattisgarh. A dam is under construction in West Godavari and East Godavari districts of Andhra. The project will provide irrigation to upland areas of East Godavari, Visakhapatnam districts, West Godavari and Krishna districts. It will indirectly benefit 13 districts, covering 37% of the net sown area of the state in fiscal 2018. The main occupation of the Krishna and West Godavari districts is agriculture. East Godavari is the rice granary of the state. Thus, the district's water needs are of strategic importance
- Along with irrigating 37% of the state's sown area, the project will generate 960 MW of hydro electricity
- In addition, the project will supply 23.4 TMC of drinking water to Visakhapatnam and also to Vizag steel plant
- As of May 2018, 52.2% of the work was completed:
  - Head works – 37.51% complete
  - Right main canal – 91% complete
  - Left main canal – 60% complete
- The project constitutes several small projects. Besides the five projects (Gorukallu Reservoir, Owk Tunnel, Pulikanuma Lift Irrigation Scheme, Pedapalem LI Scheme and Chinasana LI Scheme), most projects were completed on March 31, 2018.

- The project cost has escalated from Rs 160.6 billion to Rs 583.2 billion, an increase of ~264%. Out of the ~Rs 420 billion increase in project cost, ~Rs 300 billion increase is because of increase in the land acquisition and rehabilitation costs owing to enhanced compensation as per the new Land Acquisition Act, 2013. There have also been some changes in the project specification such as the increase in the height of the coffer dam, use of jet grouting for coffer dam instead of sheet piling, etc. Delay in project completion is also another reason for the cost overrun

**Telugu Ganga project: Project delayed for decades for want of funds and environmental clearance**

**Scope and features**

- The project is jointly promoted by the governments of Andhra Pradesh and Tamil Nadu, with the project providing irrigation to arid areas in Andhra Pradesh and drinking water to Chennai. The project will benefit the dry lands of Kurnool, Cuddapah and Chittoor of Rayalaseema and upland areas of Nellore district, covering 1.21% of the net sown area of the state, in fiscal 2018
- The scheme involves a 408-km-long canal from Srisailam Reservoir to the Andhra Pradesh–Tamil Nadu border, and extends a further 26 km into Tamil Nadu till it connects Poondi Reservoir
- The project is part of the 50 top priority projects
- The project consists of seven branch canals. While 90% of the work has been completed in non-forest reaches, water cannot be supplied because of forest land in between

Karnataka:

Karnataka has attached significant weightage to irrigation investment in its budget year after year. The state accounted for 11% of pan-India investments between fiscals 2016 and 2018, and is expected to continue doing so in the coming years. This was evident from the election manifestos of the parties competing in the recently concluded elections. The Karnataka government has apportioned 41% of its fiscal 2019 capital expenditure budget towards irrigation. The average achievement ratio for the past two years has been 91%.

**Irrigation statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Irrigation penetration | % | 38 |
| Unirrigated area | 000 hectares | 6189 |
| Key crops grown (% of gross sown area as of 2016-17) | | Maize, Tur, Paddy, Jowar, Groundnut, Ragi, Cotton, Moong (71%) |
| Water needs | % | Low |
| Current reservoir level | % | 20 |
| Irrigation as a percent of total capex | % | 41 |
| Key ongoing projects | | UKP Stage III, Upper Bhadra Lift Irrigation |
| Projects fastracked under AIBP | | Upper Tunga Irrigation Project, Sri Rameswar Irrigation, Karanja, Bhima LIS |
| Major rivers | | Kaveri, Krishna, Tungabhadra |

*Note: Irrigation penetration and unirrigated land are estimated for 2017-18*

*Reservoir Level is as on 12 April 2018, as a percentage of live capacity at FRL (Full Reservoir Level)*

*Irrigation as a percent of total capex is for 2018-19 BE*

*Source: State budgets, CRISIL Research*

**State statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Budget allocation 2018-19 | Rs billion | 121.71 |
| Proportion of major, medium, minor and flood control | % | Major irrigation – 0 Medium – 84<br>Minor – 15 |

| Parameter | Unit | |
|---|---|---|
| Investment growth over next 3 years | times | 1.4 |
| Achievement ratio (fiscal 2017) | % | 89 |
| Achievement ratio (fiscal 2018)* | % | 86 |
| GFD/GSDP | % | 2.49 |

*Note: Budget allocation includes only capital expenditure*

**Achievement Ratio for 2017-18 is based on the Revised Estimates*

*Source: State budget, CRISIL Research*

**Key ongoing projects**

**About 72% of budget allocated towards Upper Krishna Project Stage III**

**Scope and features**

- Upper Krishna Project Stage III is part of the Upper Krishna Project, of which Stage I and Stage II is complete. Gulbarga, Raichur, Bagalkot and Bijapur, covering 60% of the net sown area, will be benefitted from it. Barring Raichur, all other districts are declared drought prone by the government.
- It includes nine lift irrigation projects, which will supply water for agricultural activities in the Krishna basin of Bagalkot and Vijayapura districts. The dam's height will be increased from 519.6 metres to 523.3 metres to impound an additional 130 tmcft of water from Krishna river.
- About 53,823 hectare would be acquired for the project and it would rehabilitate people residing in 22 villages. Till now, about 8% land has been acquired and the process is on for acquiring the remaining lands.
- **Upper Bhadra Project: Long stalled project, deadlines missed**

**Scope and features**

- Upper Bhadra Project is a major lift irrigation scheme under implementation in the central region of Karnataka. It envisages lifting of water in the first stage from Tunga to Bhadra and lifting of water in second stage from Bhadra reservoir and providing it to Tunnel near Ajjampura through gravity canal in the Tungabhadra sub-basin of Krishna basin. About 2,25,000 ha of Chikmagalur, Chitradurga, Tumkur and Davanagere covering 2.24% of the net sown area of the state will be benefitted. Major beneficiary districts for this project will be Chitradurga and Devangere, which will get irrigation facilities for the first time. These districts are drought prone, as declared by the government.
- The primary objective of the project is providing susbtainable irrigation facility in kharif season. Other objectives include recharging the ground water table and diluting the chemical contaminants of which fluoride is predominant.
- The unique feature of the project is that 2,25,000 ha will be irrigated using micro irrigation.
- Project implementation has been entrusted on engineering, procurement and construction tender basis. As per industry interactions, 25% of the work is complete. The project is divided into two phases -
    - tunnel and lifting, and canal system and distribution
- The tunnel is nearing completion and canal system work is underway. Of the two lift irrigation projects, one is complete and the other is in progress.
- The Upper Bhadra Project will be open for trial basis in July 2018.
- By end fiscal 2017, the cumulative expenditure incurred was Rs 18 billion.
- While an area of 4,480.50 ha of land including forest is required, only 622.17 ha (~14%) of land has been acquired so far. First stage clearance for acquisition of forest land (318.62 ha) has been obtained and the process is on for obtaining second stage clearance.

Kerala:

**Irrigation statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Irrigation penetration | % | 19 |
| Unirrigated area | 000 hectares | 1638 |
| Key crops grown (% of gross sown area as of 2016-17) | | Coconut, Paddy, Arecanut, Banana, Nutmeg (85%) |
| Water needs | % | High |
| Current reservoir level | % | 41 |
| Irrigation as a percent of total capex | % | 7.3 |
| Key ongoing projects | | Muvattupuzha Valley Irrigation Project (MVIP), Idamalayar Irrigation Project, Karapuzha Irrigation Project, Banasura Sagar Irrigation Project |
| Projects fastracked under AIBP | | Karapuzha Irrigation Project |
| Major rivers | | Periyar, Bharatapuzha, Pamba |

*Note: Irrigation penetration and unirrigated land are estimated for 2016-17*

*Reservoir Level is as on 12 April 2018, as a percentage of live capacity at FRL (Full Reservoir Level)*

*Irrigation as a percent of total capex is for 2018-19 BE*

*Source: State budgets, CRISIL Research*

**State statistics**

| **Parameter** | **Unit** | |
|---|---|---|
| Budget allocation 2018-19 | Rs billion | 5.2 |
| Proportion of major, medium, minor and flood control | % | Major irrigation – 10, Medium – 35, Minor – 37, Flood control - 18 |
| Achievement ratio (fiscal 2017)* | % | 145 |
| Achievement ratio (fiscal 2018)* | % | 118 |
| GFD/GSDP | % | 3.1 |

*Note: Budget allocation includes only capital expenditure*

**Achievement Ratio for 2016-17 and 2017-18 is based on the Revised Estimates*

*Source: State budget, CRISIL Research*

**Key ongoing projects**

**The state currently has 4 major projects under implementation**

At present, there are 23 major and medium irrigation projects in the State. This includes 19 completed irrigation projects and 4 ongoing projects viz. – Muvattupuzha, Idamalayar, Karapuzha and Banasurasagar. These four projects that commenced in 1970s and 1980s are still continuing with time and cost over runs. The unprecedented delay in implementation is the result of various factors including Administrative as well as Technical reasons.

**Muvattupuzha Valley Irrigation Project (MVIP)**

**Scope and features**

- This project envisages the utilisation of the tailrace discharge from the Moolamattom Power House of the Idukki Hydro-Electric Project and the dependable runoff from the catchments of Thodupuzha River
- MVIP was started in 1974 and was approved by the Planning Commission in June 1983
- The project was partially commissioned in 1994. Since then, water distribution is being carried out in the completed stretches of canals. Out of the 35,619 ha potential envisaged through the project, 32,608 ha had been created till 2016-17. However, some intervening missing links could not be completed till date.

**Idamalayar Irrigation Project**

Idamalayar Irrigation Project is a diversion scheme for diverting water of Periyar river for irrigating 14,394 ha of cultivable lands in Periyar and Chalakudy basins. The work commenced in 1981.

- Main components of the project are- (1) A head regulator across the main canal at its starting point. (2) Canal system consisting of – Main canal (32.278 km), Low level canal (27.25 km), link canal (7.575 km).
- Main Canal for a full length of 32.278 km had been completed. Works of Low Level Canal completed up to 15th km except at MC road crossing and Railway crossing. Link Canal works completed up to 2.00 km.
- Water distribution made possible through Main Canal (32.278 km) and Low Level Canal upto 7.3 km during 2013, 2014, 2015, 2016 and 2017 for the period from January to June, thereby benefitting the agricultural and drinking water need of Malayattoor-Neeleswaram, Ayyampuzha, Manjapra and Thuravoor Panchayats of Ernakulam.

**Karapuzha Irrigation Project**

Karapuzha Irrigation Project is the first medium irrigation project in the Kabini Sub Basin of Cauvery River.

- Cauvery Water Disputes Tribunal has awarded 2.80 TMC of Cauvery water to Karapuzha.
- Karapuzha Irrigation Project is one of the 99 prioritised projects under Accelerated Irrigation Benefit Programme (AIBP).
- This Project consists of an earthen dam with concrete spillway across Karapuzha River at Vazhzvatta in VythiriTaluk of Wayanad District for providing irrigation to a net ayacut of 5,221 ha (Cultivable Command Area) in Vythiri, Sulthanbathery and Mananthavady taluks of Wayanad District. Reservoir has a gross storage capacity of 76.50 MCM with live storage capacity of 72.00 MCM.
- This project was approved by Planning Commission in 1978 and administrative sanction was issued for irrigation potential of 8,721 ha. Karapuzha Irrigation Project was partially commissioned on 20th June 2010. The total Culturable Command Area (CCA) created is 601 ha and the corresponding irrigation potential is 938 ha.

**Banasura Sagar Irrigation Project**

- Banasura Sagar Irrigation Project is the second irrigation project in Wayanad District. This project is in the Karamanthodu basin which is a tributary of Panamaram river. The project commenced in 1979 to irrigate an area of 2,800 ha (net) agriculture land for the second and third crops in two taluks of Wayanad district.
- The main canal is 2.73 km long and there are two branch canals – Padinjarathara branch canal having a length 9.030 km and Venniyode branch canal with a length of 5.390 km.
- Of the total main canal, 2,360 m canal works were completed. Works of both branch canals – Padinjarathara and Venniyode are in progress.

**Overview of key projects in the segment in Southern states**

Following is the indicative list of some key irrigation projects being planned/ under execution:

- Visvesvaraya Jala Nigam plans to construct branch canal in Chitradurga district of Karnataka. The project cost is estimated at Rs 3.6 billion.
- A project is under execution to build a dam across the river Varahi. The project is expected to irrigate 38,800 acres of land in Udupi and Dakshina Kannada districts. The project would also boost sugarcane cultivation in the district. The project involves construction of composite dam of length 178.50 m, RBC of length 78.80 km and LBC of length 44.32 km, Lift Irrigation Canal of 33 km. The project involves

provision for supply of water from the Varahi to Udupi city to meet the drinking water requirements; This would provide round-the-clock and round-the-year water to the city. This project would cost Rs. 2.7 billion.

- A project is being planned for rehabilitation of Narayanpur dam at Yadgir in Kalaburagi district of Karnataka under Dam Rehabilitation and Improvement Project. This project cost is estimated at Rs. 1 billion.
- The project is being planned for development of Somasila - Swarnamuki Link Canal in Nellore district of Andhra Pradesh. The project will spread over 34,818 acre of land. The project cost is estimated at Rs 4.4 billion.
- The Yeleru Reservoir Project is contemplated to supply water to steel plant of Vishakapatnam and stabilisation of 67,614 acres under age old Yeleru Irrigation System. A project is being planned to provide irrigation facilities to East Godavari and Vishakapatnam districts. The project cost is estimated at Rs 3.3 billion.
- A project is being planned for upgradation of Krishna delta. The project cost is estimated at Rs 45.7 billion.
- A project is being planned for modernisation of Godavari delta irrigation and its distribution system in West Godavari district of Andhra Pradesh. The scope of the project includes construction and modernisation of the following distributions systems - Western main canal of Eluru canal and junction canal, Kakaraparru canal, Bank canal, Narasapuram canal, G & V canal, Atilli canal, V & W canal and O.W. canal, Undi canal and Yanamadurru drain. The project cost is estimated at Rs 33.6 billion.
- Karnataka Neeravari Nigam is implementing a project for Singatalur lift irrigation scheme at Mundargi taluk in Gadag district of Karnataka. The project will irrigate Koppal district and Hoovina Hadagali Taluka of Bellary district. The project cost is estimated at Rs 18.9 billion.

**An overview of road infrastructure in India**

**Roads sector contribution in Indian GDP**

The Indian road sector saw strong growth in the past. As of fiscal 2017, the road transport sector's share in Indian GDP was ~3.1%. Its share declined marginally in the past five years.

| GVA Share (%) | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|---|---|---|---|---|---|---|
| Road transport | 3.2% | 3.3% | 3.3% | 3.2% | 3.2% | 3.1% |

*Source: MOSPI, CRISIL Research*

**Total length and break-up into national, state and rural roads**

India has the second-largest road network in the world at 6.1 million km. Roads are the most common mode of transportation, accounting for ~86% of passenger traffic and close to 65% of freight traffic.

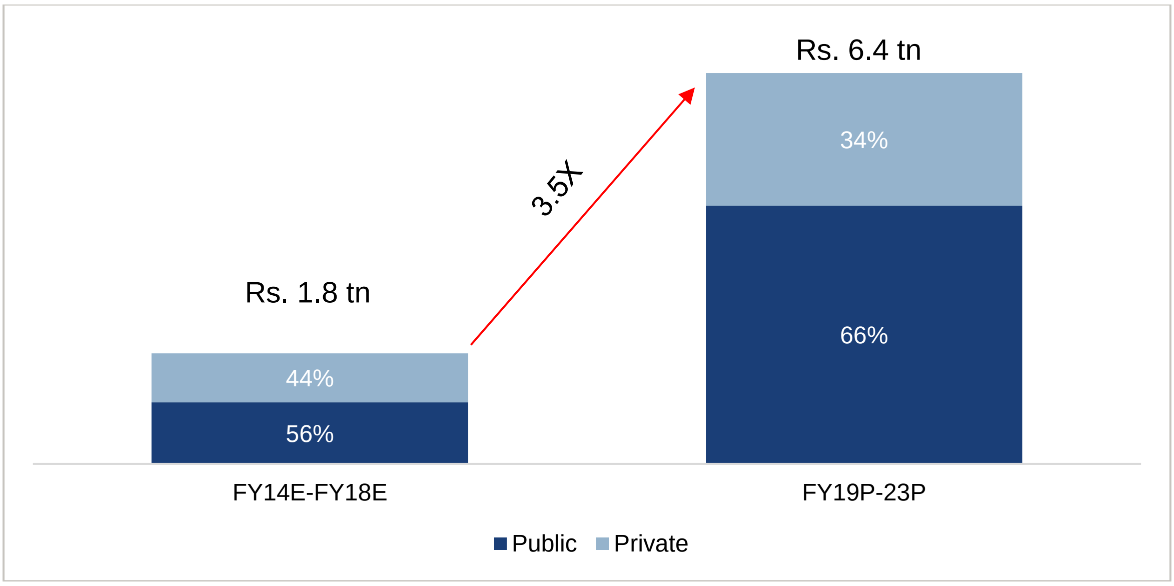
In India, national highways, with length of close to 103,933 km, constitute a mere 1.7% of the road network, but carry ~40% of the total road traffic. On the other hand, state roads and major district roads form the secondary system of roads; these carry 60% of the traffic and account for 98% of the road length.

**Spending on road construction until fiscal 2023**

**Spending on national highways**

Between fiscals 2019 and 2023, CRISIL Research expects an investment of Rs 6.4 trillion, up 3.5 times compared with the past five years. Notably, the government's contribution will increase to about 66% and, hence, NHAI's ability to fund this proportion by raising debt externally is a monitorable.

**National highways: Estimated investments**




*Source: CRISIL Research*

**Spending on state highways**

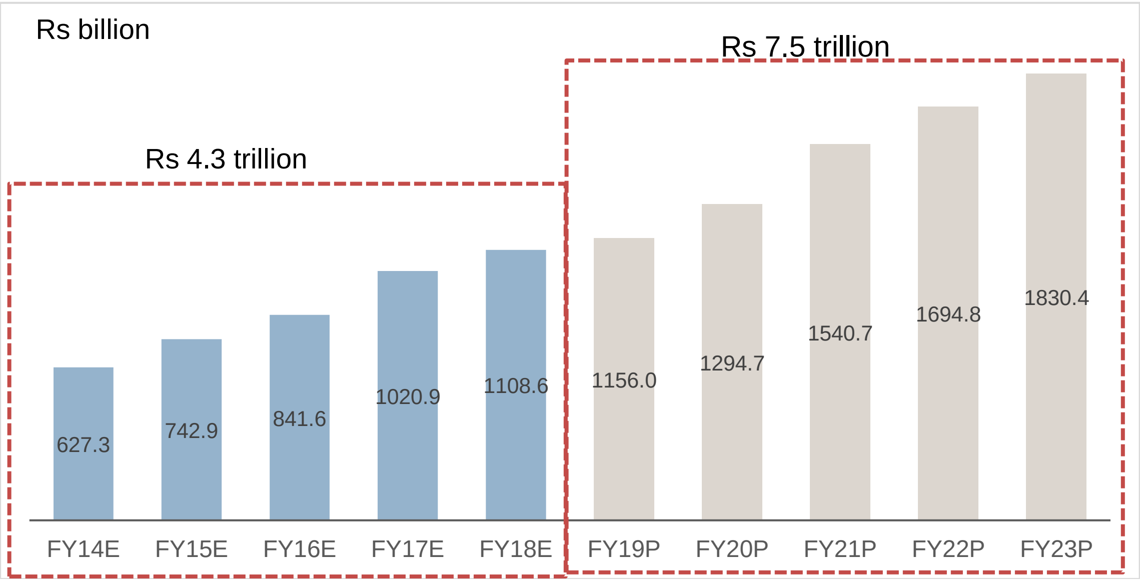
The development of state roads has progressed well in recent years, and we believe this momentum will continue. Major states, such as Maharashtra and Rajasthan, have increased budgetary allocation for state roads significantly this fiscal. Central funding through the Central Road Fund has been constant.

Investment in state roads is expected to increase at a pace of ~11% CAGR between fiscals 2019 and 2023 to Rs 7,517 billion, because of higher budgetary allocation by state governments. In the preceding five years, investments had risen at a 15% CAGR.

State governments have been allocating a significant portion of their budgets on road development, with Uttar Pradesh, Tamil Nadu, Odisha and Madhya Pradesh being the largest allotters. During this period, contribution from the Central government to state roads, through the Central Road Fund, has been increasing steadily, as it was Rs 21 billion in fiscal 2015, Rs 24 billion in fiscal 2016 , Rs 51 billion in fiscal 2017 and Rs 64 billion in 2018.

State roads, which include highways, major district roads and rural roads that do not come under the purview of the Pradhan Mantri Gram Sadak Yojana, constitute over 20% of the country's road network and handle ~40% of road traffic. These play an important role in the economic development of mid-sized towns and rural areas, and aid industrial development by enabling the movement of raw materials and products to and from the hinterland.

**State roads: Overall investment (Rs billion)**



*E: Estimated; P: Projected*

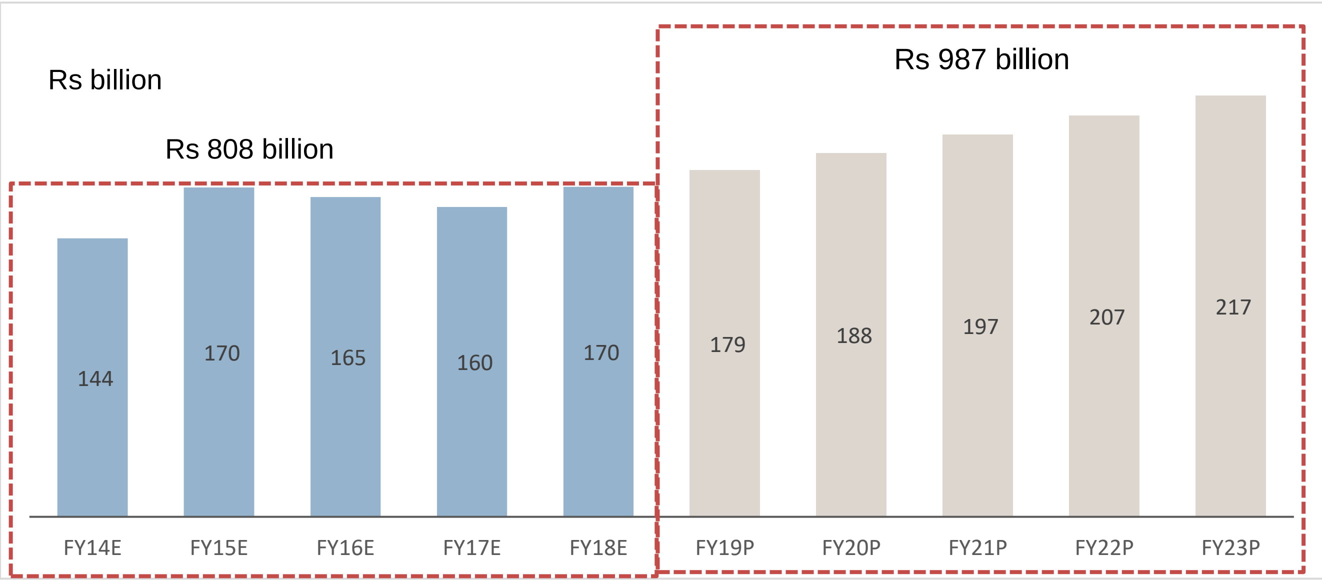
*Source: CRISIL Research*

**Spending on rural roads**

The Pradhan Mantri Gram Sadak Yojana (PMGSY), launched in 2000, aims to build all-weather roads in rural India. Under the scheme, the Centre recognised 183,599 habitations requiring all-weather roads and cleared projects for 167,323 habitations as of August 2018. The scheme involves construction/upgradation of over 800,000 km of rural roads. Of these, 490,187 km of roads connecting 123,528 habitations were completed as of December 2016. About 97% of the targets set for fiscal 2017 were achieved. The target for fiscal 2018 was 51,000 km, of which it met 96%.

CRISIL Research expects investment in PMGSY to jump ~33% from fiscals 2019 to 2023, as the Central government aims to achieve targets three years ahead of schedule.

**Rural roads under PMGSY: Year-wise investments**




*Note: E: Estimated, P: Projected*

*Source: CRISIL Research*

**Expenditure soared, implementation picked up in past three years**

Implementation of projects under the PMGSY grew at a CAGR of 27% between fiscals 2006 and 2010. However, funding constraints slowed down implementation between fiscals 2011 and 2013, as loans worth Rs 185 billion from the National Bank for Agriculture and Rural Development had to be repaid. However, expenditure on the scheme has remained high since fiscal 2014, growing at a CAGR of 4% up to fiscal 2018. CRISIL Research expects investments to grow at 5% CAGR up to fiscal 2023, as the majority of projects get executed by 2019.

**Centre ambitious on PMGSY; states' ability to match funds monitorable**

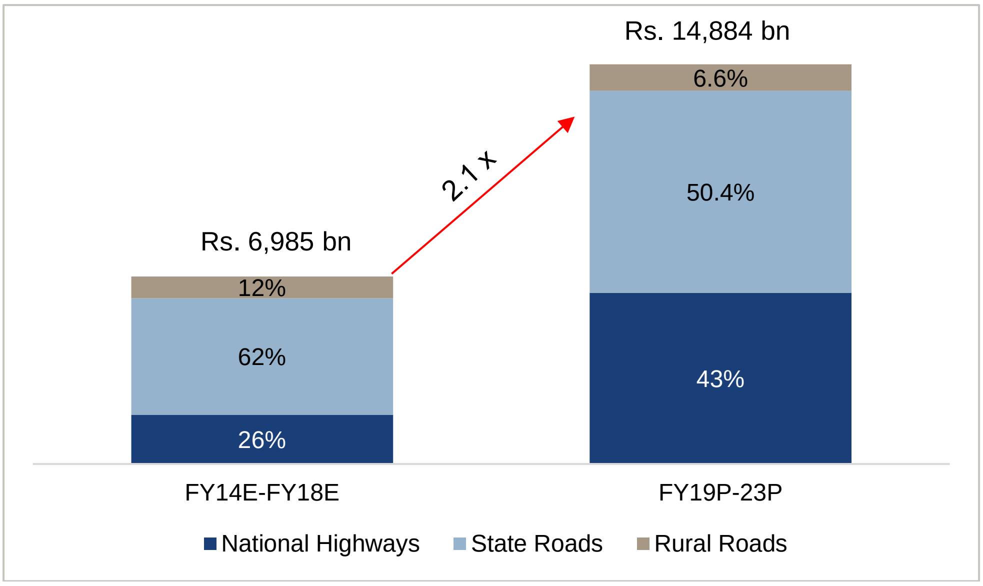
In the Union Budget 2016-17, the government advanced the target date for completion of PMGSY by three years, between fiscals 2022 to 2019. To support this ambitious goal, it increased allocation substantially in fiscals 2016 and 2017 and maintained the budget allocation for 2018. Nearly 75% of the funding needed for the scheme is to be met through cess funds and the rest through external borrowing.

At the same time, the ratio of Central and state spending was revised from 70:30 to 60:40 for most states (the ratio remains 90:10 for the eight north-eastern and the three Himalayan states). Hence, the ability of states to provide funds in proportion to the Centre's contribution is critical to meeting the envisaged targets.

**Budgetary allocation for capital expenditure on national highways**

CRISIL Research expects investment in road projects to grow at a healthy pace during the next five years, led by the government's focus on infrastructure-related sectors. Investment would largely be driven by expenditure on national highways and rural roads as a result of greater budgetary support. However, the current targets set for the sector may be too optimistic, even with the increase in the budget allocation.

**Share of investment across road categories**




*Source: CRISIL Research*

The revival, which began with the NHAI awarding 3,091 km of highway projects in fiscal 2015, almost double the 1,522 km awarded in the preceding year, carried through into fiscal 2016, with awarding by the NHAI rising 40% on-year. Non-NHAI projects awarded by various other departments of the MoRTH also rose substantially in fiscal 2017. In fiscal 2018, awarding by NHAI reached an all-time high of 7,397 km, of which 51% were through EPC and 46% through HAM. Notably, the government will account for more than half of the investments in the next five years.

To boost private participation further, the government introduced HAM in fiscal 2016, wherein 40% of the total project cost is to be funded by the government and the remaining by the private developer. The equity requirement in these projects is only about 12-15% of the project cost, which is much lower than a BOT project, and the developer is immune to traffic, inflation and interest rate risk. In FY16, this model took off at a rather slower-than-expected pace and only about 350 km were awarded mostly due to the apprehensions of various stakeholders towards a new, untested model. However, the participation of players in these projects improved significantly towards the end of fiscal 2016. In fisal 2017, more than half of the total length awarded was via HAM mode. In fiscal 2018, about 46% of the total length awarded was through HAM.

Private investment in national highways is likely to be lower than in the past five years, as most developers struggle with weak financials and are, therefore, unable to bid for BOT projects. Hence, almost 60% of the projects awarded by the government in the previous three fiscal years were in the EPC mode. Balance-sheet stress remains high among many players and a few may not participate in future opportunities, given that many major road players are now going through strategic debt restructuring. Some of the options for a gradual uptick in private road participation are InVIT and the National Investment and Infrastructure Fund (NIIF), which are yet to evolve.

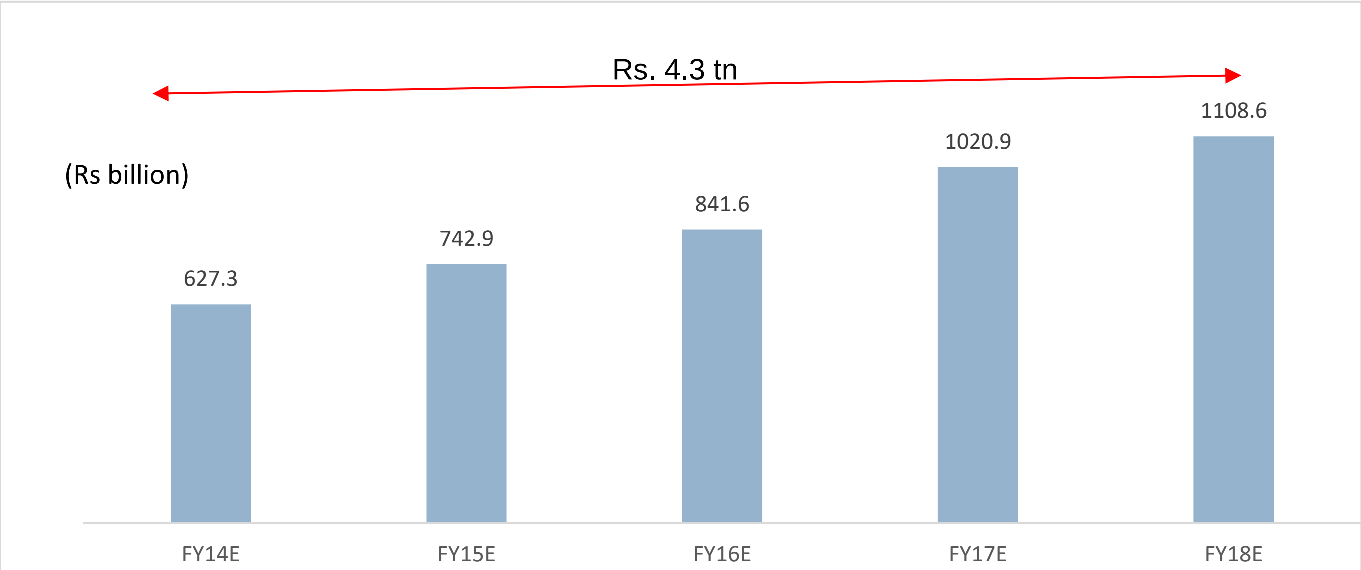
**Budgetary allocation to execution of Pradhan Mantri Gram Sadak Yojana (PMGSY)**

State roads (which include highways, major district roads and rural roads that do not enter the purview of the Pradhan Mantri Gram Sadak Yojana, or PMGSY) comprise ~18% of the country's total road network and handle ~40% of road traffic. They play an important role in the economic development of mid-sized towns and rural areas, and aid industrial development by enabling movement of raw material and products to and from the hinterland.

Over the past few years, many state governments such as Uttar Pradesh, Tamil Nadu, Odisha and Madhya Pradesh have allocated a significant portion of their budgets for developing roads. Through this period, the Central government's contribution to state roads through the Central Road Fund (CRF) has remained more or less constant. Currently, 15-16% of the total investments in state road projects is channelled through the public-private partnership (PPP) route.

A total investment of Rs 4.3 trillion was made in state roads between fiscals 2014 and 2018.

**State roads: Overall investments**




*Note: State roads includes state highways and other district roads*

*Source: CRISIL Research*

**Key growth drivers for road sector**

**Rise in government investments, reforms and higher budgetary support to drive growth in roads sector**

CRISIL Research expects investment in road projects to almost double to Rs 10.9 trillion over the next five years. Investment in state roads is expected to grow steadily, and rise at a faster pace in the case of rural roads, due to higher budgetary allocation to PMGSY since fiscal 2016. The government has opened up to new avenues of investments, with NHAI launching Masala Bonds on the London Stock Exchange. National Infrastructure Investment Fund (NIIF), a fund of funds, has been set up by the government; it will have multiple alternative investment funds (AIF) under its umbrella.

Execution of national highway projects has seen a good pick-up since fiscal 2016, aided by policy reforms, after slowing down in previous two fiscals. Higher budgetary support to fund engineering, processing and construction (EPC) projects will also drive investment in national highways, which have recently witnessed significant drop in private interest.

The government has come out with a new umbrella scheme of Bharat Mala Pariyojana, which plans to construct more than 65,000 km of road projects, taking the length of national highways to ~200,000 km.

**Policy changes to drive execution of national highway projects**

Execution of national highway projects declined in fiscals 2013 and 2014, due to private developers' weak financials and unwillingness of lenders to provide further credit to infrastructure companies. To clear the logjam, the NHAI terminated projects – work on ~5,500 km of length was stalled. To put execution back on track, the agency has re-awarded almost 1,000 km of the terminated projects. Moreover, in the past two years, the government announced a host of policy changes to reduce delays in project execution.

To offer some respite to ailing developers, the government came out with a premium rescheduling policy and allowed promoters to fully exit all projects two years after completion. The Union Cabinet has also allowed NHAI to fund projects, stuck due to the weak financial health of promoters and where at least 50% of the work has been completed. New amendments to the model concession agreement (MCA), such as back-ending of premium payments and deemed termination on delay of appointed date have also brought many changes which will reduce delays and improve lender comfort. The Cabinet Committee on Economic Affairs (CCEA) has decided to pay 75% of the total payout in those cases where the arbitration tribunals have passed orders in favour of concessionaires in arbitral proceedings and such orders have been further challenged by government agencies.

Apart from that, the private party will be rewarded for early completion of project. In the case of EPC, the contractor will receive 0.03% of the total project cost for each day by which the project completion date precedes the scheduled completion date, capped at a total of 5%. In the case of HAM, if the concessionaire achieves commercial operation date (COD) more than 30 days prior to the scheduled date, it will receive 0.5% of 60% of the bid project cost (BPC) for every 30 days saved in achieving COD.

Hence, the government's focus has clearly shifted towards ensuring on-the-ground implementation, instead of merely awarding more projects.

**New region-specific initiatives to drive growth in road network**

New initiatives have been taken by the government to build state roads. Road Requirement Plan-I (RRP-I) for left wing extremism (LWE)-affected areas and Special Accelerated Road Development Programme for North-Eastern region (SARDP- NE) are two of ongoing projects, covering state roads. MoRTH has set up National Highways and Infrastructure Development Corporation Ltd (NHIDCL), an organisation that will award national highway projects specifically in border areas and in north-eastern states. Apart from these projects, the Bharat Mala programme has also been proposed to build new roads along the border.

**Healthy economic growth to push road development**

With the economy expected to grow at a healthy pace, per-capita income is set to improve, which will increase demand for two-wheelers and passenger vehicles in the country. Initiatives such as ‘Make in India’ and implementation of Goods and Services Tax (GST) are also expected to add to the road freight traffic in India. Rise in two- and four-wheeler vehicles, increasing freight traffic, and strong trade and tourist flows between states are all set to augment road development in the country. All segments of roads, i.e., national highways, state roads and rural roads, are expected to see higher traffic growth due to faster economic growth.

**Increased private participation to boost road development**

The government’s efforts to put in place appropriate policies, and institutional and regulatory mechanisms, including a set of fiscal and financial incentives, are expected to encourage further private participation in the future, which will boost all segments of roads in the country.

Cognisant of financial distress of the companies that previously participated heavily in build-operate-transfer (BOT) model projects, the government has introduced a new model – hybrid annuity model (HAM) – which addresses the needs of the private sector and increases their participation. Private investments are expected to flow into new operation and maintenance (O&M) models like toll-operate-transfer (TOT), which will help existing players shed off debt sitting on their balance sheets.

**Policy framework at the central level**

With the inflow of projects solely based on the BOT model, the existing road developers aggressively bid for it. However, many issues came up as the projects were taken up for construction. This stressed the financials of the companies, making further BOT projects unattractive. In a bid to make the roads sector attractive to developers, the government accepted the BK Chaturvedi Committee’s recommendations regarding various clauses of the model concession agreement (MCA) along with accepting the recommended bidding process. It involves changes in grant disbursement, concession fee, termination clause, financial closure, conflict of interest, exit policy, technical capacity, etc. The committee proposed certain changes in the request for qualification (RFQ) pertaining to financial capacity and shortlisting of bidders.

**Key policy measures for private participation**

To encourage and facilitate private sector investment and participation in the roads sector, the central government has undertaken certain policy measures and provided various incentives. These measures are:

100% FDI has been allowed in road sector projects

Private parties are to be rewarded for early completion of projects. In the case of EPC, the contractor to receive 0.03% of the total project cost for each day by which the project completion date precedes the scheduled completion date, capped at 5%. In the case of HAM, if the concessionaire achieves the commercial operation date (COD) more than 30 days prior to the scheduled date, then it will receive 0.5% of the 60% of bid project cost (BPC) for every 30 days saved in achieving the COD

Dispute resolution will be in line with the Arbitration and Conciliation Act, 1996, based on the United Nations Commission on International Trade Law provisions

Higher concession period (up to 30 years) has been granted

Provision has been made for capital subsidy of up to 40% of the project cost to make projects commercially viable

Provision has been made for unencumbered site for work, i.e., the government will meet all expenses relating to land and other pre-construction activities

As per a recent Reserve Bank of India directive, loans for PPP projects can be considered ‘secured’ subject to certain conditions

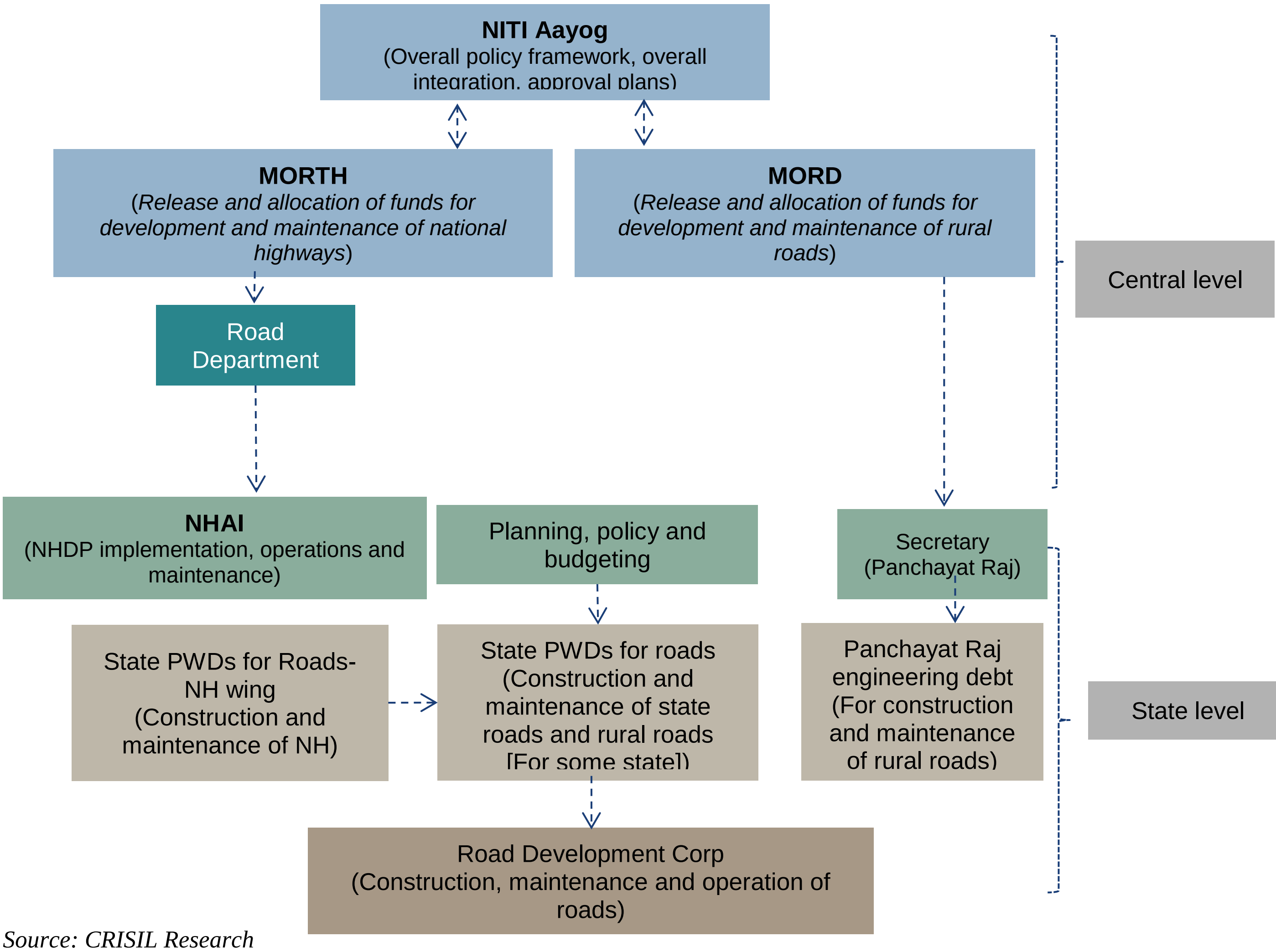
The CCEA approved the proposal to facilitate harmonious substitution of the concessionaire in ongoing and completed national highway projects. This will expedite implementation of road infrastructure in the country and insulate the NHAI from heavy financial claims and unnecessary disputes

**Institutional framework for roads at the central level and for Tamil Nadu**

**NITI Aayog - Apex body for formulating policies**

In January 2015, the government replaced the Planning Commission with the National Institution for Transforming India (NITI) Aayog. The latter is a multi-tiered structure providing strategic and technical advice to the central and state governments. At the central government level, several line ministries will handle transport planning, coordination and policy-setting, with NITI Aayog coordinating the entire effort.

**Road sector: Institutional arrangement at the central and state level**




*Source: CRISIL Research*

At the central level, NITI Aayog, in consultation with the MoRTH and the MoRD, will be in charge of overall policy-framing, programme development, and resource planning. The MoRTH formulates policies on road transport and development, and maintenance of national highways. The NHAI is the agency responsible for implementation, operation, and maintenance of the national highways. It was constituted and operationalised in February 1995 and was given the status of an autonomous corporate body under the control of the MoRTH.

At the state level, the overall policy, programme development, and resource planning is the responsibility of the state planning cell. The cell has to discharge this responsibility in consultation with the central-level planning commission and the respective state road and transport ministries.

The National Highways and Infrastructure Development Corporation (NHIDCL), a fully owned company of the MoRTH, was incorporated in July 2014. Its mandate is to design, build, operate, and maintain the national highways and roads in the north-eastern region and other parts of the country that share international boundaries with neighbouring countries.

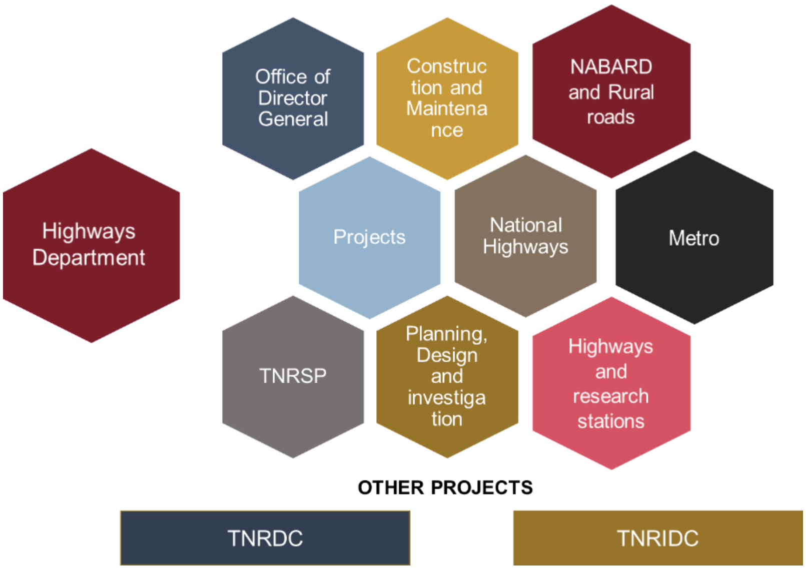
State public works departments (PWDs) and road development corporations are in charge of implementing, operating, and maintaining the state highways, major district roads, and rural roads in a few states.

The MoRD is responsible for policy development as well as for monitoring and coordination with district units for rural roads. Apart from state PWDs, panchayats also implement the construction and maintenance of rural roads.

The ministries allocate and release funds for the development of roads to the respective implementing agencies.

- **Institutional framework of the roads sector in Tamil Nadu**
- ***Authority in charge: HMPD***

In Tamil Nadu, the Highways and Minor Ports Department (HMPD) is primarily responsible for the construction and maintenance of roads, including national highways, state highways and major district roads. The HMPD was established as the highways department (HD) in April 1946 and subsequently renamed on October 30, 2008. It operates through seven wings, namely National Highways Wing, Construction and Maintenance Wing, NABARD and Rural Roads Wing, Projects Wing, Metro Wing, Tamil Nadu Road Sector Project Wing, and the Investigation and Designs Wing geographically spread across the state in 32 districts with about 120 divisions and 450 subdivisions.




*Source: MoRTH, CRISIL Research*

**State roads: Review and outlook**

**Review of current and projected investment in state roads (Fiscals 2014-23)**

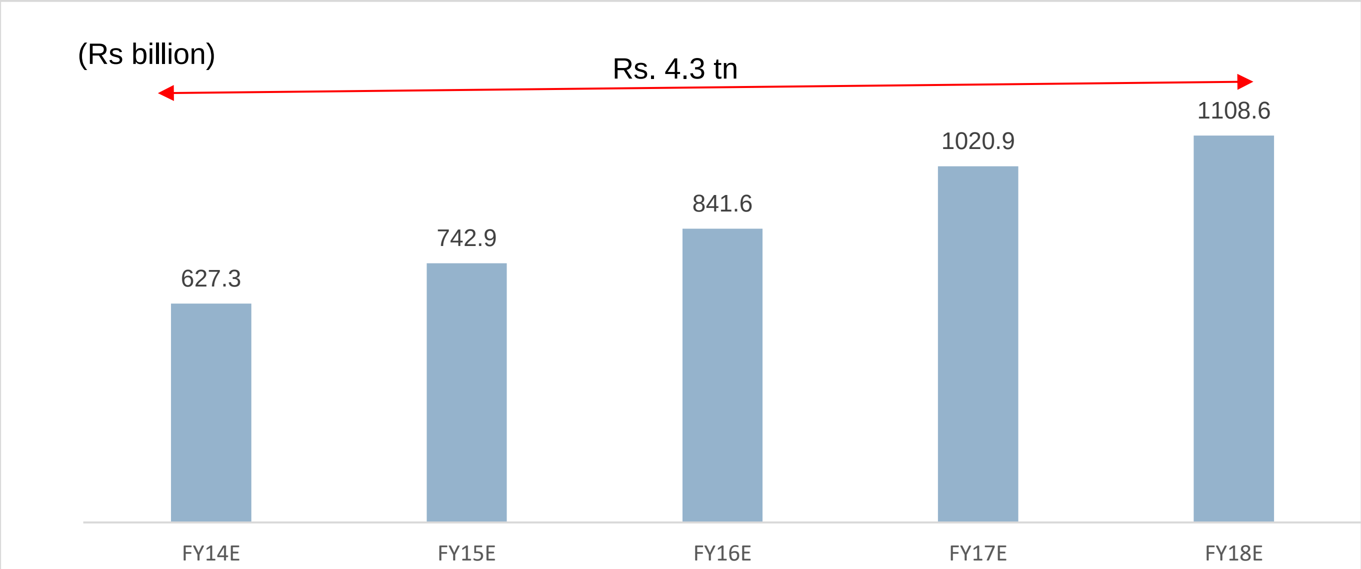
**Review of investments – Fiscals 2014-18**

State roads include highways, major district roads, and rural roads that do not enter the purview of the Pradhan Mantri Gram Sadak Yojana, or PMGSY. They comprise ~18% of the country's total road network and handle ~40% of road traffic. They play an important role in the economic development of mid-sized towns and rural areas, and aid industrial development by enabling movement of raw material and products to and from the hinterland.

Over the past few years, many state governments such as Uttar Pradesh, Tamil Nadu, Odisha, and Madhya Pradesh have allocated a significant portion of their budgets to develop roads. Through this period, the central government’s contribution to state roads through the Central Road Fund (CRF) has remained more or less constant. Currently, 15-16% of the total investments in state road projects is channelled through the public-private partnership (PPP) route.

A total investment of Rs 4.3 trillion was made in state roads between fiscals 2014 and 2018.

**State roads: Overall investments**



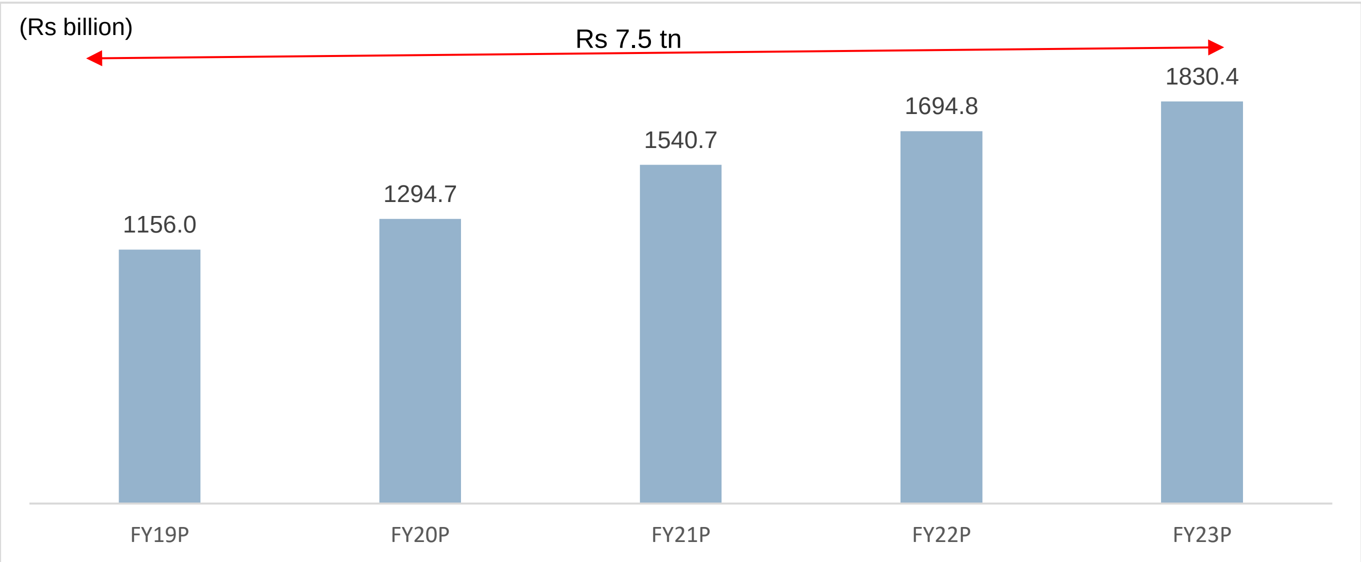

*Note: State roads includes state highways and other district roads*

*Source: CRISIL Research*

**Projected investments in state roads – Fiscals 2019-23**

CRISIL Research expects total investment in state roads between fiscals 2019 and 2023 to be Rs 7.5 trillion. We expect private participation in state road projects to remain steady in the future too. States such as Maharashtra, Karnataka, Haryana have started awarding HAM projects. Other states such as Madhya Pradesh, Rajasthan, Assam, and Gujarat have indicated interest in HAM and have released model concession agreements. We expect PPP in state roads to pick up on account of this.

**State roads: Year-wise outlook on investments**




*P: Projected*

*Source: CRISIL Research*

**Central assistance for state roads**

State roads fall under the jurisdiction of the respective state governments. However, the central government also provides financial assistance to states through various schemes for road network development. The responsibility of awarding contracts for road development is entrusted to two state government bodies – the

PWD and state Road Development Corporation (RDC). Generally, cash contracts are awarded by the state PWD, while build-operate-transfer (BOT) contracts - annuity and toll - are awarded by the respective state RDCs.

The central government set up the CRF in 2000 to provide financial assistance to state governments for road development and railway safety works within states. The CRF is funded from a cess of Rs 6, collected on every litre of petrol and high-speed diesel (HSD) sold (before fiscal 2016, the cess was Rs 2 per litre). The fund provides assistance to states to develop and maintain state roads, rural roads, national highways, under- and over-bridges, and safety works at unmanned railway crossings. About 11% of the cess collected on HSD and 30% on petrol is allocated towards maintenance of state roads.

Accordingly, Rs 29 billion, Rs 72 billion and Rs 67 billion were allocated for fiscals 2016, 2017 and 2018, respectively. The actual releases for fiscals 2016 and 2017 were Rs24 billion and Rs 51 billion, respectively. The estimated amount released under CRF to states in fiscal 2018 was Rs 64 billion.

About 10% of the amount collected under CRF for state roads is reserved for road development under the following schemes:

**Inter-state connectivity (ISC)**

Under this scheme, the central government provides 100% funding to develop:

Inter-state roads

Roads connecting national highways

**Economic Importance (EI)**

Under this scheme, the Centre funds projects to the extent of 50%, while the state government contributes the rest. This scheme focuses on the development of roads facilitating:

Connectivity to remote industrial and economic areas

Development of remote residential areas; for example, roads connecting hilly regions to plains

Funds released jointly under ISC and EI in fiscals 2016 and 2017 were Rs 2.7 billion and Rs 7.5 billion, respectively. In fiscal 2018, funds allocated were Rs 7.6 billion, whereas funds released amounted to Rs 6.8 billion. During fiscal 2018, Rs 7.6 billion has been jointly earmarked for ISC and EI scheme.

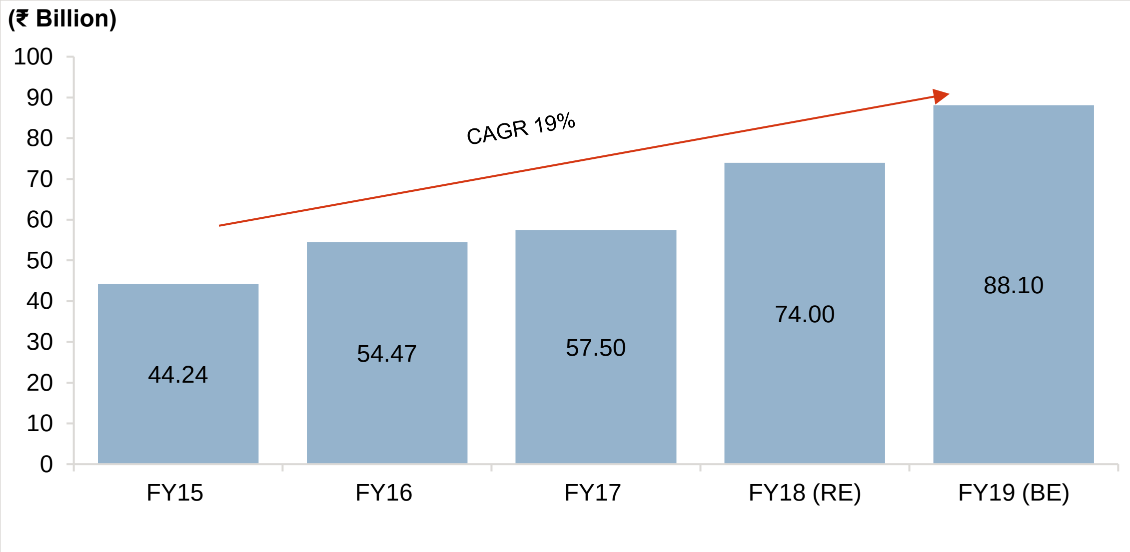
**Overview of road infrastructure activity for Tamil Nadu**

**Trend in capital expenditure by the state towards roads (Fiscals 2015-19)**

Capital expenditure in road projects grew at a healthy pace during the plast five years, led by the government's focus on infrastructure-related sectors. The capital expenditure on roads in Tamil Nadu doubled in fiscal 2019E to Rs 88.1 billion as compared with fiscal 2015.

Investment was largely be driven by expenditure on national highways, state highways, and rural roads as a result of greater budgetary support.

**Budgetary allocation for roads and bridges**




*Source: State Budget,CRISIL Research*

The government has increased the allocation for:

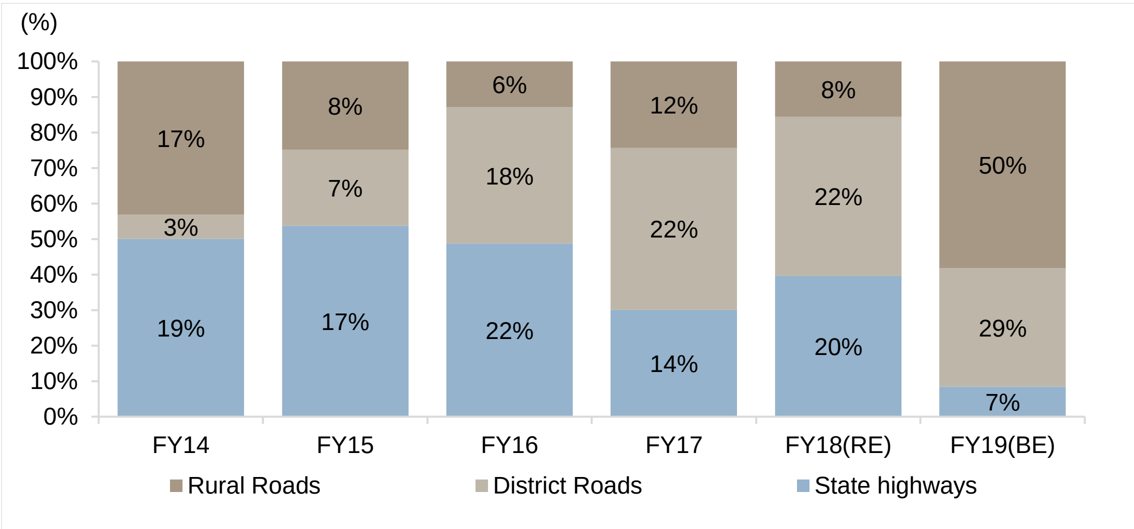
District roads under the Comprehensive Road Infrastructure Development Programme (CRIDP)

Maintenance and widening of roads

Road under/over bridges

The amount allocated for rural roads has also increased, wherein the government has undertaken major projects, some of which are funded by NABARD. The four-/six-laning of state highways and development of major SHs under the Tamil Nadu Road Sector Project (TNRSP) has also been undertaken by the government

**Allocation of investments in state highways, major district roads, and rural roads**




*Source : Budget Speech,CRISIL Research*

**Regulatory Framework**

**The Tamil Nadu transparency in tenders (Public Private Partnership Procurement) Rules 2012**

These rules will apply to all procurement for PPP projects of a value of more than Rs 25 lakh by any procuring entity.

**Tamil Nadu Infrastructure Development Act**

The Act enables and facilitates financing, design, construction, maintenance, and operation of infrastructure projects in the state through private sector participation. It also provides for an institutional framework for identification, prioritisation, and implementation of such projects.

**Addendum to the report 'Assessment of the infrastructure sector in India'**

10th March 2019

The following section is an addendum to the report, 'Assessment of the infrastructure sector in India', dated August 2018. CRISIL Research has revised the macro-economic section of the report in line with the latest data available from the Ministry of Statistics and Programme Implementation (MoSPI) as of date. The revised sections have been attached as an addendum to the original report. The remaining sections may or may not need revisiting.

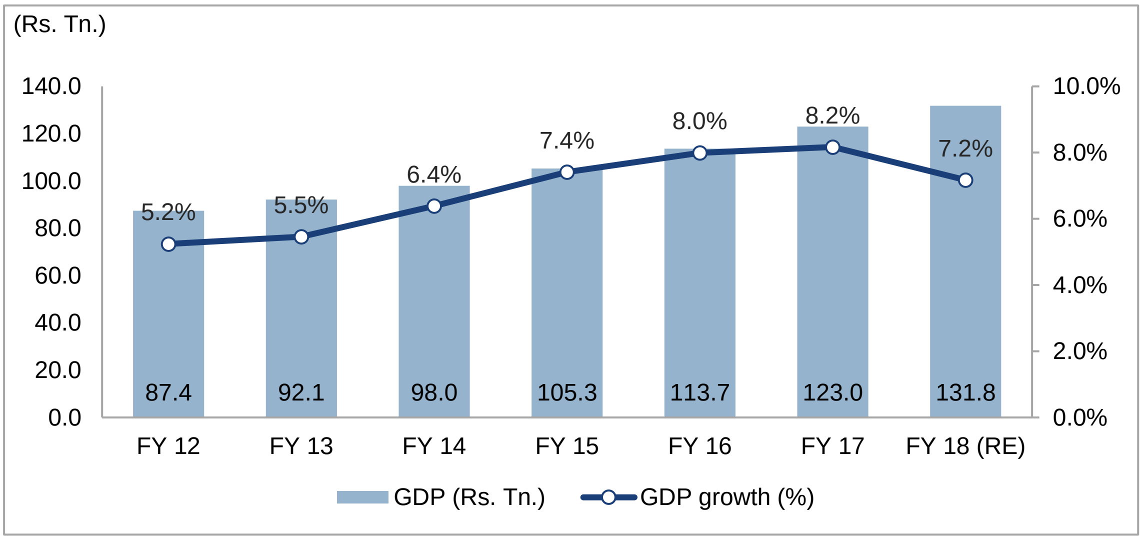
**Review of and outlook on GDP growth**

**GDP grew 7.1% CAGR over the past six years**

In 2015, the Ministry of Statistic and Programme Implementation (MoSPI) changed the base year for calculation of GDP to fiscal 2012 from fiscal 2005. Based on this, the country's GDP shot up from Rs 87.4 trillion in fiscal 2012 to Rs 131.8 trillion in fiscal 2018, recording a compound annual growth rate (CAGR) of 7.1%. As per the Central Statistics Office (CSO), India's GDP growth picked up in the second half of fiscal 2018 and was 7.2% for the full year.

GDP growth dipped in fiscal 2018 due to domestic disruptions; however, the economy is in recovery mode as the twin impact of demonetisation (November 2016) and glitches during implementation of the Goods and Services Tax (GST-implemented from July 2017) fade away.

**Real GDP growth in India (new GDP series)**




*RE: Revised estimates;*

*Source: First revised estimates of national income, consumption expenditure, saving and capital formation for 2017-18, and back-series from 2004-05 to 2011-12 (28th Nov 2018), Ministry of Statistic and Programme Implementation (MoSPI)*

In January 2019, the CSO released the revised macro-economic data for fiscals 2016, 2017 and 2018. The GDP/GVA data was revised as per updated estimates of production and prices of some crops, livestock products, fish and forestry products, updated information on local bodies & autonomous institutions, results from annual survey of industries (ASI) and replacements of revised estimates for fiscal 2017 of different items of expenditure and receipts in the Central & State government budgets by actual expenditure and receipts.

On an annual basis, real GDP growth for fiscal 2018 was revised to 7.2%, compared with the previous estimate of 6.7%. Notably, while consumption remained the biggest driver of GDP growth, investments started to turn supportive in the past two fiscals, with investment growth surpassing GDP growth in fiscals 2017 as well as

2018. This was largely attributable to the government's focus on capital expenditure (capex) as the private corporate sector remained focused on improving its capital structure (reducing leverage) and household investments shrunk. On the supply side, the construction sector has picked up momentum, again on account of the government's thrust on infrastructure and affordable housing, with a rural focus.

**Outlook of GDP growth in fiscal 2020**

**GDP growth could see a modest uptick to 7.3% in fiscal 2020**

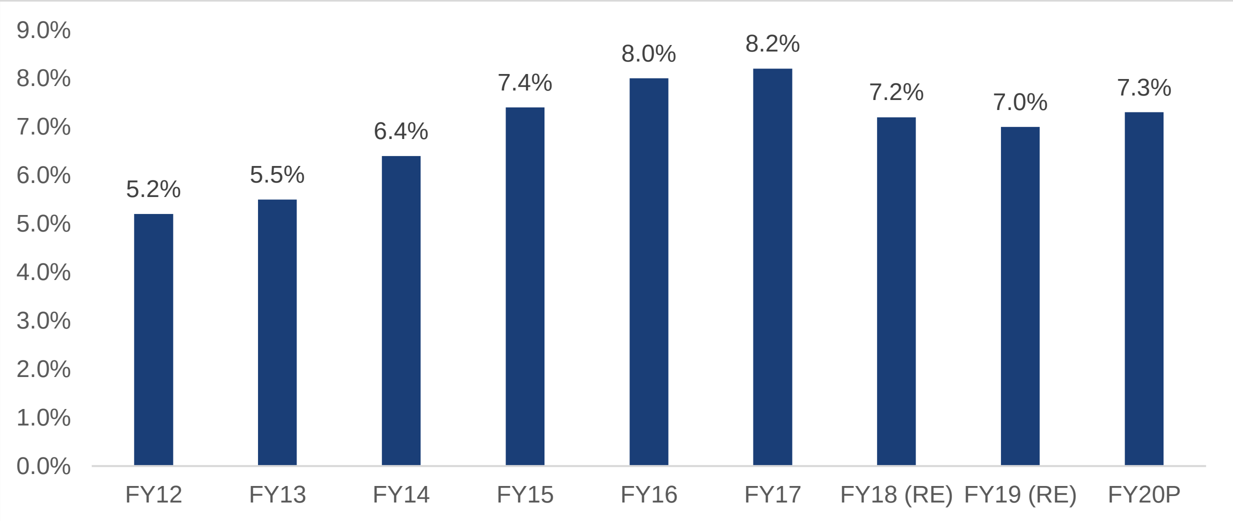
As per the CSO estimates released on 28th February 2019, GDP growth for fiscal 2019 is decelerating to 7% and is attributed to a downward revision in government consumption and investment. At the same time, private consumption growth has improved to 8.4% from 6.4% estimated earlier.

In fiscal 2020, CRISIL Research expects GDP to grow by 7.3%. The key drivers are expected to be private consumption and investment. With weak global environment, India will have to lean on domestic factors. With the government pursuing a fiscal consolidation path, the pickup in growth is expected to be only gradual. A change in the growth mix is on cards, with private sector taking over the baton from the government.

So unlike fiscal 2019, the push will have to come from private consumption and investments, as the government's hands are tied in the fiscal sense.

Although it has slackened of late, private consumption growth next fiscal is likely to find support from softer interest rates and improvement in farm realisations, as food inflation moves up. Rising global food prices, threat to monsoons and a very weak base will drive food inflation in fiscal 2020. With continuously improving capacity utilisation and the end of de-leveraging phase of corporates, conditions are ripe for revival of private corporate investments. A stable political outcome will facilitate its advent.

**Trend in real GDP growth (% y-o-y)**




*Note: RE: Revised estimates; P: Projected by CRISIL Research*

*Source: Second advance estimates of national income 2018-19 released on 28th Feb 2019, CSO, MoSPI, CRISIL Research*

The upside to growth could essentially come from two possibilities:

Monsoon turning out to be normal for the fourth consecutive year, raising agriculture GDP growth and, benefiting farm incomes: The past 15 years have seen two such periods of four consecutive normal rainfall years – 2005 to 2008 and 2010 to 2013 – which yielded healthy average agriculture growth of 3.6% and 5.5%, respectively.

Crude oil prices staying low, easing the pressure on manufacturers' input costs.

The downside could emanate in the following ways:

Monsoon risk: The National Oceanic Atmospheric Administration of United States is forecasting an El Niño [1] event in 2019. India faced two consecutive El Niño events last in 2014 and 2015 with agriculture GDP growth dropping to near zero. With farmer incomes beginning to drop, a weak rainfall, if manifests, would add to the rural pain.

Note: [1] The condition, which typically occurs at irregular intervals of three to five years, weakens the Asian monsoon, often causing drought in north-west and central India and heavy rainfall (or even floods) in north-east.

Political risk: If the general elections in 2019 were to yield a fractured mandate and derail/delay the process of reforms, the implications on sentiments, investments and growth could be adverse.

Much weaker global outlook: If the slowdown is much faster and deeper than is being currently expected, global demand and trade growth could severely slowdown, creating adverse consequences for India's exports.

**Review of private final consumption growth**

**PFCE continues to maintain dominant share in GDP**

Private final consumption expenditure (PFCE) at constant prices has grown at 7.1% CAGR from fiscals 2012 to 2018. Factors contributing to this growth include good monsoons, wage revisions due to implementation of the pay commissions, benign interest rates and low inflation levels. PFCE continues to maintain its dominant share of ~56% in the GDP. CSO in its second advance estimates, has estimated the PFCE at Rs 80.3 trillion (57% of GDP) for fiscal 2019.

**Review of per capita income growth**

**Per capita income recorded 5.5% CAGR from fiscals 2012 to 2018**

India's per capita income, a broad indicator of living standards, clocked a healthy 5-6% CAGR over the past six years. Growth in per capita income levels have been led by the same factors propping up overall GDP growth. Moreover, population growth has remained fairly stable as well, with India's population clocking 1% CAGR from 2011-2017 to reach approximately 1.3 billion people. CSO, in its second advance estimates, has estimated the per capita income in fiscal 2019 to grow at ~5.8% over fiscal 2018.

**Trend in per capita net national income (NNI) at constant prices (in Rs. and USD)**

| | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 (RE) |
|---|---|---|---|---|---|---|---|
| **Per capita NNI (Rs)** | 63,462 | 65,538 | 68,572 | 72,805 | 77,659 | 82,931 | 87,623 |
| **y-o-y growth** | 2.1% | 3.3% | 4.6% | 6.2% | 6.7% | 6.8% | 5.7% |
| **Per capita NNI (USD)** | 1,325 | 1,205 | 1,133 | 1,192 | 1,186 | 1,236 | 1,358 |
| **Rs. / USD** | 47.9 | 54.4 | 60.5 | 61.1 | 65.5 | 67.1 | 64.5 |

*Note: RE: Revised estimates;*

*Source: First revised estimates of national income, consumption expenditure, saving and capital formation for 2017-18, CSO, MoSPI, and Reserve Bank of India for average exchange rate of the Indian Rupee vis-a-vis the US Dollar, CRISIL Research*

**Past trend in FDI inflows**

In 1990, the Government of India, with the help of the World Bank and the International Monetary Fund, introduced the macroeconomic stabilisation and structural adjustment programme to tide over the balance of payment crisis. As a result of the reforms, India opened its door to foreign direct investment (FDI) and adopted a more liberal foreign policy in order to boost the confidence of foreign investors. Further, under the new foreign investment policy, the government constituted the Foreign Investment Promotion Board (FIPB), whose main function was to invite and facilitate foreign investment. The FIPB ceased to exist as per the decision taken by the finance ministry in 2017.

The government has now empowered individual departments to clear FDI proposals in consultation with the Department of Industrial Policy and Promotion (DIPP), with set timelines. From less than $1 billion in 1990, India has become one of the most important FDI destinations in the world.

FDI inflows in India have grown rapidly at ~18% CAGR to $44.7 billion in fiscal 2018 from $2.5 billion in fiscal 2001. The pace of growth was faster from fiscal 2001 to 2010 (~30% CAGR), but the global slowdown affected investments in fiscal 2010 and 2011. For fiscal 2018, FDI inflows were $44.7 billion

According to the quarterly fact sheet on FDI prepared by the DIPP, Mauritius was the leader in cumulative FDI inflows over April 2000 to December 2017 with a share of 34%, followed by Singapore (17%), Japan (7%), the UK (7%), the US (6%), and the Netherlands (6%). The services sector accounted for 17% of the cumulative FDI inflows over the period, followed by computer software and hardware (8%), telecommunications (8%), construction development (7%) and automobiles (5%). Mumbai accounted for 31% of the cumulative FDI inflows over the period, followed by New Delhi (20%), Bengaluru (8%), Chennai (7%) and Ahmedabad (5%).

**Wholesale price index**

The Ministry of Commerce and Industry unveiled a revised wholesale price index (WPI) on May 12, 2017, on a revised base year (2011-12). The new series recorded WPI inflation in fiscal 2018 at 2.9%, which was 120 bps higher than fiscal 2017.

Two key features of the revised series are:

**Relevance:** With a more recent base year, the WPI is now aligned with the GDP and Index of Industrial Production. This allows for a more meaningful comparison of the parameters, including the GDP deflator measure. This base year revision also allows items such as natural gas and petroleum coke to be included, whose production share has increased over time. This makes the index more relevant to the current structure of the economy. Along the same line, weightages have undergone a change.

**Excludes central excise duty:** The series removes excise duty from prices, bringing the measure closer to the producer price index, and, at the same time, making it less responsive to changes in tax rates. The CPI will continue reflecting the impact of tax changes (including the impact of GST implementation). In that sense, the gap between CPI and WPI can be a crude gauge of the impact of GST on prices.

The Wholesale Price Index (WPI)-based inflation slowed down in January. Falling for the third consecutive month, WPI inflation reached 2.8% in January 2019, a ten-month low. In December, WPI inflation was recorded 100 bps higher at 3.8%. Interestingly food inflation returned to positive territory, after printing negative in the previous six months. So it was the slowdown in fuel and manufacturing inflation which pulled down headline WPI inflation.

**Tamil Nadu – Macroeconomic indicators**

**State overview**

Tamil Nadu, which lies in the southernmost part of the Peninsula, is the eleventh-largest state in India by area, i.e. 130,060 sq km, and the sixth-most populous. The state was ranked third according to the Human Development Index in 2015, and is the second-largest state economy in India. It is divided into 32 districts for administrative purposes. Its capital and largest city is Chennai.

**Economic overview**

Tamil Nadu was one of the larger contributers to Indian GDP. Tamil Nadu’s gross state domestic product (GSDP) increased from 5.4% in fiscal 2013 to 8.1% in fiscal 2018. In fiscal 2018, its GSDP was Rs 10.9 trillion.

# OUR BUSINESS

This section should be read in conjunction with the sections titled “Risk Factors”, “Industry Overview”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26, 95, 206and 207, respectively. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Informations. References herein to “Annai Infra”, "we", "our" and "us" are to Annai Infra Developers Limited. The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance, which are subject to numerous risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements.

**OVERVIEW:**

We are mainly engaged in Engineering, Procurement and Construction (EPC) activities of water management as also irrigation projects such as building of dams, laying of pipeline, integrated storm water drains, waste water treatment plants, developing drainage systems, lift irrigation, drip irrigation, reservoirs, canals, installation of irrigation pipeline, etc. among others. Our business operations involve: (i) equipment procurement (ii) project management and (iii) construction and commissioning of the projects. We have more than a decade’s execution experience in Water EPC projects.

Our total order book as on September 30, 2018 stood at Rs. 6,520.86 million consisting of 19 projects, of which 13 are water management projects, 3 irrigation projects and 3 miscellaneous projects. Further in the period from October 1, 2018 to January 31, 2019, we have received new orders amounting to Rs. 4,640.60 million.

Between Fiscal 2014 to 2018, our Company has worked on 79 projects for contract value of Rs. 21,116.7 million, which included 50 projects in the water management and irrigation segment aggregating to total contract value of Rs. 18,018.42 million, 18 projects belonged to road segment for contract value of Rs. 2,037.75 million, 9 belonged to Building segment for contract value of Rs. 1,057.44 million and 2 for Electrical & Power segment of contract value Rs. 3.09 million.

While we execute majority of our projects independently, we also form project specific joint ventures with other companies for certain projects. We also undertake construction projects on sub-contract basis from other infrastructure companies. Out of the 79 infrastructure projects executed by the Company in last 5 financial years, 51 infrastructure projects were won by us and have been executed independently by us while remaining 28 projects were sub-contracted to us by third parties.

Till date, we have executed our projects in the states of Tamil Nadu and Kerala. We work primarily for projects planned by governmental authorities such as Chennai Corporation, Tamil Nadu Water Supply and Drainage Board (TWAD), Coimbatore City Municipal Corporation, Public Works Department (PWD) and other government organizations. We have also undertaken projects by private enterprises which meet our corporate profile and business strategies. Our Company is registered with Public Works Department and Highways Department as a Class I contractor. We continue to choose projects strategically after critical evaluation of tenders which are mid ticket size, require shorter period of time for execution and projects mostly funded by various financial institutions.

Established in the year 2008 in Erode, Tamil Nadu, our Company has been promoted by Mr. Subramaniam Ashokkumar and Mrs. Duraisamy Kalaiselvi who are having more than 15 years and 8 years of experience respectively in the industry. We have placed an experienced management team to look after various facets of operations. We have deployed members in our management team having experience in their respective fields. The team has helped us professionally manage and grow our business operations.

Our Company intends to tap the growing infrastructure and construction opportunities owing to increased government expenditure in developing these sectors. Overall government spend in water supply and sewage sector is expected to be at around Rs. 2,600 billion within next 5 years out of which Rs. 105 billion is to be spent in the state of Tamil Nadu (Source: CRISIL Research Report). Further, government budget on smart cities project is expected at around Rs. 2,000 billion, of which approx. 10.6% is to be spent on water supply and sewage infrastructure (Source: CRISIL Research Report). Overall government spend in irrigation sector is expected to be at around Rs. 5,900 billion within next 5 years out of which Rs. 2,596 billion is to be spent in Southern India (Source: CRISIL Research Report).

Our Company has a track record of executing projects which require technical knowledge and skills-set, expertise in the water management and irrigation sector. Owing to our strong execution capabilities without compromise of quality, we have also received various certificates of appreciation from many of our clients. For instance, we have received certificate of appreciation for before-time completion of project from Government of

Tamil Nadu, Krishna Water Supply Project Division, Lower Pennaiyar Basin Division in year 2016, 2015 and 2014 respectively for various projects. Our Company has been rated as A3+ by "CRISIL Ratings" on September 20, 2018 which is valid till September 10, 2019.

Although we aim to remain asset-light and hire the equipments on need basis but we also continue to build strong equipment portfolio for critical equipments. Over the years, with growing business and operational requirements, we have gradually added a fleet of construction equipments and employed manpower to supplement the growth of our construction business. As on September 30, 2018, our equipment base comprised 133 construction equipments.

**OUR COMPETITIVE STRENGTHS:**

**Strong execution capabilities**

Ability to timely complete the project within the budget is one of the key differentiators in infrastructure companies. Timely completion or before time completion of a project leads to better credibility and technical competency which acts as a positive factor at the time of technical evaluation of a company before awarding the projects. Our Company has received various certificates of appreciation from our clients, such as, Government of Tamil Nadu, Krishna Water Supply Project Division, Lower Pennaiyar Basin Division in year 2016, 2015 and 2014 respectively for various projects.

Owing to the nature of business we operate into, we focus strongly on our operational activities for timely completion of projects. We ensure to save time in each activity of our project which includes from equipment planning, procurement, human resource management to execution of project. With appointment of project-specific site manager, we ensure to cut wastage of time and strict control on construction activities. Further, with daily review of project progress, we ensure to address any issues on timely basis.

**Revenue visibility with robust order book**

Order book depicts the number and value of projects to be executed over the given period. As the projects in infrastructure industry are generally time consuming, continuous project addition is vital for the Company to ensure revenue visibility in future. Our strategy of carefully selecting orders is aimed to undertake quality projects which are not only margin accretive but also financially healthy. Over the period, we have started receiving mid-sized orders compared to earlier small-sized orders, for instance, one of the contracts in our order book is valued at Rs. 2,319.51 million.

Currently, as on September 30, 2018 our order book stands at Rs. 6,520.86 million which has been growing over the years. Out of our total order book 97.1% of our orders are from government and public authorities.

**Established Water Management Company**

Our Company has an established track record of water management projects in the Southern Indian States of Tamil Nadu and Kerala. Over the last 5 years we have demonstrated robust performance on both operational and financial front, we have executed 62 projects which include 16 water management projects, 21 irrigation projects, 17 road projects, 6 building projects and 2 electrical projects with majority of our contract size ranging from Rs. 100 million to Rs. 300 million.

Being a registered Class 1 contractor, we are allowed to bid for projects independently. As on March 31, 2018, we were pre-qualified to bid independently for water and related projects for contract value of up to Rs. 2,404.5 million based on our Company's technical and financial capacity.

With established track record, our Company continues to leverage its position in Southern India which is supported by growing water and related infrastructure spends in Southern India by governments which is expected to be at Rs. 1,360 billion for FY 2018-19 and grow at a CAGR of ~9% (Source: CRISIL Research Report).

We have a strong equipment bank of over 130 necessary equipments which allow us to be both asset-light while at the same time maintaining necessary equipments.

**Efficient Business model**

Owing to our business knowledge and expertise, we believe our growth has been owing to efficient business model we have in-place. We understand it is important for any business to efficiently manage its business operations which gradually leads to better financial and operational performance. We attribute our business model as follows:

<u>Focussed area</u> – We have grown steadily over the years and have been conservative in execution activities. In an industry which requires working capital management, managing large equipments and materials along with

manpower resources, it is vital for us to be selective and careful while expanding our market. Accordingly, owing to our team and regional expertise, currently we have been focussing in South India. Our order book consists of 19 projects, out of which 14 projects are from Tamil Nadu, 5 from Kerala.

Focussed segment – Our Company has been focussing on a particular segment ever since its incorporation. We are majorly concentrated in water management and irrigation related projects and activities. These projects are generally of short duration and medium contract value in size which suits our operational and financial capabilities. Out of 62 completed projects between financial years 2013-14 to 2017-18 by us, 26% of projects were from water management segment while 34% of the projects were from irrigation segment. Focussing on selected segment aids us with a competitive advantage at the time of award evaluation.

Project selection – Our management has been careful in project evaluation and selection. We select projects as per our defined strategy of selecting projects which are mid-sized in value. Further, we also give importance to funded projects which helps us to reduce financial burden. Further, projects which require long period of time and with lower margins are generally sub-contracted to third parties allowing us to deploy our resources in margin-accretive projects. Focussing mostly on government designed projects also lowers the risks of land acquisition related issues in which we also do not require to involve in engineering activities of any projects. As on September 30, 2018, 11 of our ongoing projects are funded by multilateral agencies or various government funds.

Asset light equipment model –

We have relied on asset-light business model while purchasing equipments which are critical to construction activities. This allows us to keep our capital requirement low and consequently costs on maintaining them. We believe in renting the equipments and accordingly include the costs while making the bid for any tender. As on September 30, 2018 we had 133 owned equipments which include major equipments like Hydraulic excavators, Bull Dozer, Cement lorry, Silo, Tippers, etc.

**Strong financial performance**

Our business growth during the last five Financial Years contributed significantly to our financial strength. Our order book of Rs. 6,520.86 million as of September 30, 2018 provides us with revenue visibility. Our standalone revenues from operations have increased from Rs. 2,506 million in Fiscal 2016 to Rs. 4,679 million in Fiscal 2018, achieving a CAGR of 36.64% in the five-year period ended March 31, 2018. In the same period, we have our Profit after Tax has increased from Rs. 98.75 million to Rs. 300.58 million at a CAGR of 74.47%. According to "CRISIL Rating" dated September 20, 2018, our credit rating is A3+ in Financial Year 2018-19. Driven by our business growth and execution track record, we have exhibited strong financial performance over the last few years. We had successfully worked with public sector undertaking, which further spurred our business growth.

**Experienced management**

Our management team is experienced in the industry and has been responsible for the growth of our operations and financial performance. In particular, our Promoters, Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi having experience of more than 15 Years and 8 Years respectively in the construction and infrastructure development sector and have been instrumental in driving our growth since inception of our business. We believe that our motivated team of management and key managerial personnel complement each other to enable us to deliver high levels of client satisfaction. For details on the qualifications and experience of our senior management team, see "Our Management" on page 177. We believe the strength and entrepreneurial vision of our Promoters and management have been instrumental in driving our growth and implementing our strategies.

## OUR BUSINESS STRATEGIES

**Actively evaluate and participate in bidding for new projects**

We have been growing consistently over the last few years owing to our undertaking of projects of mid-size contract value. We have been increasing our bidding activities for higher value projects as well. We continue to focus bidding on more number of projects particularly from government authorities. With more projects being evaluated and more bids being tendered, we intend to seize opportunities to undertake larger projects that can match our corporate profile, project experience, execution capabilities and anticipated profit margins and forge stronger relationships with our clients.

**Penetrate into newer geographies**

Since incorporation, we have been focussed on Southern India specifically in the States of Tamil Nadu and Kerala. Owing to local regional expertise and growing government initiatives for better water management and irrigation facilities, this region has been seeing increased water management projects. With experience of more than a decade in the industry and knowledge of the region, its requirement, suppliers, contractors, we believe our Company is in a position to penetrate deeper into other regions of India. We have started bidding for projects which will aid us to strengthen our position in Southern region.

**Improve operational efficiency**

We intend to continue to improve our execution ability in order to maximize client satisfaction which will help us to receive new contracts and achieve higher profitability. We believe investment in information and communication technology infrastructure for our operations is vital in order to efficiently manage our projects. We intend to further enhance our execution efficiency by efficient procurement and skilled manpower. We intend to strive to ensure continuous availability of equipments for our projects through both owned and rental basis. We believe that completing projects on and before time will lead to development of cordial relationships with our clients. We also seek to offer our engineering and technical personnel a wide range of work experience, in-house training and learning opportunities by providing them with opportunities to work on a variety of large, complex projects.

**Continue to select projects meeting our financial criteria**

Our Company follows a strategy of undertaking projects which meet our financial objectives. We are selective in our projects in terms of financials, as we undertake projects which are funded by various financial institutions. We have avoided aggressive bidding in order to win projects instead focussed on bidding on selective projects with a view of strengthening both financial and operational performance. To meet our financial criteria, we intend to keep a check on our costs, asset-light business model, procuring equipments by suppliers giving favourable credit period, selection of projects in concentrated area. This is in-line of our aim for higher profitability, but at the same time to avoid over-leveraging our financial position or undertake projects that would require significant investment in working capital, equipments or manpower.

**Capitalize opportunities from growing water management development activities and smart city initiatives**

With increased government focus and budgetary support will lead to launch of more projects for the Water Management sector. Further, out of 98 cities selected for smart city project by Government of India, 24 cities are located in South India. This will require effective ways to manage water and related activities leading to new infrastructure projects including requirement for water management and irrigation projects. We intend to capitalise on the same by various improvement in operational activities and strengthening our financial condition apart from utilising our more than decade of experience. Our regional presence and knowledge will aid us to qualify for new projects under this segment and we intend to bid aggressively for projects under “Smart City” initiatives.

**Bid contracts in roads and construction segment**

Our Company specialises in water management infrastructure and irrigation projects majorly. However with growing operational capabilities we now intend to penetrate into roads construction segment and offices & building segment as well. Our Company has already executed 23 projects in this segment, owing to which we possess relevant experience and knowledge for taking up this activity also. Currently, we are engaged in a project Joint Venture with RKI Builder Pvt Ltd. for construction of 756 2BHK apartments in Hyderabad. For roads and building segment, we intend to continue our focus in Southern India initially with lower and mid value contracts which will gradually help us to strengthen our position in this segment.

**OUR BUSINESS SEGMENTS**

**Water Engineering, Procurement & Construction (EPC)**

Our Water EPC segment includes projects in public sector awarded by governmental authorities and municipal corporations. Work includes construction activities, replacement and reconstruction of water management infrastructure mostly in the states of Tamil Nadu and Kerala.

**a. Water management systems**

We majorly focus on and have an established track record in Water management systems. In our water management business, we undertake construction and rehabilitation of water management infrastructure projects which include water supply projects & distribution projects such as integrated storm water drains, dams constructions, drainage systems, water storage facilities, pipe network, reservoirs, waste water treatment and underground rain water management system. The nature of such water management infrastructure projects include various works, such as maintenance, improvement as well as development activities apart from undertaking construction activities. Such water management infrastructure projects have been undertaken by us as well as on sub-contract basis by various sub-contractors appointed by us. Our standalone and consolidated revenues from operation from this segment formed 83.54 % and 76.48 % for Fiscal 2018 and September 2018.

**b. Irrigation**

We undertake irrigation projects awarded by public authorities. Our projects in irrigation include lift irrigation, drip irrigation, grading of fields, construction of canals, tunnels, installation and commissioning of irrigation pipeline in South India. We have an experienced team of engineers which is actively involved in design study and assessment. Our irrigation team undertakes primarily construction works for tunnels and canals for retail household purposes. Owing to our presence in water management systems, our equipment banks are adequate with most of the equipment requirements. Our standalone and consolidated revenues from operation from this segment formed 3.06 % and 5.83 % for Fiscal 2018 and September 2018.

Funding for both water management infrastructure projects and irrigation projects is typically provided through a combination of one or more of the following: local government, state government and central government owned fund or other allocations sourced through multilateral agencies, etc.

We have been active in water management infrastructure construction and irrigation and we believe that we have an expertise in managing large, complex projects now. We have executed and currently executing some of the significant civil construction projects in the states of Tamil Nadu and Kerala.

As of September 30, 2018, we were undertaking a total number of 19 water management and irrigation projects.

Our outstanding order book for these projects amounted to Rs. 6,173.73 Million as of September 30, 2018, accounting for 94.6% of our total order book.

**OPERATIONS OVERVIEW:**

Contracts are primarily awarded through "competitive bid" tender method based on combination of technical qualifications, proposed project team, schedule, past performance on similar projects, the bid amount is among the major determining factor.

The process requires each contractor to pre-qualify for the activities by meeting criteria that include technical capabilities and financial strength. We bid mainly for government contracts – State, local and municipal authorities.

**Bidding Process**

We focus on projects that are relatively complex, which reduces the competition in the water management segment in which we are experienced. This allows the Company to leverage its expertise and captive equipments. We have been growing our bidding range gradually and recently we have made a bid for contract value of Rs. 2,000 million for a project in Tirunelveli district in Tamil Nadu.

Management follows a measured approach towards bidding for new projects. Our project evaluation team is headed by our experienced promoter, the focus is on taking new orders with low execution timeline, low risk and comfortable margin. This has helped our Company to keep our working capital requirements within control and maintain profitability.

Once the project details are published, the team decides if we are likely to qualify for the bid. The size of the project on which we qualify depends on various factors, such as, track record of execution, financial condition, etc. The Company qualifies for projects worth Rs. 2,404.5 million for water management infrastructure and Rs. 914.9 million for irrigation projects. In the project we feel we have higher margin and we are not able to qualify, we look for possible project specific joint ventures which will allow us to bid for the tender.

The engineering team also evaluates the work involved and does site visit to assess execution risks. If conditions are not favourable at the site, we decide to drop the project. We evaluate a hurdle rate for margin on time to time basis and only if the return is above the hurdle rate, we go ahead with bidding process.

To evaluate the amount to be bid, our management along with project managers discusses the project costs involved, materials and equipments required, time requirement, source and cost of funding among other various factors. After bids are evaluated and approved by the management, bid amount is ascertained trying to be competitive as well as sustainable margin.

After bids are submitted, it generally takes a month for technical evaluation with number of bidders depending upon the size of the project, location, expertise required, and segment. Concerned authorities give importance to both competitive pricing as well as technical qualification to award a project to the successful bidder.

Our relationships in the industry and proven track record of timely completion of the projects, act as a competitive advantage for our Company at the time of technical evaluation.

**Execution**

Once the project is awarded, our Company allocates the project to a specific team which is headed by a Project Manager. The team consists of engineers with specific domain expertise who travel to the site. The contractual labourers are deployed temporarily through various labour sub-contractors.

The procurement team works closely with the projects team to understand and buy the required quality materials at the right time and price from the right place and supplier. We have a list of registered as well as unregistered suppliers who meet the quality standards. The team does price projections and considers availability issues to place orders, especially for critical supplies. It is vital for our industry to manage inventory and raw materials to reduce cost escalations while also prudently managing working capital. Our Company also maintains necessary tools and equipments to chart out requirements of project specific equipments which can be then procured on rental on timely basis.

We are always focussed on ensuring safety on project sites. We have inculcated a habit of giving priority to safety at every work site which has helped us to reduce accidents to low level. Further, insurance policies for our workers ensure financial safety for them.

There is also continuous investment in required equipments which helps to improve quality of work. The Company has also implemented environment-friendly practices to reduce impact on surrounding regions.

**Project Monitoring**

Project monitoring is conducted at all levels in our Company from our Directors and managers to the engineers and operators for the relevant project. It is typically implemented through timely reports generation.

**Contract Management**

We track our obligations under various contracts to avoid any delays and ensure smooth execution of contracts. Our key deliverables are tracked on timely basis. Key obligations tracked include award related documentation (e.g. LOAs, agreements, performance securities and other closing conditions) and execution related documentation (transfer of right of way, environment clearance).

**SUMMARY OF OUR WORK CONTRACTS:**

Under a work contract awarded to us, we are responsible for the procurement and construction efforts, in strict compliance with the design requirements and other terms and conditions of the contract. Certain contracts may restrict us to hire sub-contractors. Most of our contracts contain escalation clauses to cover cost overruns. Following are some basic terms of contract in general. However the same varies from contract to contract:

**Indemnities**

We are usually required to indemnify our clients and their officers and employees against all actions, proceedings, claims, liabilities, damages, losses and expenses due to failure on our part to perform our obligations under the contract.

**Performance Security and Defect Liability**

We are usually required to provide a guarantee equal to a fixed percentage of the contract price as the performance security. During the construction period as well as the warranty period after the completion of construction, we are usually required to cure construction defects, except usual wear and tear, at our own risk and costs. In the event we are unable to cure the defects, our clients usually have the right to get the defect rectified by a third party at our cost.

**Retention Money**

The Company has to provide performance guarantee for various aspects of its operations. Exposure to potential losses is retained through the use of deductibles from billing. Typically, our contracts require us to indemnify our customers for injury, damage or loss arising from the performance of our services and provide warranties for materials.

**Liquidated Damages**

We are usually required to pay liquidated damages for delays in completion of project milestones which are often specified as a fixed percentage of the contract price. Our clients are entitled to deduct the amount of damages from the payments due to us.

**FINANCIAL SNAPSHOT:**

Financial Snapshot of our Company as per our Restated Standalone Financial Information is as under:

(Amount in Rs. Million)

| Particulars | For the period of September 30, 2018 | F.Y 2017-18 | F.Y 2016-17 | F.Y. 2015-16 |
|---|---|---|---|---|
| Revenue from Operations | 2,471.98 | 4,679.20 | 3,118.24 | 2,504.36 |
| Total Revenue | 2,513.72 | 4,710.28 | 3,134.45 | 2,521.97 |
| EBITDA | 308.07 | 621.26 | 349.09 | 211.44 |
| EBITDA Margin (in %) | 12.26% | 13.19% | 11.14% | 8.38% |
| Net profit for the year (PAT) | 162.44 | 300.65 | 164.85 | 98.89 |
| PAT Margin (in %) | 6.46% | 6.38% | 5.26% | 3.92% |

Financial Snapshot of our Company as per our Restated Consolidated Financial Information is as under:

(Amount in Rs. Million)

| Particulars | For the Period of September 30, 2018 | F.Y. 2017-18 |
|---|---|---|
| Revenue from operations | 2471.98 | 4679.2 |
| Total revenue | 2507.02 | 4707.29 |
| EBITDA | 301.37 | 618.27 |
| EBITDA Margin (in %) | 12.02% | 13.13% |
| Net Profit for the year (PAT) | 162.44 | 300.58 |
| PAT Margin (in %) | 6.48% | 6.39% |

Customer wise break-up of our Revenue from Operation as per Restated Standalone Financial Information is as under:

(Amount in Rs. Million)

| Particulars | For the period of September 30, 2018 | F.Y 2017-18 | F.Y 2016-17 | F.Y. 2015-16 |
|---|---|---|---|---|
| Government | 2,048.57 | 4,104.91 | 2,786.05 | 2,309.23 |
| Private | 423.41 | 574.29 | 332.19 | 195.11 |
| **Revenue from Operations** | **2,471.98** | **4,679.20** | **3,118.24** | **2,504.36** |

Geographical break-up of our Revenue from Operation as per Restated Standalone Financial Information is as under:

(Amount in Rs. Million)

| Particulars | For the period of September 30, 2018 | F.Y 2017-18 | F.Y 2016-17 | F.Y. 2015-16 |
|---|---|---|---|---|
| Tamil Nadu | 2,277.63 | 4,205.56 | 3,035.09 | 2,394.33 |
| Kerala | 41.79 | 148.78 | 83.15 | 110.03 |
| **Revenue from Operations (Before Trading)** | **2,319.42** | **4,354.34** | **3,118.24** | **2,504.36** |

Segmental break-up of our Revenue from Operation as per Restated Standalone Financial Information is as under:

(Amount in Rs. Million)

| Particulars | For the period of September 30, 2018 | F.Y 2017-18 | F.Y 2016-17 | F.Y. 2015-16 |
|---|---|---|---|---|
| Water Management | 1,890.69 | 3,908.97 | 2,430.72 | 1,028.21 |

| | | | | |
|---|---|---|---|---|
| Irrigation | 144.11 | 142.70 | 358.69 | 452.51 |
| Roads | 22.25 | 116.41 | 276.53 | 913.26 |
| Miscellaneous | 262.36 | 186.25 | 52.30 | 110.37 |
| **Revenue from Operations (Before Trading)** | **2,319.42** | **4,354.34** | **3,118.24** | **2,504.36** |
| Traded Goods | 152.56 | 324.86 | - | - |
| **Revenue from Operations** | **2,471.98** | **4,679.20** | **3,118.24** | **2,504.36** |

**OUR ORDER BOOK:**

It is a measure of the total value of work that is remaining to be performed on projects that have been awarded. Our total order book as on September 30, 2018 stood at Rs. 6,520.86 million consisting of 19 projects, of which 13 are water management projects, 3 irrigation projects and 3 miscellaneous projects. Projects are brought into order book once we have been provided written confirmation of award.

At any point in time, we have a substantial volume of projects that are specifically identified and advanced in negotiations and/or documentation. However those projects are not booked in order book until we have received written confirmation from the customer/client awarding us the contract.

Detail of our order book as at September 30, 2018 is as under:

| Project Segment | No. of Projects | Contract Value (Amount in Rs. Million) | Outstanding Order Value (Amount in Rs. Million) |
|---|---|---|---|
| Water Supply | 13 | 12,327.82 | 6,088.39 |
| Irrigation | 3 | 628.30 | 85.34 |
| Miscellaneous | 3 | 731.13 | 347.13 |
| **Total** | **19** | **13,687.25** | **6,520.86** |

Further in the period from October 1, 2018 to January 31, 2019, we have received new orders amounting to Rs. 4,640.60 million.

**ONGOING PROJECTS:**

The following table sets forth details of key ongoing projects as at September 30, 2018:

*(Amount in Rs. Million)*

| Sr. | Project Type | Name of the Work | Agreement Date | Contract Value | Outstanding Order Value |
|---|---|---|---|---|---|
| 1 | Water Supply | Combined Water Supply Improvement Scheme to Municipalities covering Head works, Treatment plant Common Pumping main, construction of Booster sumps I,II&III and providing Infrastructure including maintenance period of 12 months | November, 2017 | 2,320 | 2,044 |
| 2 | Water Supply | Providing Water Supply Improvement Scheme to Namakkal Municipality in Namakkal District | November, 2017 | 1,780 | 1,461 |
| 3 | Water Supply | Providing 50 MLD WSIS to Tirunelveli Corporation including maintenance for a period of 12 months | August, 2016 | 1,855 | 622 |
| 4 | Water Supply | Providing Water Supply Improvement Scheme in 3 Added Areas of Coimbatore Corporation viz., Koundampalayam, Vadavalli and Veerakeralam in Coimbatore District | September, 2016 | 915 | 234 |
| 5 | Miscellaneous | PMGSY Phase VIII KR 10-50 Moolakkad - Kadampara Road in | December, 2014 | 391 | 158 |

| Sr. | Project Type | Name of the Work | Agreement Date | Contract Value | Outstanding Order Value |
|---|---|---|---|---|---|
| | | Attapady Block Palakkad District and KR 10-20 Muthalamt Road in Chittur Block, Palakkad District (10 packages) | | | |
| 6 | Irrigation | Infrastructure Improvement and Reconstruction Works on Vedharanyam canal and Uppanar Drain | November, 2016 | 322 | 78 |
| 7 | Miscellaneous | Construction of Hostel Block including site development and Plumbing works for the project of Construction of RGCB Bio Innovation Center at Akkulam in Thiruvananthapuram District | November, 2017 | 110 | 35 |
| 8 | Irrigation | Rehabilitation and Modernization of 2 Bed dams, 6 Head Sluices, and 1 Drainage Sluice of Veeraacholan river | December, 2017 | 102 | 11 |
| 9 | Others | | | 5,892 | 1,878 |
| **Total** | | | | **13,687** | **6,521** |

Further details in relation to ongoing projects of our company, please see the chapter titled "Government and Other Statutory Approvals" on page 240.

**SWOT ANALYSIS:**

**Strengths**

- **Our execution capability** – Our track record of timely completion of projects acts as a competitive advantage leading to better client relationship and confidence. We have also received various certificates of appreciation for our work.
- **Robust order book –** We have an order book of Rs. 6,520.86 million with 19 projects as on September 30, 3018. Out of 19 projects, we have 13 projects under water management infrastructure and 3 projects for irrigation projects**.**

**Weaknesses**

- **Not present across geography** – Our Company is focussed majorly in water management and irrigation infrastructure with presence particularly in South India. Since we are around a decade old company, we have not been able to expand our operations beyond the current served regions. However, we believe by using our expertise, knowledge and team we may be able expand our operations to different regions of the country.

**Opportunities**

- **Smart city projects** – With smart city initiatives we believe to capitalise the growth opportunities available. This will bring in large number of projects. Out of 98 cities selected for smart city projects, 24 cities are located in Southern India. *(Source: CRISIL Research Report)*
- **Increasing focus on Water Management activities –** Our business is related to government focus on meeting the demand of water management and irrigation requirement of the country. With growing economy and higher spend budget of government for these activities will lead to launch of newer projects providing more business opportunity to create a strong hold in our focussed segment of Water Management.

**Threats**

- **Strong competition** – Infrastructure industry is highly fragmented with presence of many large players and specialised regional players. They may possess more financial and technical competence to win more number of projects either on standalone basis or by forming project specific JVs. Although, we are mostly present in Water Management and Irrigation activities without much focus on other infrastructure projects and activities.

- **Unfavourable government policies** – Our business is largely dependent on government initiatives and various schemes supporting water management and irrigation sector. Cancellation of these schemes or unfavourable modification may lead to lower growth aspect in the segment we operate into.

**CUSTOMERS / CLIENTS:**

Our client base consists of both government authorities and private enterprises. We receive projects award from government and other public authorities, such as, Public Works Department, Tamil Nadu Water Development Agency, Government of Tamil Nadu, Chennai Corporation, etc. We have been maintaining strong relationships with government authorities.

As one of our core risk management processes, we are selective in choosing to work with organizations that have similar core values to ours and the projects which are funded by reputed financial institutions and who value our services. We competitively bid most of our projects. Our projects have durations ranging from few months to multiple years.

**SEASONALITY:**

Severe weather can impact our operations. In the Southern India at the climates where we operate, extreme weather conditions like severe monsoon, floods, etc. may slow our activities on construction projects, which shifts our revenue and accordingly profit recognition to subsequent quarters. For instance, recent Kerala floods impacted the entire state and adjoining areas. In addition to the above noted factors, the general timing of project starts and completions could exhibit significant fluctuations which may lead to cost escalations.

Accordingly, results for any interim period may not necessarily be indicative of future operating results.

Other factors impacting operating results in all segments come from work site permitting delays or customers accelerating or postponing work. The differing types, sizes, and durations of our contracts, combined with their geographic diversities and stages of completion, often results in fluctuations in the Company's operating results.

**MATERIALS & EQUIPMENTS:**

We purchase various raw materials required for construction and building activities which includes cement, steel and copper piping, electrical conduit, wire and other materials from various suppliers and traders across the State. We do not enter into any long term contracts with any of the suppliers instead we prefer to purchase the materials as on need basis. Further, we generally strive to purchase our required raw materials from same set of suppliers who provide us better credit period which also meets our quality requirements. Our long experience in the industry has allowed us to create a strong relationship with these suppliers avoiding the need of entering into any long term contract for continuous supply of raw materials ensuring uninterrupted construction activities.

Following our strategy of maintaining an asset-light business model, we purchase and maintain equipments which are critical and are widely used in construction activities. For most of the equipments required for construction activities, we hire those equipments from various leasing parties. This strategy allows us to keep a check on our overall overhead costs while keeping the costs of renting equipments within our budget and accordingly bid for the contract tender. The price and availability of these equipments may vary from time to time owing to market conditions and various other factors. However, due to the presence of many such equipment contractors in the region we operate, we do not face major issues in procuring equipment for our activity.

A designated department is responsible for identifying the need to procure or hire, deploy, maintain and monitor the plant, equipments and accessories. Machineries deployed to a specific site are monitored to track the capacity utilization, fuel consumption, idleness, cost effectiveness and other operational details.

Following is the list of major equipment owned by our Company as at September 30, 2018:

| Sr. No. | Name of Equipments | Qty | Unit |
|---|---|---|---|
| 1 | Batching Plant 18$m^3$ Per hour | 2 | Nos |
| 2 | Batching Plant 20$m^3$ Per hour | 1 | No |
| 3 | Batching Plant 30$m^3$ Per hour | 1 | No |
| 4 | Bitumen Tank 20 Tonne Capacity | 1 | No |
| 6 | Breaker | 2 | Nos |
| 7 | Bulker Cement Lorry | 2 | Nos |
| 8 | BullDozer D 65 | 1 | No |
| 9 | Cat – JCB | 3 | Nos |

| Sr. No. | Name of Equipments | Qty | Unit |
|---|---|---|---|
| 10 | Catter Piller | 5 | Nos |
| 11 | Cement Feeding Air Blower | 1 | No |
| 12 | Centering Materials | 1 | No |
| 13 | Coupled Set | 2 | Nos |
| 14 | Earth Rammer | 1 | No |
| 15 | Electronic Weighing Machine | 1 | No |
| 16 | Genset 10 K VA | 8 | Nos |
| 17 | Genset 125 KVA | 9 | Nos |
| 18 | Genset 15 K VA | 2 | Nos |
| 19 | Genset 200 KVA | 1 | No |
| 20 | Genset 30 K VA | 7 | Nos |
| 21 | Genset 62.5 KVA | 2 | Nos |
| 22 | Genset 82.5 K VA | 1 | No |
| 23 | Hallow Mould Machine | 1 | No |
| 24 | Hoist | 2 | Nos |
| 25 | Hot Mix Plant 60 - 90 Tonne Per Hour | 2 | Nos |
| 26 | Hydraulic Excavator - Kobelco PC 2 10 | 3 | Nos |
| 27 | Hydraulic Excavator - Komatsu PC 210 | 2 | No |
| 28 | Hydraulic Excavator - JCB 3 DX | 4 | Nos |
| 29 | Hydraulic Pressure Diesel Pump | 1 | No |
| 30 | Mini Truck (Dost) | 3 | Nos |
| 31 | Mixer Machine | 11 | Nos |
| 32 | Paver Finisher - Vogele make | 1 | No |
| 33 | Pollution Control Unit | 1 | No |
| 34 | Sand Sieving Machine | 2 | Nos |
| 35 | Silo | 8 | Nos |
| 36 | Steel Bending Machine | 1 | No |
| 37 | Steel Cutting Machine | 1 | No |
| 38 | Tandem Double Drum Roller | I | No |
| 39 | Tippers - Ashok Leyland / AMW | 14 | Nos |
| 40 | Total Station | 3 | Nos |
| 41 | Tractor | 1 | No |
| 42 | Transit Mixer | 2 | Nos |
| 43 | Transit Mixer - Self Loading | 1 | No |
| 44 | Vibrator | 1 | No |
| 45 | Weigh Bridge 100 Tonne | 2 | Nos |

**COMPETITION:**

Most of the infrastructure companies are present majorly in various construction and infra activities while we are focussed mostly on Water Management & Irrigation projects leading us to possess regional and focussed expertise. We face competition from other companies operating in the same geographies as ours with presence in Water Management projects. Our competition is based on numerous factors, more importantly, the type of project, total contract value, technical capability, complexity, location of the project and risks involved. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel's are key factors in client decisions among competitors. Price often is the deciding factor in most tender awards. Some of our competitors may have greater resources than those available to us. We compete with many competitors both listed and unlisted, to name a few:

1. RPP Infra Projects Ltd
2. Indian Hume Pipe Company Limited

**COLLABORATIONS:**

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any technical or other collaborations with any third parties.

**JOINT VENTURES PROJECTS:**

In order to be able to bid for certain infrastructure projects, we enter into joint venture (JV) and joint bidding agreements with other companies to meet capital adequacy, technical or other requirements that may be required as part of the pre-qualification for bidding or execution of the contract. Currently, we are engaged in 2 projects forming a JV, the detail is as hereunder:

| Sr. No. | Name of the Joint Venture | Name of the Partner(s) of Joint Venture | Name of the Project | Share in the Joint Venture | Date of Agreement |
|---|---|---|---|---|---|
| 1. | JV of RKI Builders Private Limited & Annai Infra Developers Limited | RKI Builders Private Limited | Construction of 756 two BHK houses in Cellar + Stilt+ 9 floors pattern and providing of Infrastructure facilities at Sriramnagar in Sy. No. 60 in Shamirpet (M) in Medchal Constituency in GHMC through LS Contract System. | Company – 49%; and<br><br>RKI Builders Private Limited – 51% | May 8, 2017 |
| 2. | JV of R.P.P Infra Projects Limited & Annai Infra Developers Limited | R.P.P Infra Projects Limited | Construction of 12 Nos. (W.S Zones 2, 3, 4, 8 22, 23, 26, 28, 29, 30, 31, 32) of Elevated Service Reservoirs with Chlorination facility and providing distribution system including HSC in Corporation Zone- I & II area for Tiruppur City Municipal Corporation | Company – 49%; and<br><br>R.P.P Infra Projects Limited – 51% | October 3, 2018* |

**We have not consolidated the Company's financials with JV of R.P.P Infra Projects Limited and Annai Infra Developers Limited for the purpose of disclosure in this DRHP, as it has been constituted after September 30, 2018.*

**CAPACITY AND ITS UTILIZATION:**

As we are involved into construction activities, we do not have any capacity utilisation data as such. Our construction activities are dependent on our ability to procure raw materials, equipments, human resource, execution capabilities, experience and skills.

**INFRASTRUCTURE & FACILITIES:**

**Registered Office & Corporate Office**:

Door No.2/9, A N Towers, Dr. Sathyamoorthy Hospital opp. road, Erode – 638011, Tamil Nadu, India

**Branch Offices:**

1. Kizhakkekara House, House No.18/159-A, 159-B, Managalam Post, Lakkidi perur panchayath, Ottapalam, Kerala, India
2. D.No.1, Silicon Town, Back side of Ebenezer Church, Nearby Fidelity Financial services, Electronic City Phase-2, Bangalore-560100, Karnataka, India
3. 402, Orchid Building, Navghar Road, Mulund East, Mumbai – 400 081, Maharashtra, India.
4. No. 5-20, Annarugudem Villege, Thallada Mandal, Kahmmam Dist. 507 167, Telangana, India.
5. No. 3, Jeeva Street (Near Kalki Kovil Ext.), Muthirayar Palayam, – 605 009, Puducherry, India.

6. No. 24, Menakuru Villege, Naidupeta - 524421, Andhra Pradesh, India.

**Labour Sheds:**

1. Building No. 328, South Kadampara, Kadampara Gram Panchayath, Sholayur, District Palakkad, Kerala
2. Building No. 205, Padavayal Paloor, Post Palakkad - 678582, Kerala.
3. D. No. 1, Sri Krishna Apartment, Cheruvaikal Village, Sreekariyam, Post Thiruvananthapuram, Kerala - 695017

**Warehouse:**

Plot Nos. 13, 14 and 15, Thiruneermalai High Road, S No. 183/B, 183/C, 183/1A10 & 185/3, Pammal Village, Nagalkeni, Chennai, Tamil Nadu, India

At our offices, we meet our basic power and water requirements from the state electricity board and municipal corporations. Our offices are equipped with requisite facilities such as internet connectivity, computer, office equipment, etc. For our work site, power requirements are met from respective electricity board.

**INFORMATION TECHNOLOGY:**

We are focusing on improving our internal systems and processes and upgrade our IT systems to reduce manual intervention and improve reliability and efficiency of our business and operations. We also intend to utilize advanced technologies, designs, engineering and project management tools to increase productivity and maximize asset utilization in construction activities.

We are in the process of implementing BuildSuperfast Enterprise Resource Planning (ERP) software to manage our projects more efficiently allowing us to keep a control on our overall costs and project status in order to enable us to carry out real time project planning. Further, this will allow us to generate various sophisticated Management Information Systems (MIS) reports aiding us to take informed management decisions. BuildSuperfast ERP will help us to maintain project wise detailed accounting in a uniform database thereby aiding us to take more informed decisions for future projects and to ensure successful projects completion in an efficient manner.

**HEALTH AND SAFETY:**

We enjoy accreditations, such as the ISO 9001:2015 certification to provide quality solutions in design, engineering, procurement, construction and project management services.

We have also adopted practices, including deployment of technology at our construction sites and regularly undertaking mock drills and other safety orientation programmes to promote a safe working environment. Our constructions and operations are subject to governmental, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, the use, management and disposal of solid or hazardous materials or wastes and the clean-up of contamination.

**HUMAN RESOURCES:**

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets as well as semi-skilled and unskilled. As on January 31, 2019, we had 251 permanent employees, who look after our day to day business operations, administrative, secretarial, legal, marketing and accounting functions in accordance with their respective designated goals. We also deploy contract labours as per requirement on project to project basis. Our manpower is a prudent mix of the experienced, skilled, semi-skilled which gives us the dual advantage of stability and growth.

Department wise bifurcation of our employee is as under:

| Department | Number of Employees |
|---|---|
| Accounts and Finance | 24 |
| Secretarial | 2 |
| HR & Admin | 2 |
| Tendering | 4 |
| Purchase | 10 |
| Projects | 128 |
| Hospitality | 23 |

| | |
|---|---|
| Transport | 4 |
| Safety | 3 |
| Car Driver | 8 |
| Heavy Driver | 18 |
| Crain -Operator | 18 |
| Plant Operator | 4 |
| System Admin/ Software Admin | 3 |
| **Total** | **251** |

We are committed to the development of the expertise and know-how of our employees through technical seminars and training sessions organised or sponsored by the Company. Our personnel policies are aimed towards recruiting the talent that we need, facilitating the integration of our employees into the Company and encouraging the development of skills in order to support our performance and the growth of our operations.

**MARKETING AND BUSINESS DEVELOPMENT ACTIVITY:**

We procure and enter into contracts primarily through a competitive bidding process. Our clients typically advertise for potential projects on their websites and in leading newspapers. Our Company has a planning and monitoring team which reviews newspapers and official websites of various authorities and government project tender aggregators where details of potential projects are typically listed to identify projects that could be of interest to us. After such projects are identified, the department seeks approval of the management in order to determine if the identified projects are to be pursued.

Our Company's planning and monitoring team is responsible for applying for pre-qualifications and tenders. The planning and monitoring team evaluates the credentials of our Company vis-à-vis the stipulated eligibility criteria. We endeavour to qualify on our own for projects in which we propose to bid. In the event that we do not qualify for a project in which we are interested due to eligibility requirements relating to the size of the project or other reasons, we may seek to form strategic alliances or project-specific joint ventures with other relevant experienced and qualified contractors, using the combined credentials of the cooperating companies to strengthen our chances of pre-qualifying and winning the bid for the project.

A notice inviting bids may either involve pre-qualification, or short-listing of contractors, or a post-qualification process. In a pre-qualification or short-listing process, the client stipulates technical and financial eligibility criteria to be met by the potential applicants. Pre-qualification applications generally require us to submit details about our organizational set-up, financial parameters (such as turnover, net worth and profit and loss history), employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. In selecting contractors for major projects, clients generally limit the issue of tender to contractors they have pre-qualified based on several criteria, including experience, technical ability and performance, reputation for quality, safety record, financial strength, bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is usually a significant selection criterion.

We typically undertake work in states which have favourable climatic and geographic conditions and where we can deliver high-quality services without experiencing significant delays and interruptions on account of adverse climatic conditions or regulatory delays.

**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility ("CSR") initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the frame work for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. Our Company has formed its CSR committee as per the applicable act.

We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with Indian legal requirements. In furtherance of the same, we have undertaken CSR activities in areas Health, Medical aid and education, etc.

**INSURANCE:**

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and to cover our assets, risks and liabilities which we believe is in accordance with the industry standards. We have taken insurance policies such as Standard Fire and Special Perils Policy, Contractors all risks Insurance Policy, Erection all risks insurance policy, Group Accident Policy, Mediclaim Policy, Workmen Compensation Policy etc. and other additional insurance coverage for our equipment and machinery and personnel. The policies provide appropriate coverage in relation to fire, explosions, floods, inundations, windstorms, earthquakes, landslides, theft, burglary and personal injury claims by our personnel. Our policies are subject to customary exclusions and customary deductibles. For all our projects, we maintain insurance cover with the appropriate endorsements and clauses. We constantly evaluate the risks in an effort to be sufficiently covered for all known risks. We believe that our insurance coverage is adequate for our business needs and operations. We will continue to review our policies to ensure adequate insurance coverage is maintained.

**INTELLECTUAL PROPERTY RIGHTS:**

We have applied for registration of the following Trademarks with the Trademarks Registry, Government of India. The details of trademark applications are as under:

| Sr. No | Particulars of the mark | Word/ Label Mark | Proprietor | Trademark/ Registration Number | Certificate Details | Issuing Authority | Class | Period of Validity |
|---|---|---|---|---|---|---|---|---|
| 1. | | Device | Annai Infra Developers Private Limited (now known as Annai Infra Developers Limited) | 2108602 | Certificate No. 1084471 Dated December 19, 2012. | Registrar of Trademarks | 99 | Valid upto March 2, 2021. |

**LAND AND PROPERTY:**

We have leased our offices as well as branch offices from certain third parties, and own and/or lease certain temporary residential premises for providing accommodations to our employees in various locations in India during the construction period.

**Owned Properties**

Details of our properties are as follows:

| Sr.No. | Address of the Property | Area of the Property | Current Usage |
|---|---|---|---|
| 1. | DBS "Westminister", 108/5A and 108/5B, Dr. Radhakrishnan Salai, 3rd Floor, Mylapore, Chennai – 600 004, Tamil Nadu, India | 3,561.5 Sq. ft. | Given on lease to IDFC Bank Limited for the period of 3 years from July 01, 2018, for its banking and allied businesses. |
| 2. | Plot Nos. 13, 14 & 15, Thiruneermalai High Road, S No. 183/B, 183/C, 183/1A10 & 185/3, Pammal Village, Nagalkeni, Chennai, Tamil Nadu, India | 60,000 Sq. ft. of land together with shed area of 30,000 Sq.ft. | Warehouse |

**Leased Properties**

Our Company operates following properties on rental basis, details for the same are hereunder:

| Sr. No. | Address of the Property | Owner | Rental Consideration | Rent Period | Current Usage |
|---|---|---|---|---|---|
| 1 | Door No.2/9, A N Towers, Dr Sathyamoorthy, Hospital Opp Road, 2/5, Perundurai Road, ERODE – 638011, Tamil Nadu, India. | Mr. Subramaniam Ashok Kumar | Rs. 1,75,000/- Per Month | 11 Months commencing from December 1, 2018 to October 31, 2019 | Registered office & Corporate Office |

| Sr. No. | Address of the Property | Owner | Rental Consideration | Rent Period | Current Usage |
|---|---|---|---|---|---|
| 2 | House Door No. 1, Silicon Town, Back side of Ebenezer church, Nearby fidelity Financial services, Electronic City, Phase – 2, Bangalore, 560 100, Karnataka, India | Mr. C.R. Badri Narasimam | Rs. 8000/- Per Month | 11 Months commencing February 01, 2019 to December 31, 2019 | Branch office use |
| 3 | Kizhakkekara House, House No. 18/159-A, 159-B, Mangalam P.O. Lakkidi Perur Panchayath, Ottapalam, Kerala | Mrs. Raheema Muhammed | Rs. 11,000/- Per Month | 11 Months commencing from May 12, 2018 to April 11, 2019 | Branch office use |
| 4 | 402, Orchid Building, Navghar Road, Mulund East, Mumbai – 400 081, Maharashtra, India. | Mr. Subhashree V Rao | Rs. 1000/- Per Month | 22 Months commencing from November 1, 2018 to August 31, 2020 | Branch office use |
| 5 | No. 5-20, Annarugudem Villege, Thallada Mandal, Kahmmam Dist. 507 167, Telangana, India. | Mr. Komarajula Srinu | Rs. 1500/- Per Month | 11 Months commencing from November 12, 2018 to October 11, 2019 | Branch office use |
| 6 | No. 3, Jeeva Street (Near Kalki Kovil Ext.), Muthirayar Palayam, – 605 009, Puducherry, India. | Mrs. R. Kasthuri Devi | Rs. 1500/- Per Month | 11 Months commencing from December 26, 2018 to November 25, 2019 | Branch office use |
| 7 | No. 24, Menakuru Villege, Naidupeta - 524421, Andhra Pradesh, India | Mr. Tikkabaithina Tirupalaiah | Rs. 1500/- Per Month | 11 Months commencing from November 12, 2018 to October 11, 2019 | Branch office use |
| 8 | Building No. 328, South Kadampara, Kadampara Gram Panchayath, Sholayur, District Palakkad, Kerala | Mr. Chavundammal | Rs. 2000/- Per Month | 11 Months commencing form September 1, 2018 to August 31, 2019 | Labour shed |
| 9 | Building No. 205, Padavayal Paloor, Post Palakkad - 678582, Kerala. | Ms. Renuka Devi | Rs. 3000/- Per Month | 11 Months commencing form January 1, 2019 to November 30, 2019 | Labour shed |
| 10 | D. No. 1, Sri Krishna Apartment, Cheruvaikal Village, Sreekariyam, Post Thiruvananthapuram, Kerala - 695017 | Mr. G Anil Kumar | Rs. 10,000/- Per Month | 11 Months commencing form May 22, 2018 to April 21, 2019 | Labour Shed |

Our Registered Office & Corporate Office is located in Erode, Tamil Nadu. For further details, see “Infrastructure & Facilities” on page 161 of this Draft Red Herring Prospectus

# KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

We are engaged in the business of Engineering, Procurement and Construction (EPC) activities of water management and irrigation projects. Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of the business. We are required to obtain and regularly renew certain licenses/ registrations and / or permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies.

For details of Government Approvals obtained by us in compliance with these regulations, please see the chapter titled "*Government and Other Statutory Approvals*" beginning on page 240 of this DRHP.

**A. INDUSTRY RELATED LEGISLATIONS**:

**1. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "Land Acquisition Act")**

The Land Acquisition Act has replaced the Land Acquisition Act, 1894 and aims at establishing a participative, informed and transparent process for land acquisition for industrialisation, development of essential infrastructural facilities and urbanisation. While aiming to cause least disturbance to land owners and other affected families, it contains provisions aimed at ensuring just and fair compensation to the affected families whose land has been acquired or is proposed to be acquired. It provides for rehabilitation and resettlement of such affected persons.

We are also required to comply with the rules and regulations issued under Land Acquisition Act by the State Governments as under:

a. Tamil Nadu Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Rules, 2017; and

b. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (Kerala) Rules, 2014.

**2. National Building Code, 2016**

The National Building Code of India ("**NBC**"), contains administrative regulations, development control rules and general building requirements for regulating the building construction activities across the country. It serves as a Model Code for adoption by all agencies involved in building construction activities by the Public Works Departments, other government construction departments, local bodies or private construction agencies. The NBC mainly contains administrative provisions, development control rules and general building requirements; fire and life safety requirements; stipulations regarding building materials, structural design and construction (including safety); building and plumbing services; approach to sustainability; and asset and facility management.

**3. Tamil Nadu Town and Country Planning Act, 1971**

Tamil Nadu Town and Country Planning Act, 1971 ("**TNTCP Act**") has been legislated to provide for planning the development and use of rural and urban land in the State of Tamil Nadu and for purposes connected therewith. The TNTCP Act notifies the areas, constitution of authorities like Chennai Metropolitan Development Authority, preparation and implementation of master plan and detailed development plan and enforcement of development control regulations. The TNTCP Act also provides for preparation of a "regional plan" for the regional planning area or any part of it. The regional plan may provide or propose the manner in which the land in the region shall be used for inter-alia transport and communication, such as roads, highways, railways, waterways, canals and air-ports including their development; water-supply, drainage, sewerage, sewage disposal and other public utilities, amenities and services including electricity and gas; and irrigation, water-supply and hydro-electric works, flood control and prevention of river pollution.

4. **Kerala Town and Country Planning Act, 2016**

Kerala Town and Country Planning Act, 2016 ("**KTCP Act**") has been legislated for the promotion of planned development and regulation of growth of urban and rural areas in Kerala. The KTCP Act provides for the preparation of Perspective Plan and Execution Plan for a district which shall *inter-alia* deal with implementation and execution of transportation system in a district, generalized land utilisation pattern, housing and shelter development and integrated infrastructure development covering water, energy, sanitation, education, health, recreation, communication and other utilities, facilities and services.

5. **Tamil Nadu Transparency in Tenders Act, 1998 and rules framed thereunder**

Tamil Nadu Transparency in Tenders Act, 1998 ("**TNTT Act**") and the rules framed thereunder has been enacted with an objective to provide for transparency in the public procurement and to regulate the procedure in inviting and accepting tenders and matters connected therewith; to maximise economy and efficiency in Government procurement; to foster and encourage effective participation by tenderers in the process of tenders, to promote healthy competition among tenderers, to provide for fair and equitable treatment of all tenderers, to eliminate irregularities, interference and corrupt practices in the matters relating to tender processes by providing transparency in such matters and to promote the integrity of the process of tenders and to promote fairness and public confidence in the processing of tenders by ensuring transparency in the procedure relating to procurement. The TNTT Act also sets out the Pre-qualification Procedure in a single stage, two cover Tender, procedure to be followed at tender Openings.

6. **Transfer of Property Act, 1882**

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the Transfer of Property Act, 1882 ("**T.P. Act**").The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter. The T.P. Act also provides for the rights and liabilities of the vendor and purchaser, and the lessor and lessee in a transaction of sale or lease of land, as the case may be. The T.P. Act also covers provisions with respect to mortgage of property.

7. **The Registration Act, 1908**

The Registration Act, 1908 ("**Registration Act**") was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

8. **Legislations pertaining to Stamp Duty**

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 ("**Stamp Act**") which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments in the respective schedules of the respective legislations pertaining to stamp duty as applicable in the State. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one State to another. Certain State in India have enacted their own legislation in relation to stamp duty while the other State have adopted and amended the Stamp Act, as per the rates applicable in the State. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from State to State.\

## B. TAX RELATED LEGISLATIONS

### 1. Income-tax Act, 1961

Income-tax Act, 1961 ("**IT Act**") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. Every assessee, under the IT Act, which includes a company, is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax and like.

### 2. Central Goods and Services Tax Act, 2017

The Central Goods and Services Tax Act, 2017 ("**CGST Act**") regulates the levy and collection of tax on the intra- State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs. There would be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods or services.

**Integrated Goods and Services Tax Act, 2017**

Integrated Goods and Services Tax Act, 2017 ("**IGST Act**") is a Central Act enacted to levy tax on the supply of any goods and/ or services in the course of inter-State trade or commerce. IGST is levied and collected by Centre on interstate supplies. The IGST Act sets out the rules for determination of the place of supply of goods. Where the supply involves movement of goods, the place of supply shall be the location of goods at the time at which the movement of goods terminates for delivery to the recipient. The IGST Act also provides for determination of place of supply of service where both supplier and recipient are located in India or where supplier or recipient is located outside India. The provisions relating to assessment, audit, valuation, time of supply, invoice, accounts, records, adjudication, appeal etc. given under the CGST Act are applicable to IGST Act.

Further, the Company is also governed by various State Goods and Service Tax statutes for levy and collection of tax on intra-State supply of goods and services or both which are as follows:

i. Tamil Nadu Goods and Service Tax Act, 2017;

ii. Kerala State Goods and Service Tax Act, 2017;

iii. Andhra Pradesh Goods and Service Tax Act, 2017

iv. Karnataka Goods and Service Tax Act, 2017;

v. Telangana Goods and Service Tax Act, 2017;

vi. Maharashtra Goods and Service Tax Act, 2017; and

vii. Puducherry Goods and Service Tax Act, 2017.

### 3. Professional Tax

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

## C. LABOUR RELATED LEGISLATIONS:

Our Company is governed by various Acts, Statutes and legislations for the safety and protection of the labour and employees either working for or engaged by the Company. Our Company is required to ensure compliance of various labour and employment laws to conduct its business and projects. These include, but are not limited to the following:

- The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Shops and Commercial Establishment Act as applicable for each State where our Company has a commercial establishment;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Fatal Accidents Act, 1855;
- Employee State Insurance Act, 1948;
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- The Employees' Compensation Act, 1923;
- Equal Remuneration Act, 1976;
- Maternity Benefit Act, 1961;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Payment of Wages Act, 1936;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965; and
- Payment of Gratuity Act, 1972.

## D. ENVIRONMENT RELATED LAWS

### 1. Environment Protection Act, 1986 and Environment (Protection) Rules, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various Central and State authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exists among water, air and land, and human beings and other living creatures such as plants, micro-organisms and property. Further, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment which is assessed by the Ministry in detail before granting clearances for such proposed projects.

### 2. Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are the other major statutes in India which seek to regulate and protect the environment against pollution and related activities in India. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards which are vested with diverse powers to deal with water and air pollution, have been set up in each State. In terms of the Water (Prevention and Control of Pollution) Act, 1974, any entity is *inter-alia* prohibited from knowingly causing or permitting the discharge of poisonous, noxious or polluting matter prescribed and also from establishing any industry, operation or process which is likely to discharge sewage trade effluents. In terms of the Air (Prevention and Control of Pollution) Act, 1981, save and except with the consent of a State Pollution Control board, an entity is prohibited, from operating any industrial plant for the purpose of any industry specified thereunder in an air pollution control area. Further, an entity operating any industrial plant in an air pollution control area is prohibited from discharging or causing or permitting to be discharged the emission of any air pollutant in excess of the standards prescribed.

3. **Hazardous Waste (Management and Handling) Rules, 1989**

In exercise of the powers conferred by Sections 6, 8 and 25 of the Environment (Protection) Act, 1986, the Central Government has laid down these Rules. Under these Rules, the Occupier and the operator of a facility shall be responsible for proper collection, reception, treatment, storage and disposal of hazardous wastes listed in the schedule. It shall be his responsibility to take all steps to ensure that the wastes are properly handled and disposed of without any adverse effect to the environment.

**E. REGULATIONS REGARDING FOREIGN INVESTMENT**

The Department for Promotion of Industry and Internal Trade, Government of India ("**DIPP**") makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DIPP also issues the Consolidated Foreign Direct Investment Policy ("**FDI Policy**") from time to time. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. The foreign investment in our Company is governed *inter alia* by the FEMA, as amended, FEMA Regulations, as amended, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

Currently, 100% FDI is permitted under the automatic route in the companies which are engaged in construction-development projects (including development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure and townships) subject to compliance with prescribed conditions. The conditions prescribed are as follows:

i. Each phase of the construction development project would be considered as a separate project;

ii. The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage. However, a person resident outside India will be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock in period of three years, calculated with reference to each tranche of foreign investment has been completed. Further, transfer of stake from a person resident outside India to another person resident outside India, without repatriation of foreign investment will neither be subject to any lock-in period nor to any government approval;

iii. The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned;

iv. The Indian investee company will be permitted to sell only developed plots, i.e. plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available;

v. The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/ layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/ bye-Laws/ regulations of the State Government/ Municipal/ Local Body concerned; and

vi. The State Government/Municipal/Local Body concerned, which approves the building/ development plans, will monitor compliance of the above conditions by the developer.

Condition of lock-in period does not apply to hotels and tourist resorts, hospitals, special economic zones, educational institutions, old age homes and investment by NRIs/ OCIs. Additionally, foreign investment up to 100% under automatic route is permitted in completed projects for operating and managing townships, malls/shopping complexes and business centres. Consequent to such foreign investment, transfer of ownership and/or control of the investee company from persons resident in India to persons resident outside India is also permitted. However, there would be a lock-in-period of three years, calculated with reference to each tranche of foreign investment and transfer of immovable property or part thereof is not permitted during this period. Completion of the project will be determined as per the local bye-laws/rules and other regulations of State Governments.

# HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated under the provisions of the Companies Act, 1956 as Annai Developers Private Limited at Erode, Tamil Nadu on November 18, 2008, as a private limited company vide Certificate of Incorporation issued by Registrar of Companies, Tamil Nadu, Coimbatore. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on August 16, 2010, the name of our Company was changed to Annai Infra Developers Private Limited in order to signify the wide range of products offered by the Company such as construction of road, dams, canals, mines, etc. and a Fresh Certificate of Incorporation Consequent upon Change of Name dated September 15, 2010 has been issued by Registrar of Companies, Tamil Nadu, Coimbatore. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on September 15, 2018 and consequently, the name of our Company was changed to Annai Infra Developers Limited and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by the Registrar of Companies, Tamil Nadu, Coimbatore on September 24, 2018. The Corporate Identity Number of our Company is U45205TZ2008PLC014869.

**Corporate Profile of our Company**

For information on our Company's business profile, activities, services, managerial competence, and customers, see chapters titled "Our Management", "Our Business" and "Industry Overview" beginning on pages 177, 150 and 95, respectively of this DRHP.

**Changes in Registered Office**

The registered office of our Company is situated at Door No.2/9, A N Towers, Dr. Sathiyamoorthy Hospital Opp Road, 2/5, Perundurai Road Erode- 638011, Tamil Nadu, India.

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

| Date of Resolution | Details of Registered Office | Reason for change |
|---|---|---|
| At incorporation | 102, Sheik Dawood Street, Erode – 638001. | - |
| May 11, 2012 | Change in address from 102, Sheik Dawood Street, Erode – 638001 to Flat No. 7, Fourth Floor, SDS Enclave, 2/5. Perundurai Road, Dr. Sathyamoorthi Hospital opp, Erode – 638 011 with effect from June 1, 2012. | Administrative Convenience |
| December 8, 2018 | Change in address from Flat No. 7, Fourth Floor, SDS Enclave, 2/5. Perundurai Road, Dr. Sathyamoorthi Hospital opp Road, Erode – 638 011 to Door No.2/9, A N Towers, Dr Sathiyamoorthy Hospital Opp Road, 2/5, Perundurai Road Erode- 638011, Tamil Nadu, India with effect from December 12, 2018. | Administrative Convenience |

**Awards/ Accreditations/ Major events in the History of our Company**

| Year | Milestone |
|---|---|
| 2008 | Incorporation of the Company |
| 2014 | Completed the work for Rehabilitation of Ayanambakkam Tank in Tiruvallur District with agreement value worth ₹ 250.73 million ahead of the milestone. |
| 2014 | Completed the work for Construction of Check Dam across Kosasthalaiyar River near Thirukandalam Village in Thiruvallur under Krishna Water Supply Project Division-I, WRD, Chennai- 5, with agreement value worth ₹ 281.94 million within the time schedule. |
| 2015 | Completed the work for making improvements to Porur Tank surplus water drainage, under JNNURM Scheme (Southern Basin package. IX) in Kosasthalaiyar Basin |

| Year | Milestone |
|---|---|
| | Division, Thiruvallur under Palar Basin Circle, WRD., Chennai-5 with agreement value worth ₹ 455.27 million within the time schedule. |
| 2016 | Secured 6 package work orders worth of ₹2,663.37 million for Construction of Integrated Storm Water drains from the Corporation of Chennai. |
| | Entered in the new segment for Combined Water supply scheme projects-pipeline and secured 2 work orders worth of 2089.46 Million from "The Executive Engineer, TWAD Board, Coimbatore & Salem. |
| 2017 | Entered into Joint Venture with RKI Builders Private Limited for construction of 756 two BHK houses in Medchal Constituency for Greater Hyderabad Municipal Corporation. |
| 2018 | Received ISO 9001: 2015 certification from AQC Middle East FZE |
| | Secured orders worth of ₹2,319.51 & ₹2,051.31 Million for Combined Water Supply Improvement Scheme from Tamil Nadu Water Supply & Drainage Board. |
| | Conversion of Company from "Private Limited" to "Public Limited". |
| | Entered into Joint Venture with R.P.P Infra Projects Limited for construction of Elevated Service Reservoirs with Chlorination facility and providing distribution system and providing distribution system for Tiruppur City Municipal Corporation |

**Time and cost over-runs in setting up projects and certain other adverse remarks**

The industry in which our Company operates is prone to time and cost over-runs. There have been instances of time over-run in the execution of our ongoing projects ranging from 9 months to 3 years 4 months, for which we have sought extension for completion of project, due to reasons not attributable to our Company in most cases. However, there has been no cost over-run consequent to such delay in execution of our ongoing projects. For further details with respect to time and cost over-run in execution of our projects please refer to Risk Factor "***Some or all of our ongoing projects may not be completed by their agreed completion dates. Such delays may adversely affect our business, results or operations and financial conditions***" on page 34.

**Acquisition or disinvestments of Businesses / Undertakings**

The Company has not made any acquisition or disinvestments of businesses / undertakings in the last 10 (ten) years.

**Details of Merger/Amalgamation**

There has been no merger/amalgamation pertaining to our Company in the last 10 (ten) years.

**Revaluation of assets**

Our Company has not revalued its assets in the last 10 (ten) years.

**Defaults or Rescheduling of Borrowings with Financial Institutions/Banks**

There have been no defaults that have been called by any financial institution or bank in relation to borrowings availed by our Company from any financial institutions or banks.

**Main Objects of our Company**

*(i)* *To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including water supply projects, irrigation projects, inland water ways and inland ports, water treatment systems, solid waste management systems, sanitation and sewerage systems, or any other public facilities of a similar nature;*

*(ii)* *To carry on in India or elsewhere either alone or jointly with one or more persons the business as developers, builders, contractors and decorators of dwelling houses, residential complexes and flats, commercial complexes, cinema houses, bus stands, airports, seaports, railway stations and buildings for Government and other commercial, industrial buildings and structures.*

(iii) *To carry on in India or elsewhere either alone or jointly with one or more persons the business of generating, producing, transmitting, manufacturing, supplying, distributing, trading and dealing in electricity and all forms of energy and power generated by any source including hydel, thermal, turbine, hydrogen, fuel cell technology, solar energy, wing energy, tidal energy through establishing or acquiring in any manner power transmission system/ networks, power systems, generation station, tie-lines, sub-stations and transmission and distribution systems from State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Central or State Government Undertakings, licenses, other local authorities or statutory bodies, other captive or independent power producers and distributors and to do all the ancillary, related or connected activities as may be considered necessary or beneficial or desirable for or along with any or all of the aforesaid purposes which can be conveniently carried on these systems, networks or platforms, stations, tie-lines, sub stations.*

(iv) *To trade or deal in HDPE Pipes, MS Pipes, DI Pipes, PVC pipes, Valves and fittings, Cement, cement pipes, cement poles, Building materials, Steel, Blue metal, Sand, Electrical and Electrical fittings requisites and other materials used in construction or any substitute thereof*

(v) *To give Rental or Lease or Hire of Construction Equipment's, Lease or Rent any of Land & Building of Company properties, otherwise of any movable and immovable assets apart or whole thereof.*

**Amendment to the MOA of our Company in the last 10 years**

The following changes have been incorporated in the Memorandum of Association of our Company, after approval of our shareholders, in the last ten years:

| Sr. No. | Date of Shareholder's Approval | AGM/ EGM | Particulars of change/amendment |
|---|---|---|---|
| 1. | August 16, 2010 | EGM | The authorized share capital of the Company was increased from ₹1,00,000 divided into 10,000 equity shares to ₹1,00,00,000 divided into 10,00,000 equity shares of ₹10/- each. |
| | | | Clause I of the MOA amended to reflect the change in name of the Company to Annai Infra Developers Private Limited. |
| 2. | March 16, 2012 | EGM | The authorized share capital of the Company was increased from ₹1,00,00,000 divided into 10,00,000 equity shares to ₹2,50,00,000 divided into 25,00,000 equity shares of ₹10/- each. |
| 3. | June 26, 2015 | EGM | The authorized share capital of the Company was increased from ₹2,50,00,000 divided into 25,00,000 equity shares to ₹5,50,00,000 divided into 55,00,000 equity shares of ₹10/- each. |
| | | | Amendment to Clause III(A) by replacing existing sub-clause 1 with the following clause: "*To carry on in India or elsewhere either alone or jointly with one or more persons the business as developers, builders, contractors and decorators of dwelling houses, residential complexes and flats, commercial complexes, cinema houses, bus stands, airports, seaports, railway stations and buildings for Government and other commercial, industrial building and structures*." |
| 4. | January 25, 2016 | EGM | Clause III(A) of MOA amended to add new sub-clause 2 as follows:<br><br>"*To carry on in India or elsewhere either alone or jointly with one or more persons the business of generating, producing, transmitting, manufacturing, supplying, distributing, trading and dealing in electricity and all forms of energy and power generated by any source including hydel, thermal, turbine, hydrogen, fuel, cell technology, solar energy, wind energy, tidal energy through establishing or acquiring in any manner power transmission* |

| Sr. No. | Date of Shareholder's Approval | AGM/ EGM | Particulars of change/amendment |
|---|---|---|---|
| | | | *system/networks, power systems, generation station, tie lines, sub-stations and transmission and distribution systems from State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Central or State Government undertakings, Licensees, other local authorities or statutory bodies, other captive or independent power producers and distributors and to do all the ancillary, related or connected activities as may be considered necessary or beneficial or desirable for or along with any of the aforesaid purposes which can be conveniently carried on these systems, networks or platforms, stations, tie-lines, sub stations.*" |
| | | | Clause III (C) (4) of MOA amended to delete the following object clause:<br><br>"*To generate power from all sources including non-conventional sources such as wind farms, wind mills, biogas and also to sell, transfer, deal in manner beneficial to the Company*" |
| 5. | December 20, 2017 | EGM | Clause III(A) of MOA amended to add two new sub-clauses 3 and 4 as follows:<br>"*(3) To trade or deal in HDPE Pipes, MS Pipes, DI Pipes, PVC pipes, Valves and fittings, Cement, cement pipes, cement poles, Building materials, Steel, Blue metal, Sand, Electrical and Electrical fittings requisites and other materials used in construction or any substitute thereof.*<br><br>*(4) To give Rental or Lease or Hire of Construction Equipment's, Lease or Rent any of Land & Buildings of Company Properties, otherwise of any movable and immovable assets apart or whole thereof.*" |
| 6. | February 15, 2018 | EGM | The authorized share capital of the Company was increased from ₹5,50,00,000 divided into 55,00,000 equity shares to ₹18,50,00,000 divided into 1,85,00,000 equity shares of ₹10/- each. |
| 7. | July 6, 2018 | EGM | The authorized share capital of the Company was increased from ₹18,50,00,000 divided into 1,85,00,000 equity shares to ₹34,50,00,000 divided into 3,45,00,000 equity shares of ₹10/- each. |
| 8. | September 15, 2018 | EGM | Clause I of the MOA amended to reflect the change in name of the Company to Annai Infra Developers Limited. |
| | | | The heading of the Clause III (A) of the MOA amended to substitute the existing heading as follows:<br>"*The Object to be pursued by the Company on its incorporation are as under:*" |
| | | | Clause III(A) of MOA amended to add new clause A (I) as follows:<br>"*To construct, build, develop, maintain, operate, own and transfer infrastructure facilities including water supply projects, irrigation project, inland water ways and inland ports, water treatment systems, solid waste management systems, storm water drainage, sanitation and sewerage systems, or any other public facilities of the similar nature;*" |
| | | | Clause III (A) of the MOA is further amended to re-number the existing clauses as follows: |

| Sr. No. | Date of Shareholder's Approval | AGM/ EGM | Particulars of change/amendment |
|---|---|---|---|
| | | | "(i) The Existing Clause (1) re-numbered as (2);<br>(ii) The Existing Clause (2) re-numbered as (3);<br>(iii)The Existing Clause (3) re-numbered as (4) and<br>(iv)The Existing Clause (4) re-numbered as (5)." |
| | | | The heading of the Clause III (B) of the MOA amended to substitute the existing heading as follows:<br><br>"*Matters which are necessary for furtherance of the objects specified in Clause III A*" |
| | | | Clause IV- Liability Clause of MOA amended to substitute the existing Clause IV to reflect as follows:<br><br>"*The liability of member(s) is limited and this liability is limited to the amount unpaid, if any, on shares held by them.*" |

**Our Holding Company**

As on the date of the DRHP, we have no holding company.

**Our Subsidiary**

We do not have any subsidiaries as on the date of the DRHP.

**Significant financial or strategic partnerships**

Our Company has not entered into any significant financial or strategic partnerships

**Capacity/facility creation, location of plants**

For details pertaining to facility creation, location of plants, please see the chapter titled "Our Business" beginning on page 150 of this DRHP.

**Shareholders Agreement and Other Agreements**

As on the date of this DRHP, the Company has not entered into any Shareholders Agreements

**Agreements with strategic partners, joint venture partners and/or financial partners and other agreements**

Except as disclosed below, there are no existing material agreements with strategic partners, joint venture and/or financial partners or other material agreements entered into by our Company which are not in its ordinary course of business.

| Sr. No. | Name of the Joint Venture | Name of the Partner(s) of Joint Venture | Name of the Project | Share in the Joint Venture | Date of Agreement |
|---|---|---|---|---|---|
| 1. | JV of RKI Builders Private Limited & Annai Infra Developers Limited | RKI Builders Private Limited | Construction of 756 two BHK houses in Cellar + Stilt+ 9 floors pattern and providing of Infrastructure facilities at Sriramnagar in Sy. No. 60 in Shamirpet (M) in Medchal Constituency in GHMC through LS Contract | Company – 49%; and<br><br>RKI Builders Private Limited – 51% | May 8, 2017 |

| Sr. No. | Name of the Joint Venture | Name of the Partner(s) of Joint Venture | Name of the Project | Share in the Joint Venture | Date of Agreement |
|---|---|---|---|---|---|
| | | | System. | | |
| 2. | JV of R.P.P Infra Projects Limited & Annai Infra Developers Limited | R.P.P Infra Projects Limited | Construction of 12 Nos. (W.S Zones 2, 3, 4, 8 22, 23, 26, 28, 29, 30, 31, 32) of Elevated Service Reservoirs with Chlorination facility and providing distribution system including HSC in Corporation Zone- I & II area for Tiruppur City Municipal Corporation | Company – 49%; and<br>R.P.P Infra Projects Limited – 51% | October 3, 2018* |

** We have not consolidated the Company's financials with JV of R.P.P Infra Projects Limited and Annai Infra Developers Limited for the purpose of disclosure in this DRHP, as it has been constituted after September 30, 2018.*

**Agreements with key managerial personnel or a Director or Promoter or any other employee of the Company**

There are no agreements entered into by key managerial personnel or a Director or Promoter or any other employee of the Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

**Key terms of other subsisting material agreements**

Except as disclosed herein, our Company has not entered into any other subsisting material agreements including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company.

## OUR MANAGEMENT

The Articles of Association require our Board to have at least 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this DRHP, our Board comprises of 6 (six) Directors, including three Independent Directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this DRHP with SEBI:

**Board of Directors**

| Sr. No. | Name, Fathers' Name, Designation, Term, Date of Birth, Age, Nationality, Address, Occupation & DIN | Date of Appointment & Term of Directorship | Other Directorships & Limited Liability Partnerships |
|---|---|---|---|
| 1. | Mr. Subramaniam Ashok Kumar<br>*S/o Subramaniam*<br><br>***Designation:*** Chairman and Managing Director<br><br>***Term:*** 5 Years<br><br>***Date of Birth:*** June 18, 1974<br><br>***Age:*** 44 years<br><br>***Nationality***: Indian<br><br>***Address:*** 138, Mullai Nagar, Old Bus Stand Road, Perundurai, Erode - 638052, Tamil Nadu, India.<br><br>***Occupation***: Business<br><br>***DIN:*** 01660180 | Appointed as Managing Director and Chairman for a period of 5 years from August 11, 2017 to August 10, 2022 and shall be liable to retire by rotation. | *Companies:*<br>(i) Erode Annai Spinning Mills Private Limited<br>(ii) Kozone Reality Private Limited<br><br>(iii) Ashok Renewable Energy Private Limited<br><br>*LLP:*<br><br>Floflex Industries LLP |
| 2. | Mrs. Duraisamy Kalaiselvi<br>*D/o Duraisamy*<br><br>***Designation:*** Whole-time Director<br><br>***Date of Birth:*** November 13, 1981<br><br>***Term***: 5 years<br><br>***Age***: 37 years<br><br>***Nationality***: Indian<br><br>***Address***: 138, Mullai Nagar, Old Bus Stand Road, Perundurai, Erode - 638052, Tamil Nadu, India<br><br>***Occupation***: Business<br><br>DIN: 01660237 | Appointed as Non-Executive Director of the Company w.e.f. August 16, 2010.<br><br>Change in Designation to Whole-Time Director for a period of 5 (five) years from September 15, 2018 to September 14, 2023 and shall be liable to retire by rotation. | *Companies:*<br>(i) Erode Annai Spinning Mills Private Limited<br>(ii) Kalaii Construction Private Limited<br>(iii) Kozone Reality Private Limited<br>(iv) Ashok Renewable Energy Private Limited.<br>*LLP:*<br><br>Floflex Industries LLP |
| 3. | Mr. Ravindran Pichai<br>*S/o Pichai* | Appointment as the Additional Director of the Company w.e.f. January 25, 2012 and | NIL |

| | | | |
|---|---|---|---|
| | ***Designation***: Whole-Time Director<br><br>***Date of Birth:*** May 15, 1978<br><br>***Term:*** 5 years<br><br>***Age:*** 40 years<br><br>***Nationality:*** Indian<br><br>***Address:*** Plot No. 36, Adaikala Madha Nagar, Mathakottai Road, Thanjavur, Taluk, Thanjavur - 613005, Raja Serfogi Govt. College, Tamil Nadu, India.<br><br>***Occupation***: Business<br><br>***DIN***: 03583439 | regularized as Non-Executive Director of the Company w.e.f. September 23, 2013 vide the AGM resolution dated September 23, 2013<br><br>Appointed as the Whole-Time Director of the Company for a period of 5 (five) years from September 15, 2018 to September 14, 2023 and shall be liable to retire by rotation | |
| 4. | Mr. Sengoda Gounder Gopalakrishnan<br>*S/o Sengoda*<br><br>***Designation:*** Independent Director<br><br>***Date of Birth:*** October 7, 1949<br><br>***Term:*** 3 years<br><br>***Age:*** 69 years<br><br>***Nationality:*** Indian<br><br>***Address:*** 102, Sri Thangam Nagar Phase I, Pavalatham Palayam, Kadirampatti, Erode – 638 107, Tamil Nadu, India.<br><br>***Occupation:*** Professional<br><br>***DIN:*** 08223364 | Appointed as an Independent Director of the Company for a period of 3 years from September 27, 2018 to September 26, 2021, not liable to retire by rotation. | NIL |
| 5. | Mr. Subramaniam Gnanashekaran<br>*S/o Palanivel Subramaniam*<br><br>***Designation:*** Independent Director<br><br>***Date of Birth:*** May 29, 1938<br><br>***Term:*** 3 Years<br><br>***Age:*** 80 Years<br><br>***Nationality:*** Indian<br><br>***Address:*** 3/107, T. Kailasampalayam P.O. Namakkal, Namakkal - 637209, Tamil Nadu, | Appointed as Independent Director w.e.f. September for a period of 3 years from September 27, 2018 to September 26, 2021, not liable to retire by rotation. | *Companies*<br>*(i)* Sambandam Spinning Mills Limited<br>*(ii)* Kandagiri Spinning Mills Limited |

| | | | |
|---|---|---|---|
| | India.<br><br>***Occupation:*** Professional<br><br>***DIN:*** 06796817 | | |
| 6. | Mr. Nachimuthu Gounder Boopathy<br>*S/o* Nachimuthu<br><br>***Designation:*** Independent Director<br><br>***Date of Birth:*** June 12, 1961<br><br>***Term:*** 3 years<br><br>***Age:*** 57 years<br><br>***Nationality:*** Indian<br><br>***Address:*** 96A Velliangiri Pudur, Archalur PO, Erode - - 638101, Tamil Nadu, India.<br><br>***Occupation:*** Business<br><br>***DIN:*** 08293442 | Appointed as Independent Director for a period of 3 years from December 20, 2018 to December 19, 2021, not liable to retire by rotation. | NIL |

Except for Mrs. Duraisamy Kalaiselvi and Mr. Subramaniam Ashok Kumar who are spouses, none of our Directors are related to each other or to any of the KMPs as per the definition "Relative" under the Companies Act, 2013.

None of our director are on the RBI List of wilful defaulters as on the date of the DRHP.

Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital markets by SEBI.

None of our directors are or have been directors in any of the listed companies which have been/ were delisted from the stock exchange(s) during his / her tenure in that Company(ies)..

None of our directors are or have been directors in any of the listed companies whose shares have been/were suspended from being traded on any of the stock exchange(s) during his / her tenure in that Company(ies).

None of the Promoters, Directors or persons in control of our Company, have been or are involved as a promoter, director or person in control of any other Company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the abovementioned Directors was selected as director or member of senior management.

None of our Directors have been declared as a fugitive economic offender under the provisions of section 12 of the Fugitive Economic Offenders Act, 2018.

**Brief Profile of the Directors**

**Mr. Subramaniam Ashok Kumar,** aged 44 years is the Promoter, Chairman and Managing Director of our Company. He has been on the Board of Directors of our Company since incorporation. He has been appointed as the Managing Director of the Company in August 11, 2017. He has a degree in Bachelor of Business Management from Bharathiar University, Coimbatore and also has an L.L.B. degree from Vivekananda College of Law, Bangalore and has enrolled himself as Advocate with the Bar Council of Tamil Nadu on July 11, 2001. Prior to joining our Company, he was associated with Kalaii Construction Private Limited from 2003 to 2008 and was involved in Business Development, during his association. He possesses over 15 years of experience in handling Infrastructural Development solutions. He has been instrumental in planning and formulating the overall business strategy and developing business relations of our Company. He looks after the strategy and policy formulation for our Company and liaises with various departments of the Government and also overlooks processes in our Company which includes bidding, tendering and planning.

**Mrs. Duraisamy Kalaiselvi,** aged 37 years, is Whole-time Director and one of the Promoters of our Company. She has been on the Board of Directors since August 16, 2010. She has been appointed as the Whole-Time Director of our Company on September 15, 2018. She has a Bachelor Degree in Science from Bharathiar University. She possesses over 8 years of experience in overseeing the overall functioning especially the operational and technical aspects, of the Company. She heads the in-house design team and is actively involved in continuous value engineering using the latest specifications and methodologies and head of budgeting, planning and monitoring process which has leveraged the timely completion of projects. She is in charge of the day-to-day operation, which includes managing the staff as well as developing business plans in collaboration with the Board.

**Mr. Ravindran Pichai,** aged 40 years, is Whole-time Director of our Company. He has been associated with our Company since January 25, 2012. He has been appointed as the Whole-Time Director of our Company on September 15, 2018. He holds a Bachelor's degree in the field of Civil Engineering from Janardan Rai Nagar Rajasthan Vidyapeeth University, Udaipur, Rajasthan. He has an experience profile spanning 6 years covering Infrastructural Developments. He is the Head of the implementing team behind the strategic decisions of our Company.

**Mr. Sengoda Gounder Gopalakrishnan,** aged 69 years, is the Independent Director of our Company. He has a degree in Master of Science from Annamalai University. He further holds a Degree of Master of Business Administration from Indira Gandhi National Open University. He is also a member of the Institute of Cost Accountants of India. He has more than 35 years of work experience. He has been associated with our Company since September 27, 2018. Prior to joining our Company, he worked at Kongu Engineering College as a professor and Head of department of Management Studies from September 1, 2008 to November 30, 2011. Prior to that, he worked with BKS Textiles Private Limited in the capacity of Chief Operating Officer from March 2, 2007 to March 31, 2008. He also held the position of general manager and handled various labour problems from July 17, 1997 to February 28, 2007 at United Bleachers Limited. He was further associated with Tuticorin Alkali Chemicals and Fertilisers Limited from April 3, 1982 to July 14, 1997 as a Senior Manager. He also worked with National Textile Corporation (Tamil Nadu and Pondicherry) Limited, Coimbatore**,** from March 18, 1976 to March 31, 1982 in the capacity of a Supervisor (Quality Control & Techno Economical Service).

**Subramaniam Gnanashekaran,** aged 80 years, is an Independent Director of our Company. He has been associated with our Company since September 27, 2018. He has worked in India Cement Limited, Chennai in their plant at Sankari, Salem Dist. for 35 years from 1963 till 1998, under various capacities and retired as Senior Assistant Manager, Finance and Accounts. He is a member of the Institute of Company Secretaries of India. He is also on the board of Sambandam Spinning Mills Limited and Kandagiri Spinning Mills Limited.

**Mr. Nachimuthu Gounder Boopathy,** aged 57, is the Independent Director of our Company. He has been on the Board of our Company since December 19, 2018. He holds a Diploma in Civil and Rural Engineering from the State Board of Technical Education and Training, Tamil Nadu. He has more than 22 years of work experience. Prior to joining our Company, he worked with Tamil Nadu State Transport Corporation (Coimbatore) Limited (formerly known as Jeeva Transport Corporation LLD) from November 7, 1986 to October 7, 2008 as a Company Trainee and was later promoted from the post of a Junior Engineer to an Assistant Engineer in the year 1994.

**Borrowing Powers**

In terms of the Article of Association of our Company, the Board of Directors of our Company is authorised subject to the provisions of Articles, Section 73 to 76, 179, 180 of the Act or Applicable Law, raise or borrow from time to time, at its discretion, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; by a resolution of the Board, or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

In the Extra-ordinary General Meeting held on September 15, 2018, the consent of the Company be and was accorded to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time (apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business) shall not exceed the sum of ₹1500 crores (Rupees One Thousand Five Hundred Crores only).

**Compensation of Managing Director and Whole-Time Directors**

We have not entered into any service agreement with the Managing Director, Mr. Subramaniam Ashok Kumar and Whole-Time Directors, Mrs. Duraisamy Kalaiselvi and Ravindran Pichai, providing for the benefits upon termination of employment. However, the terms and conditions, relating to remuneration and appointment of Mr. Subramaniam Ashok Kumar is set out in the Agreement entered into with the Company dated September 15, 2018. The terms and conditions, relating to remuneration and appointment of Mrs. Duraisamy Kalaiselvi is set out in the Agreement entered into with the Company dated September 15, 2018 and the terms and conditions, relating to remuneration and appointment of Mr. Ravindran Pichai is set out in the Agreement entered into with the Company dated September 15, 2018.

The details of remuneration of the Managing Director:

***Mr. Subramaniam Ashok Kumar, Chairman and Managing Director***

| **Particulars** | **Remuneration** |
|---|---|
| Basic Salary | ₹` 3,000,000/- (Rupees Three Million only) per month w.e.f. September 15, 2018 |
| ***Perquisites*** | |
| Car with driver | He shall be provided with a car and driver for use on Company’s Business. Use of car for private purpose will be billed by the Company |
| Entertainment and Travelling Expenses | The Company shall reimburse on actuals entertainment and travelling expenses incurred by him in connection with the Company’s business. |

The details of remuneration of the Whole Time Directors:

***Mrs. Duraisamy Kalaiselvi, Whole-Time Director***

| **Particulars** | **Remuneration** |
|---|---|
| Salary | ₹ 1,500,000/- (Rupees One Million Five Hundred Thousand only) per month w.e.f. September 15, 2018. |
| ***Perquisites*** | |
| Car with driver | She shall be provided with a car and driver for use on Company’s Business. Use of car for private purpose will be billed by the Company |
| Entertainment and Travelling Expenses | The Company will reimburse on actuals entertainment and travelling expenses incurred by her in connection with the Company’s business. |

***Mr. Ravindran Pichai, Whole-Time Director***

| **Particulars** | **Remuneration** |
|---|---|
| Salary | ₹ 125,000/- (Rupees One Hundred and Twenty Five Thousand only) per month w.e.f. September 15, 2018. |
| ***Perquisites*** | |
| Telephone | The Company shall provide him a mobile phone and shall also provide telephone, internet connectivity and other communication facilities at his residence. All expenses incurred shall be paid or reimbursed by the Company, as per the rules of the Company. |
| Vehicle | The Company shall provide suitable vehicle for his official use. The vehicle running expenses like fuel, maintenance, driver’s salary would be borne/ reimbursed by the Company. |
| Mediclaim policy | The Company will provide coverage under group Mediclaim policy |
| Housing | The Company shall provide him with rent free |

| Particulars | Remuneration |
|---|---|
| | accommodation |

**Payment of compensation or benefit to Directors/ officers of our Company**

Our Independent Directors are eligible to receive sitting fees for attending each meeting of the Board or committee there of Rs. 7500 (Rupees Seven Thousand Five Hundred Only).

The compensation/sitting fees/other remuneration paid to our current Directors for the financial year March 2018 are as follows:

| Sr. No. | Name of Director | Amount (in ₹) |
|---|---|---|
| 1. | Mr. Subramaniam Ashok Kumar | Basic Salary of ₹ 30,000,000 |
| 2. | Mrs. Duraisamy Kalaiselvi | Basic Salary of ₹ 18,000,000 |
| 3. | Mr. Ravindran Pichai | Basic Salary of ₹ 1,300,000 |
| 4. | Mr. Subramaniam Gnanashekaran | NIL |
| 5. | Mr. Sengoda Gounder Gopalakrishnan | NIL |
| 6. | Mr. Nachimuthu Gounder Boopathy | NIL |

The abovementioned remuneration and perquisites are subject to the ceiling laid down in Sections 197 and Schedule V of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee and with the approval of the Central Government.

Except as stated in this DRHP, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and key management personnel.

Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our directors and our key management personnel, are entitled to any other benefits upon termination of employment.

Our Company does not have any bonus or profit-sharing plan for its Directors.

There is no contingent or deferred compensation payable to our Directors.

**Shareholding of the Directors in our Company**

Our Articles of Association do not require our Directors to hold any qualification shares. The shareholding of our Directors is hereunder provided as on date:

| Sr. No. | Name of Directors | No. of Equity shares held | Percentage (%) of Pre-Issue equity capital |
|---|---|---|---|
| 1. | Mr. Subramaniam Ashok Kumar | 18,219,000 | 77.36 |
| 2. | Mrs. Duraisamy Kalaiselvi | 5,330,000 | 22.63 |
| | **Total** | **23,549,000** | **99.99** |

**Interest of Directors**

Our directors are interested in our Company in the following manner:-

(a) All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association;

(b) All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said Equity Shares;

(c) Mr. Subramaniam Ashok Kumar, Promoter and Chairman & Managing Director, and Mrs. Duraisamy Kalaiselvi, Promoter and Whole Time Director have extended personal guarantees and are required to pledge 650,000 equity shares and 100,000 equity shares, respectively, for securing the repayment of bank loans obtained by our Company from State Bank of India, which is under process and may deemed to be interested to that extent;

(d) All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold directorships or any partnership firms in which they are partners as declared in their respective declarations;

(e) Our Chairman and Managing Director, Mr. Subramaniam Ashok Kumar has accorded consent to our Company for utilizing the premises upon which our registered office is situated at Door No. 2/9, A.N. Towers, Dr. Sathyamoorthy, Hospital Opp. Road, 2/5, Perundurai Road, Erode, Tamil Nadu – 638011, India and shall be deemed to be interested upto that extent; and

(f) Except as disclosed above, our directors have no interest in any property acquired by our Company or proposed to be acquired by our Company as of date of this Draft Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or qualify him/her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors either to induce them to become or to qualify them as Directors except the normal remuneration for services rendered by them as Directors.

No loans have been availed by our Directors from our Company as on date of this filing of this Draft Red Herring Prospectus.

*Except as stated above and under the headings "Restated Consolidated Finnacial Information - Annexure VI - Note No. 42 - Related Party Transaction" and "Restated Standalone Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction" on pages F-36 and F-78, respectively, under the section titled "Restated Financial Information", we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this DRHP in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.*

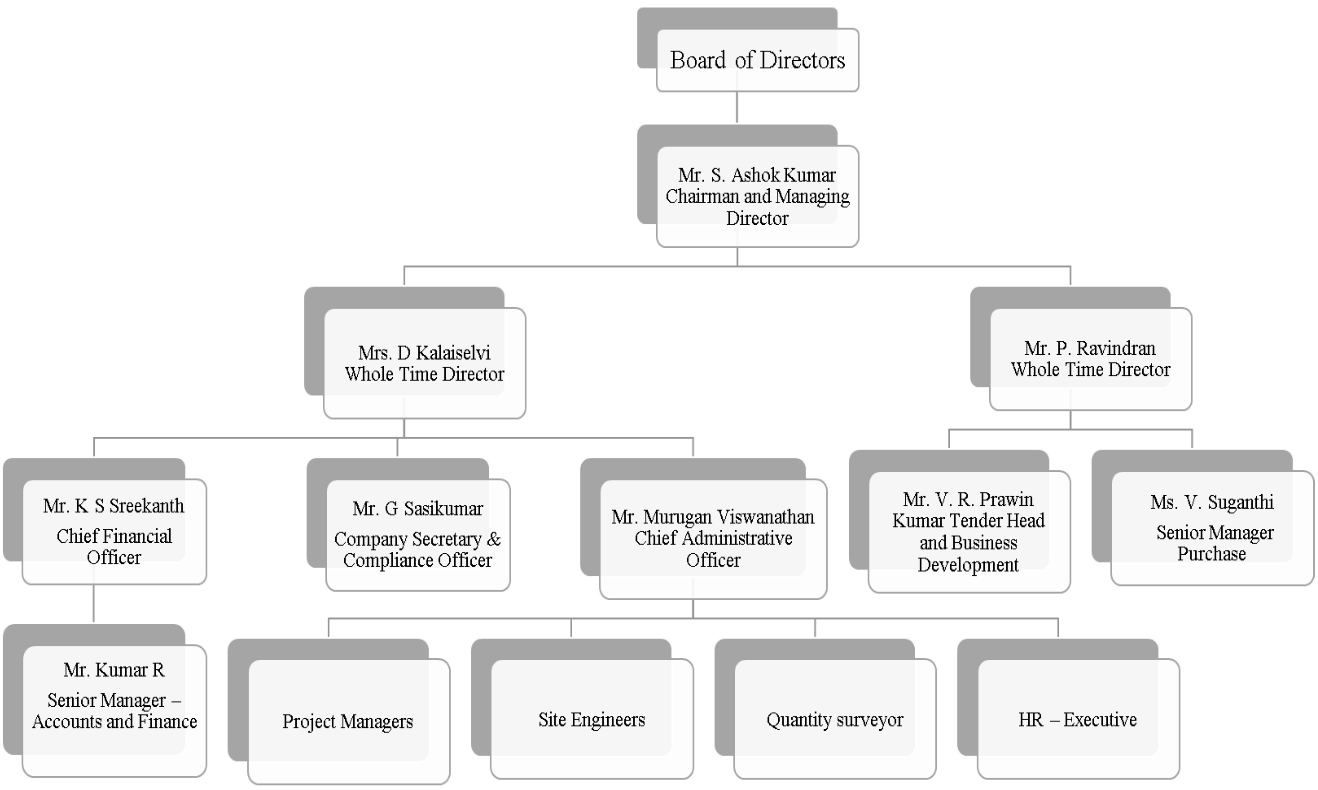
**Changes in our Board of Directors during the last three years**

The following changes have taken place in the Board of Directors of our Company during the last three years:

| Sr. No | Name | Date of Appointment/ change | Reason |
|---|---|---|---|
| 1. | Mr. Nachimuthu Gounder Boopathy | December 20, 2018 | Appointed as an Independent Director of the Company |
| 2. | Mr. Arun Kumar | December 7, 2018 | Resigned from the position of Independent Director |
| 3. | Mr. Subramaniam Gnanashekaran | September 27, 2018 | Appointed as an Independent Director of the Company |
| 4. | Mr. Arun Kumar | September 27, 2018 | Appointed as the Independent Director of the Company |

| Sr. No | Name | Date of Appointment/ change | Reason |
|---|---|---|---|
| 5. | Mr. Sengoda Gounder Gopalakrishnan | September 27, 2018 | Appointed as the Independent Director of the Company |
| 6. | Mrs. Duraisamy Kalaiselvi | September 15, 2018 | Appointed as Whole-Time Director |
| 7. | Mr. Ravindran Pichai | September 15, 2018 | Change in designation from Non-Executive Director to Whole-Time Director |
| 8. | Mr. Balasubramaniam Sivakumaran | June 20, 2018 | Resigned from the position of the Additional Director. |
| 9. | Mr. Subramaniam Ashok Kumar | August 11, 2017 | Appointed as a Managing Director and Chairman |
| 10. | Mr. Balasubramaniam Sivakumaran | December 21, 2017 | Appointed as an Additional Director of the Company |

**Management Organizational Structure**




**Corporate Governance**

The provisions of the Listing Agreement to be entered into with the Stock Exchanges and the applicable regulations of SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges, the SEBI Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board of Directors is constituted in compliance with the Companies Act, Listing Agreement to be executed with Stock Exchanges, the SEBI Listing Regulations and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

**Committee of the Board in accordance with the SEBI Listing Regulations**

**I. Audit Committee**

Audit Committee was constituted vide Board Resolution dated September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018. The existing Audit Committee of our Company comprises of the following: -

(i) Mr. Subramaniam Gnanasekharan– Chairman;

(ii) Mr. Subramaniam Ashok Kumar– Member; and

(iii) Mr. Nachimuthu Gounder Boopathy – Member;

The Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings of the Audit Committee.

The role of the Audit Committee shall be in accordance with section 177 of the Companies Act, 2013 and as per Regulation 18 and Part C of Schedule II of SEBI Listing Regulations. The role of the Audit Committee shall include the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for the appointment, remuneration and terms of appointment of auditors of our Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   (a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgment by management;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions; and
   (g) Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of our Company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of our Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
22. Review and monitor the auditor's independence and performance and effectiveness of audit process
23. Examination of the financial statement and the auditor's report thereon
24. Approval or any subsequent notification of transactions of the Company with related party;
25. Scrutiny of inter-corporate loans and investments;
26. Valuation of undertakings or assets of the Company, wherever it is necessary;
27. Evaluation of internal financial controls and risk management systems;
28. Monitoring the end use of funds raised through public offers and related matters;
29. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the &lard and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
30. The Audit Committee shall have authority to investigate into any matter in relation to the items specified (as mentioned at Sr. No. 21 to 28 above) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
31. The auditors of a Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote;
32. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee; and
33. Resolve any disagreements between management and the auditor regarding financial reporting.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

6. Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**II. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted vide Board Resolution dated September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018. The members of the Nomination and Remuneration Committee are: -

(i) Mr. Nachimuthu Gounder Boopathy Chairman;

(ii) Mr. Sengoda Gounder Gopalakrishnan – Member; and

(iii) Mr. Subramaniam Ashok Kumar – Member.

(iv) Mr. Subramaniam Gnansekharan – Member

The role of the Nomination and Remuneration shall be in accordance with Section 178 of the Companies Act 2013 and as per Regulation 19 and Part D of Schedule II of SEBI Listing Regulations as follows:

a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

b) formulation of criteria for evaluation of performance of independent directors and the Board;

c) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

d) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and 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.

e) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

f) The Nomination and Remuneration Committee shall, while formulating the policy ensure that

   1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   3. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals: Provided that such policy shall be disclosed in the Board's report.

**III. IPO Committee**

IPO Committee was constituted vide Board Resolution dated September 25, 2018 and was further reconstituted vide board resolution dated February 7, 2019 which was passed in supersession of the earlier board resolution dated September 25, 2018. The members of the IPO Committee are: -

(i) Mr. Subramaniam Ashok Kumar – Chairman;

(ii) Mrs. Duraisamy Kalaiselvi – Member;

(iii) Mr. Ravindran Pichai – Member;

The role of the IPO Committee is as follows:

1. the IPO Committee has been constituted to decide the terms and conditions of the Issue, finalisation and filing of the Draft Red Herring Prospectus and this Red Herring Prospectus with SEBI, the Stock Exchanges and other regulatory bodies as may be required;
2. handle all matter relating to appointment of intermediaries and advisors in relation to the IPO;
3. deciding on allocation of the equity shares to specific categories of persons;
4. opening of bank accounts, securities account, escrow or custodian accounts, submitting applications and seeking listing of Equity Shares with the Stock Exchanges;
5. determining and finalising the price band, bid opening and closing date of this Issue, approving and finalising the 'Basis of Allocation';
6. determining the price at which the Equity Shares are to be offered to the investors; settling difficulties and doubts arising in relation to the IPO;
7. empowering the authorized officers to enter into and execute any agreements or arrangements in relation to the IPO; and
8. carry out all acts and take all decisions as may be necessary for the purposes of the IPO and listing.

IPO Committee is authorized to take decisions with regard to IPO as it may, in its absolute discretion deem fit and proper in the interest of the Company including the appointment of merchant bankers, lawyers, registrar and other agencies as may be required for the purpose of IPO and the minutes of the Committee be placed to the Board for information, from time to time.

**IV. Stakeholders Relationship Committee**

Stakeholders Relationship Committee was constituted vide the Board meeting held on September 28, 2018 and reconstituted vide Board Resolution dated December 22, 2018. The members of the Stakeholders Relationship Committee are:

(i) Mr. Nachimuthu Gounder Boopathy – Chairman;

(ii) Mr. Ravindran Pichai – Member;

(iii) Mr. Subramaniam Gnanasekharan – Member.

The frequency of meetings of Stakeholders Relationship Committee is at least twice in a year. The quorum of the meetings of the Stakeholders Relationship Committee is either two members personally present or through electronic mode, except on such restricted items as prescribed under Companies Act, 2013. The role of the Stakeholders Relationship Committee shall be in accordance with Section 178 of the Companies Act, 2013 and as per Regulation 20 and Part D of Schedule II of the SEBI Listing Regulations and is as follows: -

1. Consider and resolve the grievances of security holders of the Company including Investors' complaints;
2. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;
4. Non-receipt of declared dividends, balance sheets of the Company, etc; and
5. Carrying out any other function contained in the Listing Agreement as and when amended from time to time;
6. Ensure effective implementation and monitoring of framework devised to avoid insider trading and abusive self dealing.
7. Ensure effective implementation of whistle blower mechanism offered to all the stakeholders to report any concerns about illegal or unethical practices.
8. To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provides continuous guidance to improve the service levels for investors;
9. Monitor and review any investor complaints received by the Company or through SERI, SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance officer and RTA of the Company.

**V. Internal Complaints Committee for redressal of sexual harassment complaints**

Our Board of Directors at their meeting held on April 21, 2015 had constituted the Sexual Harassment Internal Complaints Committee and it is in compliance with the SEBI Listing Regulations. The members of the Sexual Harassment Internal Complaints Committee are:

(i) Ms. V. Suganthi

(ii) Mrs. N. Sandhya

(iii) Ms. G. Indu

(iv) Mrs. M. Pusphakumari

The role of the Sexual Harassment Internal Complaints Committee shall be in accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder, as follows:

a) Investigating every formal written complaint of sexual harassment.

b) Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.

c) Discouraging and preventing employment-related sexual harassment.

**VI. Corporate Social Responsibility Committee**

Our Board of Directors at their meeting held on June 7, 2014 had constituted the Corporate Social Responsibility Committee and the same was reconstituted vide board resolution dated December 22, 2018 and it is in compliance with the SEBI Listing Regulations. The members of the Corporate Social Responsibility Committee are:

(i) Mr. Subramaniam Ashok Kumar - Chairman

(ii) Mrs. Duraisamy Kalaiselvi - Member

(iii) Mr. Nachimuthu Gounder Boopathy – Member

(iv) Mr. Sengoda Gounder Gopalakrishnan - Member

The terms of reference of the Corporate Social Responsibility Committee shall be in accordance with Section 135 of the Companies Act, 2013 and is as follows:

(i) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the schedule VII of the Companies Act, 2013;

(ii) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;

(iii) To monitor the CSR policy of the Company from time to time; and

(iv) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Our Company has adopted the following policies:

1. Corporate Social Responsibility Policy;
2. Vigil Mechanism/Whistle Blower Policy;
3. Nomination and Remuneration Policy;
4. Policy on Material Subsidiaries and Governance of Subsidiaries;
5. Archival Policy;

6. Policy on Related Party Transactions;
7. Policy on Risk Management;
8. Code of Conduct for all the Board Members and Senior Management Personnel;
9. Policy on Board Diversity;
10. Policy on Determination of Materiality of Events and Information; and
11. Prevention of Sexual Harassment at Workplace;
12. Policy on Preservation of Documents;
13. Dividend Distribution Policy; and
14. Board Evaluation Policy;
15. Human Resource Policy;
16. Code of Conduct for Prohibition of Insider Trading;
17. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
18. Code for Independent Directors

**Key Management Personnel**

In addition to Mr. Subramaniam Ashok Kumar, Mrs. Duraisamy Kalaiselvi and Mr. Ravindran Pichai whose details are provided in "Brief Profiles of Directors" above, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations, as on the date of this Draft Red Herring Prospectus are set forth below:

(i) **Mr. Kizhanatham Sudarsan Sreekanth,** aged 59 Years, is the Chief Financial Officer of our Company. He has been appointed as CFO of the Company w.e.f. March 15, 2019. He has a degree in Bachelors of Science from University of Madras, Madras. He has an overall experience of nearly 32 years in Taxation, Auditing and Accounting. Prior to joining our Company, he worked with M/s. Venkat & Raghunathan, a Chartered Accountancy Firm, as a Partner Chartered Accountant for the period from December 31, 2011 to February 28, 2019. He joined our Company in Financial 2018-2019 and has therefore, not received any compensation for the Financial Year 2017-18.

(ii) **Mr. Sasikumar Gopal,** aged 39 years, is the Company Secretary and Compliance Officer of our Company. He has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. September 25, 2018. He has a degree in Bachelors of Arts from Bharathiar University, Coimbatore. He further completed his Masters of Corporate Secretaryship from Alagappa University, Karaikudi. He is a member of the Institute of Company Secretaries of India. He has an overall experience of nearly 4 years in the secretarial field. Prior to joining our Company as a Company Secretary, he rendered professional Service to KG Fabrics Limited as a Company Secretary from August 28, 2014 to October 31, 2017. He joined our Company in Financial 2018-2019 and has therefore, not received any compensation for the Financial Year 2017-18**.**

(iii) **Mr. Murugan Vishwanathan,** aged 57 years, is the Chief Administration Officer of our Company. He has been appointed as Chief Administration Officer of the Company w.e.f. March 15, 2019. He holds a degree in Bachelors of Science from University of Madras, Madras. He completed his Masters of Arts from Bharatidasan University, Thiruchirapalli. He further completed his Diploma in Labour Laws with Administrative Law from Annamalai University. He holds a degree in Masters of Business Administration from Bharathidasan University. He has an overall experience of more than 19 years. He worked with Trichy Distillery & Chemicals Limited for the period from September 3, 1987 to January 21, 1991 as their Commercial Officer. Later he worked with UTI Mutual Funds from the period of January 25, 1991 to April 26, 2006 as their Assistant Vice President. Further he was appointed as the Chief Marketing Officer at Taurus Mutual Funds for the period of April 27, 2006 to August 1, 2008. Prior to joining our Company as a Chief Administration Officer, he rendered professional service to IIT Investrust Limited as their Chief Executive Officer from August 23, 2008 to October 19, 2010 He joined our Company in Financial 2018-2019 and has therefore, not received any compensation for the Financial Year 2017-18**.**

(iv) **Mr. V.R. Prawinkumar,** aged 27 years, is the Tender Head and Business Development of our Company. He holds a degree in Bachelors of Engineering in Civil Engineering from Anna University, Chennai. He has an overall work experience of over 6 (six) years. He joined our Company on October 10, 2015. Prior to joining our Company, he was the Senior Engineer with P&C Project (P) Limited for a period of three years and three months. His Gross remuneration for Financial Year 2017-18 was ₹0.35 Million.

(v) **Mr. Kumar R,** aged 33 years, is the Senior Manager – Accounts and Finance of our Company. He holds a degree in Bachelors of Commerce from Bharathiar University, Coimbatore. He has an overall work experience of 10 (ten) years. He joined our Company on November 19, 2008 as an Accountant and was later on promoted to Senior Manager – Accounts and Finance with effect from July 1, 2018. His Gross remuneration for Financial Year 2017-18 was ₹0.49 Million

(vi) **Ms. Suganthi Velayduyam,** 30 years, is the Manager-Purchase in our Company. She holds a degree in Bachelors of Science from Periyar University. She joined our Company on March 18, 2015 as Purchase – Assistant and was later promoted to Manager – Purchase with effect from September 1, 2018. She has an overall work experience of 8 years. Prior to joining our Company, she was working with P&C Constructions (P) Limited for a period of 4 years. Her Gross remuneration for Financial Year 2017-18 was ₹0.17 Million.

**Shareholding of Key Management Personnel**

Other than the following, none of our Key Management Personnel holds Equity Shares in our Company as on the date of filing of this DRHP: -

| Sr. No. | Name of KMP | No. of Equity shares held | Percentage (%) of Pre-Issue equity capital |
|---|---|---|---|
| 1. | Subramaniam Ashok Kumar | 18,219,000 | 77.36 |
| 2. | Duraisamy Kalaiselvi | 5,330,000 | 22.63 |
| | **Total** | **23,549,000** | **99.99** |

**Notes:**

1. All the key managerial personnel mentioned above are permanent employees of our Company and except for Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi who are spouses, none of them are related to each other or to any Director of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the abovementioned personnel have been recruited.
3. As on the date of filing of this DRHP, our Company does not have a performance linked bonus or a profit sharing plan with the key management personnel, except availment of bonus as per 8.33% of basic salary.
4. No non-salary-related payments or benefits have been made to our key management personnel other than (i) the shares issued by way of employee stock options and (ii) certain performance-linked incentives which were paid by the Company in the past, to its key managerial personnel based on targets achieved and general performance.

**Changes in the Key Management Personnel during last three years:**

Following have been the changes in the key managerial personnel during the last three years:

| Sr. No. | Name of KMP | Designation | Date of Appointment / Change | Date of Resignation | Reasons |
|---|---|---|---|---|---|
| 1. | Mr. Kumar R | Senior Manager – Accounts and Finance | July 1, 2018 | - | Promoted to Senior Manager – Accounts and Finance |
| 2. | Suganthi Velayduyam | Manager - Purchase | September 1, 2018 | - | Promoted to Manager - Purchase |
| 3. | Mr. Muthappan Arumugam | Chief Financial Officer | September 25, 2018 | March 15, 2019 | Resignation as Chief Financial Officer |

| | | | | | |
|---|---|---|---|---|---|
| 4. | Mr. Sasikumar Gopal | Company Secretary | September 25, 2018 | - | Appointment |
| 5. | Mr. Kizhanatham Sudarsan Sreekanth | Chief Financial Officer | March 15, 2019 | - | Appointment |
| 6. | Mr. Murugan Vishwanathan | Chief Administration Officer | March 15, 2019 | - | Appointment |

**Interest of Key Management Personnel**

Our key Managerial Personnel are only interested to the extent of remuneration paid to them.

No loans have been availed by the Key Management Personnel from our Company as on date of this filing of this Draft Red Herring Prospectus.

**Employees**

As on the date of this DRHP, we have 251 employees. Further, we appoint contract labours from time to time depending upon the requirement of our Company.

**Payment or benefit to our officers**

Except for the payment of monetary and non-monetary benefits as mentioned in this chapter and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this DRHP with SEBI.

## OUR PROMOTER AND PROMOTER GROUP

**Details of our Promoters:**

The following are the Individual Promoters of our Company:

| | |
|---|---|
|  | **Mr. Subramaniam Ashok Kumar,** aged 44 years, is the Chairman and Managing Director of our Company. He has been on the Board of Directors of our Company since its incorporation. He has been reappointed as the Managing Director of the Company on August 11, 2017. For details of his educational qualifications, personal address, experience, and other directorships, please refer to the chapter titled "Our Management" on page 177.<br><br>**PAN No.:** AFVPA2246N<br>**Aadhar Card No.:** 883823203635<br>**Driving License:** TN3319950002900<br>**DIN**: 01660180<br>**Date of Birth:** June 18, 1974 |
|  | **Mrs. Duraisamy Kalaiselvi,** aged 37, is a Whole Time Director of our Company with effect from September 15, 2018. She has been on the Board of Directors since August 16, 2010. For details of her educational qualifications, personal address, experience, and other directorships, please refer to the chapter titled "Our Management" on page 177.<br><br>**PAN No.:** AICPK7362H<br>**Aadhar Card No.:** 896751365420<br>**Driving License:** NA<br>**DIN:** 01660237<br>**Date of Birth:** November 13, 1981 |

We confirm that the permanent account numbers, bank account details and passport numbers of our promoters will be submitted to the Stock Exchanges, at the time of filing the DRHP with them**.**

**Other ventures of our Promoters**

Except for our Group Companies, and as set out in this chapter under heading "Promoter Group" and the chapter titled "Our Management" on page 177, our Promoters are not involved with any other venture, as a shareholder/stakeholder, proprietor, partner, promoter or director.

**Interest of Promoters**
Nature and extent of interest of our Promoters in our Company:

| S. No. | Name | Number of Equity Shares held in our Company | % of Shareholding in our Company |
|---|---|---|---|
| 1. | Mr. Subramaniam Ashok Kumar | 18,219,000 | 77.36 |
| 2. | Mrs. Duraisamy Kalaiselvi | 5,330,000 | 22.63 |

Our Promoters are interested in our Company to the extent that they have promoted our Company.

Our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of remuneration, commission and reimbursement of expenses payable to them as per the terms of the Articles of our Company and relevant provisions of Companies Act. Our Promoters may also be deemed to be interested to the extent of Equity Shares held by them in our Company and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares in our Company. For details regarding the shareholding of our Promoter in our Company, see "Capital Structure" on page 71.

Further, our Promoters, namely Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi have given personal guarantees and are required to pledge 650,000 equity shares and 100,000 equity shares, respectively, towards financial facilities availed by our Company from Statte Bank of India, which is under process; therefore, are interested to the extent of the said guarantees and subsequent pledge**.**

For further information, please refer to the details under the heading *"Our Management – Interest of Directors"* on page 183.

Our Promoters and Directors 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 such person to become, or qualify them as a Director or Promoter, or otherwise for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

Further, our Promoters and certain members of our Promoter Group are also directors on the boards of certain Group Companies and they may be deemed to be interested to the extent of the payments made by our Company, if any, to/from these Group Companies. For the payments that are made by our Company to certain Group Companies, see "Restated Consolidated Finnacial Information - Annexure VI - Note No. 42 - Related Party Transaction" and "Restated Standalone Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction" on pages F-36 and F-78, respectively, under the section titled *"*Restated Financial Information*"* on page 206 of this DRHP.

**Interest in property, land, construction of building, supply of machinery**

Except as disclosed in the section titled *"Our Management – Interest of Directors"* on page 183, our Promoters do not have any interest in any property acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery or any other contract, agreement or arrangement entered into by our Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

**Payment or benefits to our Promoter in the last two years**

Except as mentioned above under the heading "Interest of Promoters" on page 183 and in the sections titled "Restated Consolidated Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction" and "Restated Standalone Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction" on pages F-36 and F-78, respectively under the section titled *"*Restated Financial Information*"* on page 206 of this DRHP, no amount or benefits were paid or were intended to be paid to our Promoters during the last two years from the date of filing of this DRHP.

**Common Pursuits**

Other than as disclosed in the chapter titled "Our Group Companies" beginning on page 197 of this DRHP, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

**Companies with which our Promoters have disassociated in the last three years**

Except as disclosed below, none of our Promoters have disassociated themselves from any companies, firms or other entities during the last three years preceding the date of the DRHP:

Mr. Subramaniam Ashok Kumar has disassociated himself from Perennial Health Care India Private Limited by resigning from the company on June 22, 2018 due to personal commitments and by selling his entire shareholding in the company, aggregating to 5000 equity shares of the company, to Mrs. D. Maragatham, mother-in-law of Mr. Subramaniam Ashok Kumar on April 2, 2018.

**Change in the Management and control of our Company**

There was no change in management of our Company during five years immediately preceding the date of filing of this DRHP.

**Promoter Group**

Our Promoter Group as defined under Regulations 2(1)(pp) of the SEBI ICDR Regulations includes the following individuals and body corporates:

**(i) Natural Person**

a) Mr. Subramaniam Ashok Kumar

The following natural persons form part of the Promoter Group as relatives of Mr. Subramaniam Ashok Kumar:-

| Relationship | Name |
|---|---|
| Father | Mr. P.C. Subramaniam |
| Mother | Mrs. S. Saraswathy |
| Wife | Mrs. Duraisamy Kalaiselvi |
| Sister | Mrs. S. Anitha |
| Son | Minor. A. Narain Sharvesh |
| Daughter | Minor. A. Asvika |
| Wife's Father | Mr. P.K. Duraisamy |
| Wife's Mother | Mrs. D. Maragatham |

b) Mrs. Duraisamy Kalaiselvi

The following natural person form part of the Promoter Group as relatives of Mrs. Duraisamy Kalaiselvi:-

| Relationship | Name |
|---|---|
| Father | Mr. P.K. Duraisamy |
| Mother | Mrs. D. Maragatham |
| Husband | Mr. Subramaniam Ashok Kumar |
| Son | Minor A. Narain. Sharvesh |
| Daughter | Minor. A. Asvika |
| Husband's Father | Mr. P.C. Subramaniam |
| Husband's Mother | Mrs. S. Saraswathy |
| Husband's Sister | Mrs. S. Anitha |

(ii) **Body Corporate:**

Following are the Promoter Group entities:

1. Ashok Enterprises (Sole Proprietorship of Mr. Subramaniam Ashok Kumar)
2. Ashok Renewable Energy Private Limited
3. Kozone Reality Private Limited
4. Floflex Industires LLP
5. A.N. Associates (Partnership Firm)
6. Erode Annai Spinning Mills Private Limited
7. Kalaiselvi Dairy farm (Sole Proprietorship of Mrs. D. Maragatham)
8. Selvam Dairy farm (Sole Proprietorship of Mrs. Duraisamy Kalaiselvi)
9. Sri Balu Dairy farm (Sole Proprietorship of Mr. P.K. Duraisamy)
10. Perennial Health care Private Limited

11. Kalaiselvi Ashokkumar Welfare Trust

**Other Confirmation:**

None of our Promoters have been declared as a fugitive economic offender under the provisions of section 12 of the Fugitive Economic Offenders Act, 2018.

Our Promoters and members of our Promoter Group have not been declared as Wilful Defaulters.

There are no violations of Securities Law committed by our Promoters in past or pending against them.

None of the Promoters, Promoter Group entities, directors or Group Companies have been debarred or 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 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.

Other than for certain loans availed by our Company, for which our Promoters, have provided personal guarantees towards security, as of the date of this Draft Red Herring Prospectus, our Promoters have not provided any guarantees to third parties. For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page 233.

## OUR GROUP COMPANIES / ENTITIES

As per the requirements of SEBI ICDR Regulations and the applicable accounting standards, being Accounting Standards 18 and Indian Accounting Standard 24, for the purpose of identification of 'Group Companies' our Company has considered the companies with which it has had related party transactions, as disclosed in the Restated Financial Information.

Pursuant to a resolution of our Board dated February 7, 2019, for the purpose of disclosure in offer documents for the Issue, a company shall be considered material and disclosed as a 'Group Company/Entity' if (i) companies/entities in which the investment in the form of equity or loan by our Company exceeds 10% of the net worth of our Company for the last audited financial year on consolidated basis; (ii) where our Company has entered into one or more transactions with such company/entity in the last audited financial year, cumulatively exceeding 10% of the total revenue of our Company for the last audited financial year on consolidated basis; and (iii) any other company/entity which the Board may decide to consider material.

For the avoidance of the doubt it is clarified that our Joint Ventures namely (i) JV of RKI Builders & Annai Infra Developers Limited; and (ii) JV of RPP Infra Projects Limited and Annai Infra Developers Limited, have not been considered as our Group Companies for the purpose of disclosure in the DRHP. For further details of our Joint Ventures, please refer to our chapter "History and Certain Corporate Matters" on page 171.

Based on the above, the following are our Group Companies:

1. Rock and Arch Constructions (India) Private Limited
2. Ashok Enterprises
3. A.N. Associates
4. Floflex Industries LLP

The details of which are given below:

### 1. Rock and Arch Constructions (India) Private Limited

***Corporate Information***

Rock and Arch Constructions (India) Private Limited was incorporated under the provisions of the Companies Act, 1956 on August 29, 2005, as a Private company, bearing CIN U45201TZ2005PTC012094. Its registered office is situated at 72, Mudalithottam, Veerappanchatram, Erode, Tamil Nadu – 638011, India.

***Nature of Business***

To carry on in India or elsewhere either alone or jointly with one or more persons, government, local, or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, promote, provide, participate, reconstruct, dig, excavate, renovate, remodel, rebuild, undertake, contribute, assists, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker. superior, administrator, contractor, sub-contractor; labour contractor, turnkey contractor and manger of all types of constructions and developmental work in all its branches such as rnultistoried buildings, colonies, complexes, housing projects, roads, ways, culverts, darns, bridges, railways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage & sewage works, water distribution & filteration systems. docks, harbours, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospitals, dharmashalas, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise. to deal in all sorts of lands and buildings and to carry on all or any of the foregoing activities and building materials, goods , plants, machineries, equipment's, accessories, parts, tools, fittings, articles, materials, and facilities of whatsoever nature.

To carry on in India or elsewhere, either alone or jointly with one or more person government, local, or other bodies, the business to found open, establish, run, manage, maintain, serve and continue organization, shops and centers for maintenance of buildings and constructions of all descriptions/ gardens, maintenance and repairs involving plumbing, carpentry, electrical, electronic and sanitary services, systems, apparatus and appliances and to provide, render and to serve such other common requirements as may be needed by flats, apartments, colonies, housing, complexes, townships.

To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to manufacture and deal in tiles of all varieties for flooring, roofing, paralling, weathering, insulating such as mosaic, ceramic, eathernware, cement, stone, or any other variety.

***Capital structure***

The issued and paid up capital is Rs. 17,814,870 which is divided into 1,781,487 equity shares of Rs. 10/- each.

***Interest of Promoters***

Mr. P.C. Subramaniam, father of our promoter, Mr. Subramaniam Ashok Kumar and Mr. P.K. Duraisamy, father of our promoter Mrs. Duraisamy Kalaiselvi, are the directors of the company.

Further, Mr. P.K. Duraisamy, father of our promoter Mrs. Duraisamy Kalaiselvi holds 1,29,987 equity shares of Rs. 10/- each aggregating to 7.30% of the issued and paid up share capital of the company and Mrs. D. Maragatham, mother of our promoter Mrs. Duraisamy Kalaiselvi, holds 1500 equity shares of Rs. 10/- each aggregating to 0.008% of the issued and paid up share capital of the company.

Our Promoters have no interest in the company except to the extent of the directorships and shareholding of their relatives in the Group Company.

***Financial Performance***

Brief financial details of Rock and Arch Constructions (India) Private Limited for the past three Fiscals are as follows:

*(in ₹ million except EPS and NAV)*

| Particulars | Fiscal 2018 | Fiscal 2017 | Fiscal 2016 |
|---|---|---|---|
| Equity Capital | 17.81 | 17.81 | 17.81 |
| Reserve and Surplus (Excluding revaluation reserve) | 117.89 | 83.35 | 65.91 |
| Sales | 770.37 | 402.91 | 298.51 |
| Profit after tax | 34.54 | 17.44 | 13.27 |
| Earnings/(Loss) per share and diluted earnings per share | 19.39 | 9.79 | 7.45 |
| Net asset value | 76.18 | 56.79 | 47.00 |

**2. Ashok Enterprises**

***Business Information***

Ashok Enterprises is a sole proprietorship firm formed on January 1, 2007, and has its registered office at 72, Mudali Thottam, Veerappan Chatram(PO), Erode – 638004.

***Nature of Business***

It is presently involved in the business of trading in DI Pipes.

***Interest of Promoter***

Our Promoter Mr. Subramaniam Ashok Kumar is the sole proprietor of M/s. Ashok Enterprises and is therefore, interested in M/s. Ashok Enterprises to that extent.

***Financial Information***

(*in ₹ million)*

| **Particulars** | **Fiscal 2018** | **Fiscal 2017*** | **Fiscal 2016*** |
|---|---|---|---|
| Proprietor Capital | 83.85 | 51.30 | 78.42 |
| Sales | 746.12 | 407.97 | 308.79 |
| Profit after tax | 14.32 | 8.10 | 6.43 |

**contains the consolidated financial information in respect of Ashok Enterprises and Ashok Wind Energy.*

**3. A.N. Associates**

***Business Information***

A.N. Associates is a Partnership Firm formed on July 1, 2015 under the India Partnership Act, 1932, with its registered office at Flat No. F-6, 6th Floor, Sun City Apartments, Santhom, Light House near, Mylapore, Chennai – 600 004.

The Permanent Account number of A.N. Associates is ABCFA9183B.

***Nature of Business***

In terms of the main objects of A.N. Associates, its' purpose is to start and carry on in India the business in construction of commercial, industrial building and structures, road, irrigation projects including residential complexes, dwelling houses, both in government and non- government sectors as contractors/developers and also do such other business or carry on lines of business as may be agreed upon by the partners from time to time.

***Interest of Promoters***

***Name of Partners along with their Profit Sharing Percentage:-***

1. Mr. Subramaniam Ashok Kumar (90%)

2. Mrs. Duraisamy Kalaiselvi (10%)

***Capital structure***

The capital of the Partnership Firm is ₹ 193.23 Million

***Audited financial Information***

*(In ₹ million)*

| **Particulars** | **Fiscal 2018** | **Fiscal 2017** | **Fiscal 2016** |
|---|---|---|---|
| Partners' Capital | 193.23 | 14.74 | 2.00 |
| Sales | 73.40 | 11.40 | 7.89 |
| Profit after tax | 48.49 | 7.60 | 5.14 |

**4. Floflex Industries LLP**

***Corporate Information***

Floflex Industries LLP is a LLP formed under the Limited Liability Partnership Act, 2008 on July 13, 2017 and has its registered office at H No. 7, SDS Enclave, 4th Floor, 2/5 Perundurai Road, Erode -638 011, Tamil Nadu, India.

The Permanent Account number of Floflex Industries LLP is AAFFF3404Q.

The LLP identification number of Floflex Industries LLP is AAJ-9922.

***Nature of Business***

Floflex Industries LLP is presently involved in the business of manufacturing, buying, selling, dealing, importing, exporting, and acting as contractors, agents and suppliers of P.V.C. pipes, HDPE Pipes, MS Pipes, molded industrial articles, industrial components, articles and all types of domestic industrial pipes.

In terms of the main objects of Floflex Industries LLP, its‘ purpose is to start and carry on in India the business as manufacturers, buyers, sellers, dealers, importers, exporters, contractors, agents and suppliers of P.V.C. pipes, HDPE Pipes, MS Pipes, molded industrial articles, industrial components, articles and all types of domestic industrial pipes and other ancillary business like: (i) to carry on the business of all type of Pipe and ancillary pipe products; (ii) to carry on all types of agency business related to pipe products; and (iii) to carry on the business as merchants, agents, distributors and dealers of all type of machinery, equipment, tools, goods and appliances including ancillaries and components related to the pipe manufacturing industry or any other business in any other manner as may be decided by the majority of the Partners.

***Interest of Promoters***

***Name of Partner along with their Profit Sharing Percentage:-***

1. Mr. Subramaniam Ashok Kumar (90%)
2. Mrs. Duraisamy Kalaiselvi (10%)

***Capital structure***

The capital of the Floflex Industries LLP is ₹250 Million

***Audited financial Information***

Since Floflex Industries LLP was formed on July 13, 2017, financial statements only for the Fiscal 2018 have been prepared, as mentioned below:

(*In ₹million*)

| Particulars | Fiscal 2018 |
|---|---|
| Partners' Capital | 9.19 |
| Reserve and Surplus | 0.84 |
| Sales | 36.44 |
| Profit after tax | 0.84 |

***Other disclosures:***

Our Group Companies have not remained defunct and no application has been made to the Registrar of Companies for striking off the name of our Group Companies during the five years preceding the date of filing the DRHP with SEBI.

Our Group Companies are not are under any winding up proceedings.

The equity shares of our Group Companies have not been listed or have been refused listing on any stock exchange in India or abroad and it has not made any public/rights issue in last three years. Further, no action has been taken against our Group Companies by any Stock Exchange or SEBI.

Our Group companies are not a sick companies within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, and the Companies Act.

Our Group Companies have not been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016.

Further our Group Companies are not under the Board for Industrial and Financial Reconstruction proceedings and Insolvency and Bankruptcy proceedings, as on date of this DRHP.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.

Our Group Companies have not received any significant notes on the financial statements from the auditors.

Our Group Companies have not incurred any loss in the immediately preceding financial year.

Our Group Companies do not have negative Net Worth as per the last audited financial statements mentioned herein.

**Nature and extent of interest of our Group Companies:**

*a) Interest in the promotion our Company*

Except as disclosed in "Related Party Transactions" on page 204, our Group Companies do not have any interest in the promotion or any business or other interests in our Company. For further details in relation to the shareholding of our Group Companies in our Company, please refer to the chapter titled "*Capital Structure*" on page 71.

*b) Interest in the properties acquired or proposed to be acquired by our Company*

Our Group Companies have no interest in any property acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by the Company as of the date of this Draft Red Herring Prospectus.

*c) Interest in transactions for acquisition of land, construction of building and supply of machinery*

Except as provided for below and in the section "Related Party Transactions" beginning on page 204, our Group Companies have no interest in the transactions for acquisition of land, construction of building and supply of machinery or any other contracts, agreements or arrangements entered into by our Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements by our Company to its Group Companies.

- By virtue of the sub-contract agreement dated March 3, 2016 entered into between Rock and Arch Constructions (India) Private Limited and our Company, our Group Company has sub-contracted the work of construction of Integrated Storm Water drains in Virugambakkam and Arumbakkam watershed of Cooum Basin in expanded areas of Chennai Corporation – Package 28 which was awarded to our Group Company by the Superintending Engineer, the Storm Water Drain Development, Corporation of Chennai by virtue of an agreement entered into by our Group Company bearing no. SWDC. No.B4/0181/2015 PWC No. 3615A dated December 15, 2016 in this regard. The aforesaid works have been sub-contracted to our Company for a consideration of Rs. 372,657,237/- which has been paid in full to our Company upon completion of the works by our Company on May 25, 2018 as per the sub-contract agreement dated March 3, 2016, and which was to be completed within 24 months from the date of handing over of the site to our Company.

- By virtue of the sub-contract agreement dated March 3, 2016 entered into between Rock and Arch Constructions (India) Private Limited and our Company, our Group Company has sub-contracted the work of construction of Integrated Storm Water drains in Virugambakkam and Arumbakkam watershed of Cooum Basin in expanded areas of Chennai Corporation – Package 29 which was awarded to our Group Company by the Superintending Engineer, the Storm Water Drain Development, Corporation of Chennai by virtue of an agreement entered into by our Group Company bearing No. B4/0182/2015 PWC No. 3616 dated September 28, 2015 in this regard. The aforesaid works have been sub-contracted to our Company for a consideration of Rs. 254,469,608/- which has been paid in full to our Company upon completion of the works by our Company on May 25, 2018 as per the sub-contract agreement dated March 3, 2016, and which was to be completed within 24 months from the date of handing over of the site to our Company.

- By virtue of the sub-contract agreement dated January 4, 2018 entered into between our Company and A.N. Associates, our Company has sub-contracted the work of construction of Combined Water Supply Scheme to Sankarankoil, Puliyankudi Municipalities, Thiruvenkadam Town Panchayat in Tirunelveli

District and Rajapalayam, (AMRUT) Sivakasi, Thiruthangal Municipalities in Virudhunagar Dt Package-I covering – head works, treatment plant common pumping main, construction booster sumps I, II & III and providing infrastructure to Sankarankoil, Pulianakudi Municipalities and Thiruvengadam Town Panchayat in Tirunelveli District, which was awarded to our Company by the Chief Engineer, Tamil Nadu Water Supply and Drainage (TWAD) Board, Madurai, by virtue of an agreement entered into by our Company bearing Agreement No. CER/TWAD/MDU/No. 29/2017-2018 dated December 6, 2017, in this regard. The aforesaid works have been sub-contracted to A.N. Associates for a consideration of Rs. 2,15,66,52,746 (Rupees Two Hundred and Fifteen Crore Sixty Six Lakhs Fifty Two Thousand Seven Hundred and Forty Six only) which will be payable as per actual quantities of works executed by A.N. Associates as per the sub-contract agreement dated January 4, 2018, and which is to be completed within 30 months from the date of handing over of the site to A.N. Associates which was done on January 4, 2018. This Project is still pending to be completed. Our Company has paid A.N. Associates a total sum of ₹ 479,396,946/- towards the works completed under the project by A.N. Associates till date.

- By virtue of the sub-contract agreement dated January 4, 2018 entered into between our Company and A.N. Associates, our Company has sub-contracted the work of construction of Combined Water Supply Scheme to Sankarankoil, Puliyankudi Municipalities, Thiruvenkadam Town Panchayat in Tirunelveli District and Rajapalayam, (AMRUT) Sivakasi, Thiruthangal Municipalities in Virudhunagar District-Package-II covering – pumping main, construction of sumps at Rajapalayam, Sivakasi & Thiruthangal Municipalities and providing Infrastructure to Rajapalayam, Sivakasi & Thiruthangal Municipalities in Virudhunagar District which was awarded to our Company by the Chief Engineer, Tamil Nadu Water Supply and Drainage (TWAD) Board, Madurai, by virtue of an agreement entered into by our Company bearing Agreement No. CER/TWAD/MDU/No. 30/2017-2018 dated December 6, 2017, in this regard. The aforesaid works have been sub-contracted to A.N. Associates for a consideration of Rs. 1,907,300,658/- which will be payable as per actual quantities of works executed by A.N. Associates as per the sub-contract agreement dated January 4, 2018, and which is to be completed within 30 months from the date of handing over of the site to A.N. Associates which was done on January 4, 2018. This Project is still pending to be completed. Our Company has paid A.N. Associates a total sum of ₹884,747,705/- towards the works completed under the project by A.N. Associates till date.

**Common Pursuits amongst the Group Companies with our Company**

Our Group Companies do not have interest in any venture that is involved in any activities similar to those conducted by our Company. Our Group Companies have some of the objects similar to that of our Company's business.

Our Company has entered into a Non-Compete Agreement with Rock and Arch Constructions (India) Private Limited on March 6, 2019 and with A.N. Associates on March 20, 2019, respectively, in order to avoid any conflict of interest, which may be envisaged on account of the above.

Our Group Company, Ashok Enterprises is carrying out activities similar to that of our Company's business. As on the date of filing of the DRHP, the aforesaid Group Company is not carrying any business competing with that of our Company.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situations as and when it arises.

**Related business transactions within the Group Company and significance on the financial performance of the Company**

Except as disclosed in "*Related Party Transactions*" on page 204, there are no related business transactions of our Company with our Group Companies. For details on the significance of related party transactions on the financial performance of the Company, please refer to the chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 150 and 207, respectively.

**Other confirmations**

Our Group Companies have not been prohibited or debarred from accessing the capital markets for any reason by SEBI or any other regulatory or governmental authority.

Further, our Group Companies have not been identified as a willful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the RBI.

Other than the instances mentioned in "*Outstanding Litigation and Material Developments" beginning* on page 236, there is no pending material litigation involving our Group Company which is expected to have a material impact on our Company.

## RELATED PARTY TRANSACTIONS

For details on related party transactions please refer to "Restated Consolidated Finnacial Information - Annexure VI - Note No. 42 - Related Party Transaction" and "Restated Standalone Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction" on page F-36 and F-78, respectively, under the chapter titled "Restated Financial Information" beginning on page 206 of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association, the Companies Act and SEBI LODR Regulations. Our Company may also, from time to time, pay interim dividends.

Declaration of dividend, if any, will depend on a number of factors, including but not limited to annual operating plans, capital budgets, quarterly and annual results, investments including mergers and acquisitions, legislations impacting business, competition, strategic updates, financial decisions, funding arrangements, macro-economic environment, changes in accounting policies and applicable accounting standards, client related risks, statutory restriction and other factors considered by our Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see chapter titled "Financial Indebtedness" on page 233 of this DRHP.

Our Company has not declared any dividends in the last three Fiscals, the six months ended September 30, 2018 and the period between last audited period and the date of the filing this DRHP.

## SECTION V – FINANCIAL INFORMATON

## RESTATED FINANCIAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION**

**The Board of Directors**
Annai Infra Developers Limited
(Formerly Annai Infra Developers Private Limited)
Door no 2/9 , A N towers , Dr Sathyamoorthy Hospital Opp Road,
2/5 Perundurai Road, Erode -638011
Dear Sirs,

**1.** We have examined the attached Restated Consolidated Financial Information of Annai Infra Developers Limited (formerly Annai Infra Developers Private Limited) (the "Company"), which comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2018, the Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income) and Restated Consolidated Summary Statement of Changes in Equity for the year ended March 31, 2018, and the Restated Standalone Summary Statements of Cash Flows for the year ended March 31, 2018 and the consolidated Summary Statement of Significant Accounting Policies and related Annexures thereto (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on December 28, 2018 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

**(a)** Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

**(b)** the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

**(c)** the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the “Guidance Note”).

**2.** The preparation of the Restated Consolidated Financial Information [including the interim financial information mentioned in paragraph 5 below] is the responsibility of the Management of the Company for the purpose set out in paragraph 11 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, ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.

**3.** We have examined such Restated Consolidated Financial Information taking into consideration:

**(a)** The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 06, 2018 in connection with the proposed IPO of the Company;

**(b)** The Guidance Note; and

**(c)** The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

**4.** These Restated Consolidated Financial Information for the half year ended September 30, 2018 and for the year ended March 31, 2018 have been compiled by the Management from the special purpose consolidated financial statements of the Company for the half year and year ended September 30, 2018 and March 31, 2018, respectively, prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company, which have been approved by the Board of Directors of the Company at their meeting held on December 28, 2018.

**5.** We have also examined the consolidated financial information of the Company for the half year ended September 30, 2018 [the stub period ending not before 180 days from the date of prospectus] prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company.

Based on the above, we report that in our opinion and according to the information and explanations given to us, the above interim financial information are in accordance with the accounting principles generally accepted in India, including Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act (the "Special Purpose Interim consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on December 28, 2018.

**6.** Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

**(a)** as at and for the half year ended September 30, 2018, has been extracted from the audited special purposes Consolidated Financial Statements of the Company for the half year ended and as at 30 September 2018 as described in Note 2.1 of Annexure V to the Restated consolidated Financial Information;

**(b)** as at and for the year ended March 31, 2018, have been extracted from the audited Special Purposes Consolidated Financial Statements of the Company as at and for the year ended March 31, 2018, as described in Note 2.1 of Annexure V to the Restated consolidated Financial Information;

**(c)** have been prepared after incorporating adjustments for the material amounts;

**(d)** do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments; and

**(e)** have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

**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

**8.** The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of our reports mentioned in paragraph 6 above on the audited consolidated financial statements

**9.** This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

**10.** We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**11.** Our report is intended solely for use of the Management for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Coimbatore Tamil Nadu in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

**For K.S AIYAR & CO.**
Chartered Accountants
(Firm Registration No.100186W)

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Coimbatore, December 28, 2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure I: Restated Consolidated Summary Statement of Assets and Liabilities**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 84.77 | 91.59 |
| Capital work-in-progress | | 0.47 | - |
| Investment property | 5 | 196.11 | 196.98 |
| **Financial Assets** | | | |
| Investments | 6 | 5.41 | 5.41 |
| Trade receivables | 7 | 123.99 | 62.90 |
| Other financial assets | 8 | 139.08 | 142.85 |
| Deferred tax assets (net) | 36 | - | - |
| Other non-current assets | 9 | 118.14 | 114.67 |
| **Total non-current assets [A]** | | **667.97** | **614.40** |
| **Current assets** | | | |
| Inventories | 10 | 29.07 | 1.28 |
| **Financial assets** | | | |
| Trade receivables | 11 | 1,062.16 | 1,472.39 |
| Cash and cash equivalents | 12 | 3.82 | 52.12 |
| Other financial assets | 13 | 73.46 | 69.91 |
| Other current assets | 14 | 1,577.03 | 1,039.33 |
| **Total current assets [B]** | | **2,745.54** | **2,635.03** |
| **Total assets [A+B]** | | **3,413.51** | **3,249.43** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 235.50 | 181.15 |
| Other equity | 16 | 808.03 | 700.35 |
| **Equity attributable to owners of the Company [C]** | | **1,043.53** | **881.50** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 17 | 28.35 | 31.89 |
| Provisions | 18 | 0.16 | 2.39 |
| Deferred tax liabilities (net) | 36 | 6.97 | 7.91 |
| **Total non-current liabilities [D]** | | **35.48** | **42.19** |
| **Current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrowings | 19 | 835.79 | 849.23 |
| Trade payables | 20 | 712.08 | 950.60 |
| Other financial liabilities | 21 | 18.07 | 49.12 |
| Other current liabilities | 22 | 591.97 | 314.84 |
| Provisions | 23 | 0.01 | 0.02 |
| Current tax liabilities (Net) | 24 | 176.58 | 161.93 |
| **Total current liabilities [E]** | | **2,334.50** | **2,325.74** |
| **Total liabilities [F= [D+E]]** | | **2,369.98** | **2,367.93** |
| **Total equity and liabilities [F+C]** | | **3,413.51** | **3,249.43** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director
DIN: 01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
**Company Secretary & Compliance Officer**

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure II: Restated Consolidated Summary Statement of Profit and Loss**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | **25** | 2,471.98 | 4,679.20 |
| | | **2,471.98** | **4,679.20** |
| Other income | **26** | 35.04 | 28.09 |
| **Total revenue (A)** | | **2,507.02** | **4,707.29** |
| **Expenses** | | | |
| Cost of material consumed | **27** | 503.21 | 1,639.63 |
| Purchase of traded goods | **28** | 148.12 | 315.40 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **29** | (26.45) | - |
| Construction expenses | **30** | 1,480.61 | 1,924.17 |
| Employee benefit expenses | **31** | 59.09 | 138.85 |
| Other expenses | **32** | 41.07 | 70.97 |
| Finance costs | **33** | 55.58 | 133.37 |
| Depreciation and amortisation expense | **35** | 12.52 | 24.47 |
| **Total expenses (B)** | | **2,273.75** | **4,246.86** |
| **Profit before tax and exceptional items (C) = (A-B)** | | **233.27** | **460.43** |
| Exceptional items (D) | | - | - |
| **Profit before tax (E) = (C-D)** | | **233.27** | **460.43** |
| **Share of profit of joint venture (F)** | | **6.70** | **2.99** |
| **Profit before tax (F) = (E+F)** | | **239.97** | **463.42** |
| Tax expenses / (benefit) (F) | **36** | 77.53 | 162.84 |
| **Net profit for the year (G) = (E-F)** | | **162.44** | **300.58** |
| **Other comprehensive income / (losses) (H)** | | | |
| Items that will not be reclassified to Statement of profit and loss | | | |
| Remeasurements of the defined benefit plans (loss)/ gains | | 0.64 | 0.11 |
| Income tax on the above | | (0.22) | (0.04) |
| **Total comprehensive income for the year (G+H)** | | **162.86** | **300.65** |
| **Earnings per share** | | | |
| Basic (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 |
| Diluted (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
**Partner**
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
**Company Secretary & Compliance Officer**

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure III: Restated Consolidated Summary Statement of Changes in Equity**

**Equity share capital**

| **Particulars** | **30-Sep-18** | **31-Mar-18** |
|---|---|---|
| | **Audited** | **Audited** |
| Opening balance | 18.12 | 5.12 |
| **Changes in equity share capital during the year** | | |
| Issue of the equity share during the year | 5.43 | 13.00 |
| **Closing balance** | **23.55** | **18.12** |

**Other equity**

| **Particulars** | **Reserve & surplus: Retained earnings** | |
|---|---|---|
| | **30-Sep-18** | **31-Mar-18** |
| | **Audited** | **Audited** |
| Opening balance | 700.35 | 399.84 |
| Profit for the year | 162.44 | 300.58 |
| Less : Reserves utilized for Bonus Issue ( refer note 16) | (54.35) | - |
| Remeasurements of the defined benefit plans (net of tax) | (0.42) | (0.07) |
| **Total other equity** | **808.03** | **700.35** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
**Company Secretary & Compliance Officer**

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IV: Restated Consolidated Summary Statement of Cashflows**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Cashflow from operating activities** | | |
| **Profit before tax and exceptional items** | **239.97** | **463.42** |
| Adjustments for : | | |
| Depreciation | 12.52 | 24.47 |
| Interest on deposit with bank | (2.72) | (8.40) |
| (Profit) / loss on sale of property, plant and equipments | 1.06 | 0.61 |
| Provision for doubtful debts | 1.25 | 0.03 |
| Finance cost | 55.58 | 133.37 |
| Rental income | (7.32) | (14.12) |
| **Operating cash profit before changes in working capital** | **300.34** | **599.38** |
| **Changes in working capital** | | |
| **Adjustment for (increase)/ decrease in operating assets :** | | |
| Other financial assets (Current and non-current) | (2.58) | (75.78) |
| Inventories | (27.79) | (0.54) |
| Trade receivables (Current and non-current) | 366.26 | (672.62) |
| Other assets (Current and non-current) | (555.46) | (181.01) |
| **Adjustment for increase/ (decrease) in operating liabilities:** | | |
| Other financial liabilities (Current and non-current) | | |
| Trade payables | (238.51) | 235.39 |
| Other current liabilities | 277.13 | 196.57 |
| Provisions (Current and non-current) | (2.88) | 0.90 |
| **Cash generated from operations** | **116.51** | **102.29** |
| Net income taxes (paid) / refund received | (67.68) | (122.18) |
| **Net cashflow from operating activities (A)** | **48.83** | **(19.89)** |
| **Cashflow from investing activities** | | |
| Capital expenditure on property, plant and equipments (including capital advance) | (9.65) | (39.40) |
| Purchase of investment in properties | 0.87 | (196.98) |
| Proceeds from sale of property, plant and equipments | 2.42 | 1.10 |
| Interest received on bank deposits | 5.52 | 7.04 |
| Rental income received | 7.32 | 14.12 |
| Drawings/(Investment) in partnership firms | - | (0.98) |
| Purchase / (proceeds) from sale of investment | - | (0.29) |
| **Net cashflow from investing activities (B)** | **6.48** | **(215.39)** |
| **Cash flows from Financing activities** | | |
| Proceeds from long term borrowings | (21.71) | 251.38 |
| Repayment of long term borrowings | (11.43) | (269.10) |
| Proceeds from issues of shares | - | 130.00 |
| Net increase / (decrease) in working capital borrowings | (13.44) | 219.22 |
| Finance cost | (57.03) | (132.79) |
| **Net cashflow from financing activities (C)** | **(103.61)** | **198.71** |
| **Net (decrease) / increase in cash & cash equivalents (A+B+C)** | **(48.30)** | **(36.57)** |
| Cash and cash equivalents at beginning of the year | 52.12 | 88.69 |
| **Cash and cash equivalents at the end of the year** | **3.82** | **52.12** |
| * Comprises: | | |
| Balances with banks | | |
| In current accounts | 1.79 | 50.76 |
| Cash on hand | 2.03 | 1.36 |
| **Total** | **3.82** | **52.12** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Special Purpose Consolidated Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Place: Erode
Date: 28.12.2018

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
Chief Financial Officer

**Sd/-**
**Sasikumar Gopal**
Company Secretary & Compliance Officer

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)
**Annexure V: Summary Statement of Adjustments to the Audited Consolidated Financial**
**Ind AS adoption reconciliations**

**Reconciliation of Equity**

| Particulars | Note | 31-Mar-18 |
|---|---|---|
| | | Audited |
| Equity share capital | | 181.15 |
| Other equity | | 700.83 |
| **Equity as per previous GAAP** | | **881.98** |
| Add/(Less): Adjustment under Ind AS | | - |
| Expected credit losses | 1 | (1.28) |
| Employee benefits - Defined benefit plans | 2 | 0.32 |
| Deferred tax effect on above adjustments, where applicable | | 0.47 |
| **Equity as per Ind AS** | | **881.49** |
| **Restatement adjustments** | | |
| Employee benefits - Defined benefit plans | 3 | 0.01 |
| **Restated equity as per Ind AS** | | **881.50** |

**Reconciliation of Total Comprehensive Income**

| Particulars | Note | 31-Mar-18 |
|---|---|---|
| | | Audited |
| **Profit as per previous GAAP** | | **300.45** |
| Add/(Less): Adjustment under Ind AS | | |
| Expected credit losses | 1 | (0.03) |
| Employee benefits - Defined benefit plans | 2 | 0.15 |
| Deferred tax effect on above adjustments, where applicable | | 0.01 |
| **Profit as per Ind AS** | | **300.58** |
| **Other Comprehensive Income:** | | |
| Recognition of actuarial loss in Other Comprehensive Income | 2 | 0.11 |
| Income tax on above | 2 | (0.04) |
| **Total Comprehensive Income as per Ind AS** | | **300.65** |
| **Restatement adjustments** | | |
| Employee benefits - Defined benefit plans | 3 | - |
| **Restated Total Comprehensive Income** | | **300.65** |

**Reconciliation of statement of cash flow:**
There are no material adjustments to the statement of cash flows as reported under previous GAAP.

| Sl. No. | Explanatory Notes |
|---|---|
| **1** | Under previous GAAP, provision for bad and doubtful receivables were based on 'Incurred Loss Model' (ILM) and financials of the Company for previous year did not carry any provisions against the trade receivables. Under Ind AS, an entity uses trends when measuring Expected Credit Losses (ECL). |
| **2** | Under previous GAAP, actuarial gains and losses were recognised in the Statement of profit and loss as there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income. Accordingly, the actuarial gains and losses arising from remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income under Ind AS. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS. |

**Annexure VI: Notes to Restated Consolidated Financial Information**

## 1. Corporate information

Annai Infra Developers Limited (formerly Annai Infra Developers Private Limited) (‘Company’), having its registered office at Door no 2/9 , A N towers , Dr Sathyamoorthy Hospital Opp Road,2/5 Perundurai Road, Erode -638011 specialize in a wide variety of heavy constructional operations including heavy highway construction, dams, bridges, canals mining, pond building, earthmoving and industrial site work.

The Company changed its name from Annai Infra Developers Private Limited to Annai Infra Developers Limited on September 24, 2018. The Restated Consolidated Financial Information have been authorised for issuance by the Company's Board of Directors on December 28, 2018.

## 2. Basis of preparation and presentation and summary of significant accounting policies

### 2.1 Basis of preparation and presentation

The Restated Consolidated Statement of Assets and Liabilities of the Company as at September 30, 2018 and March 31, 2018 and the Restated Consolidated Statement of Profit and Loss, the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash flows for the half year ended and year ended September 30, 2018 and March 31, 2018 and Restated Other Consolidated Financial Information (together referred as ‘Restated Consolidated Financial Information’) have been compiled by the Company respectively from the audited Special Purpose Consolidated Financial Statements as at and for the period ended September 30, 2018 with the Indian Accounting Standards 34 Interim Financial Reporting ('Ind AS 34') and from the audited Special Purpose consolidated Financial Statements for the year ended March 31, 2018, prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company.

The mandatory exceptions and optional exemptions used at the date of transition to Ind AS (i.e. April 1, 2017) are as follows:

- Property Plant & Equipment and Intangible assets - As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as ‘deemed cost’ at April 1, 2017 for all the items of property, plant & equipment and intangible assets.

- For the investment in subsidiary, the Company has elected to continue with the carrying value of investments in all of its subsidiaries recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

- Ind AS 103 Business Combinations has not been applied to business combinations, which are considered businesses under Ind AS that occurred before April 1, 2017 (transition date). Use of this exemption means that the assets and liabilities on the date of acquisition are recognised at the amounts as considered under previous Indian GAAP after considering specific adjustments as required by paragraph C4 of Appendix C of Ind AS 101.

- The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

- The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2017 (the transition date).

- The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

- The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

- Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as in value in use in Ind AS 36.

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

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

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

- Level 3 inputs are unobservable inputs for the asset or liability

During the year ended March 31, 2018, the Company has invested in a Partnership Firm (‘Firm) and the Company is 49% joint venture partner in the Firm. The consolidated financial statements as at and for the period ended March 31, 2018 are the first consolidated financial statements of the Company. Accordingly, the disclosure of the comparable details is not applicable to the Company for the year then March 31, 2018 and half year ended September 30, 2018.

The Restated Consolidated Financial Information has been prepared by the management for the purpose of inclusion in the Red Herring Prospectus (referred to “Offer Document”) prepared by the Company in connection with its proposed Initial Public Offer (“IPO”) in terms of the requirements of:

**(a)** Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

**(b)** the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

**(c)** the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

## 3.0 Summary of significant accounting policies

### (a) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of profit and loss.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 01 April 2017 ('transition date') measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### (b) Investments in associates and joint venture entities

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

**Annexure VI: Notes to Restated Consolidated Financial Information**

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the

Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to statement of profit and loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to statement of profit and loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to statement of profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to statement of profit and loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**(c) Inventories**

Raw material, Stores, Spares, Fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value ('NRV'), whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Finished Goods (including Traded and Semi-finished goods)

Finished Goods, traded goods and semi-finished goods are valued at the lower of the cost and NRV. Cost is determined on weighted average basis and include all applicable cost of bringing the goods in their present location and condition. NRV is the estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Project work in progress

Project work-in-progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts are stated at the lower of cost and net realisable value.

**(d) Financial Instruments**

**Financial assets and financial liabilities:** Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

**Initial recognition and measurement**: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

**Subsequent measurement**:

**Financial assets at amortised cost**: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial Assets at fair value through other comprehensive Income**:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**:

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Equity Instrument**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of profit and loss if such gain or loss would have otherwise been recognised in Statement of profit and loss on disposal of that financial asset.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of profit and loss.

**(e) Share issue expense**

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

**(f) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(h) Foreign Currency transactions and translations**

The functional currency of the Company is Indian Rupee (Rs.).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2017), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

**(i) Revenue recognition**

Revenue is recognized over time according to the percentage-of-completion method. For each performance obligation that is satisfied over time, revenue is to be recognized over time by measuring the time passed in relation to full satisfaction of the obligation. Input method is used consistently for similar performance obligations and under similar circumstances. Under the input method, revenue is recognized on the basis of the input required in fulfilling the performance obligation (e.g. material /resources consumed, hours spent on work, costs incurred) in relation to the total expected input to fulfill the performance obligation. An exception from this cost-based input method might be costs attributable to significant ineffectiveness in the performance or where costs incurred are not in proportion to the passage of time to fulfill the obligation.

Expenses relating to obtaining a contract, i.e. expenses the entity would have had if it had not won the contract, are recognized as an asset only if those expenses covered. Expenses to complete a contract that does not fall under a standard other than Ind AS 115 are recognized as an asset if the expenses have a direct link to a contract or to an expected contract, if the expenses create or

enhance resources that will be used to fulfill the performance obligation in the future and that are also expected to be recovered. Loss contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognized according to Ind AS 37.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(j) Employee Benefits**

**Defined Contribution Plan**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

**Defined Benefit Plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is recognised in other comprehensive income in the period in which they occur.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

**(a)** in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

**(b)** in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**(k) Borrowing Costs**

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method;
(ii) finance charges in respect of finance leases, and
(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

**(l) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(m) Income Taxes**

**Income tax expense represents the sum of the tax currently payable and deferred tax.**

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary

differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the period**

Current and deferred tax are recognised in Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**(n) Provisions and Contingent Liabilities**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**(o) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**(p) Earnings per share**

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic

EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**(q) Operating Cycle**

The Company adopts operating cycle based on the project period and accordingly all project related assets and liabilities are classified into current and non-current. Other than project related assets and liabilities, 12 months' period is considered as normal operating cycle.

**3.1 Use of estimates and judgements**

In the application of the Company's accounting policies, which are described above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of investments in joint venture entity**

The Company reviews its carrying value of investments in joint venture entity at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Useful lives of property, plant and equipment**

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Uncertain tax positions**

The Company's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with relevant tax authorities. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

**Impairment**

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

**Deferred tax**

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

**Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## 3.2 New standards and interpretations

### Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that the Company should recognize revenue to depict 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, timing and uncertainty of revenues and cash flows arising from the Company's contracts with customers. The new standard permits two possible method of transition:

- Retrospective approach - An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.

- Cumulative catch-up approach - An entity can recognise the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.

The standard is effective for annual periods beginning on or after 01 April 2018. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No. Annexure VI : Notes to Restated Consolidated Financial Information**

**4 Property, plant and equipment**

| Particulars | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01-Apr-18 | Additions | Deletion | Balance as at 30-Sep-18 | Balance as at 01-Apr-18 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30-Sep-18 | Balance as at 30-Sep-18 | Balance as at 31-Mar-18 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | | | - | - | | | - | - | - |
| Buildings | - | | | - | - | | | - | - | - |
| Plant and machinery | 143.14 | 5.70 | 7.72 | 141.12 | 64.25 | 9.16 | 4.83 | 68.58 | 72.54 | 78.89 |
| Furniture and fixtures | 0.68 | | | 0.68 | 0.32 | 0.05 | | 0.37 | 0.31 | 0.36 |
| Vehicles | 33.96 | 0.78 | 3.15 | 31.59 | 23.87 | 1.82 | 2.56 | 23.13 | 8.46 | 10.09 |
| Office equipments | 6.25 | 1.83 | | 8.08 | 4.00 | 0.62 | | 4.62 | 3.46 | 2.25 |
| **Total** | **184.03** | **8.31** | **10.87** | **181.47** | **92.44** | **11.65** | **7.39** | **96.70** | **84.77** | **91.59** |

| Particulars | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01-Apr-17 | Additions | Deletion | Balance as at 31-Mar-18 | Balance as at 01-Apr-17 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31-Mar-18 | Balance as at 31-Mar-18 | Balance as at 31-Mar-17 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - |
| Plant and machinery | 115.94 | 30.01 | 2.81 | 143.14 | 49.84 | 15.51 | 1.10 | 64.25 | 78.89 | 66.10 |
| Furniture and fixtures | 0.68 | - | - | 0.68 | 0.19 | 0.13 | - | 0.32 | 0.36 | 0.49 |
| Vehicles | 26.78 | 7.18 | - | 33.96 | 17.05 | 6.82 | - | 23.87 | 10.09 | 9.73 |
| Office equipments | 4.78 | 1.47 | - | 6.25 | 2.73 | 1.27 | - | 4.00 | 2.25 | 2.05 |
| **Total** | **148.18** | **38.66** | **2.81** | **184.03** | **69.81** | **23.73** | **1.10** | **92.44** | **91.59** | **78.37** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**5 Investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| **Carrying value** | | |
| Land - Freehold | 166.73 | 166.73 |
| Buildings | 29.38 | 30.25 |
| **Total** | **196.11** | **196.98** |

**Fair value of investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| Land - Freehold | 166.73 | 166.73 |
| Buildings | 29.38 | 30.25 |

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Building** | **Building** |
| **Gross block** | 30.99 | - |
| Additions | - | 30.99 |
| Eliminated on disposal of assets | - | - |
| **Gross block** | **30.99** | **30.99** |
| **Accumulated depreciation** | (0.74) | - |
| Depreciation / amortisation expense for the year | (0.87) | (0.74) |
| Eliminated on disposal of assets | - | - |
| **Accumulated depreciation** | **(1.61)** | **(0.74)** |
| **Net block** | **29.38** | **30.25** |

**Amount recognized in profit or loss for investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| Rental income | 7.32 | 14.12 |
| Direct operating expenses from investment property that generated rental income | - | - |
| **Profit from investment property before depreciation** | **7.32** | **14.12** |
| Depreciation / amortisation expense for the year | | - |
| **Profit from investment property** | **7.32** | **14.12** |

**6 Investments (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Investments carried at amortised cost** | | |
| **Quoted investments** | | |
| Investments in Government securities | 4.43 | 4.43 |
| **Un-quoted investments** | | |
| Investments in partnership firms (balance in current account) | 0.98 | 0.98 |
| **Total** | **5.41** | **5.41** |

**7 Trade receivables (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| Unsecured, considered good | 123.99 | 62.90 |
| Doubtful | 2.53 | 1.28 |
| Less: Allowance for credit losses | (2.53) | (1.28) |
| **Total** | **123.99** | **62.90** |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable, its time value of money and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

**Movement in allowance for doubtful debts is as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| Opening balance | 1.28 | 1.25 |
| Allowance for doubtful debts | 1.25 | 0.03 |
| Doubtful receivables written-off | - | - |
| **Closing balance** | **2.53** | **1.28** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**8 Other financial assets (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Carried at amortised cost** | | |
| Earnest money deposit | 20.41 | 24.18 |
| Balances held as margin money or security | 118.67 | 118.67 |
| **Total** | **139.08** | **142.85** |

**9 Other non-current assets**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Unsecured, considered good:** | | |
| Security deposits | 6.52 | 7.46 |
| Income tax and tax deducted at source | 111.62 | 107.21 |
| **Total** | **118.14** | **114.67** |

**10 Inventories**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **(At lower of cost and net realisable value)** | | |
| Raw materials, Stores and Spares | 2.62 | 1.28 |
| Work-in-progress | 26.45 | - |
| **Total** | **29.07** | **1.28** |

**11 Trade receivables**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Trade receivables (unsecured) consist of following** | | |
| Considered good | 1,062.16 | 1,472.39 |
| Considered doubtful | - | - |
| **Total** | **1,062.16** | **1,472.39** |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. Based on such analysis no credit losses are expected.

**The above includes the following debts due from promoter/ group companies / related parties as follows**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Due from promoter/ group companies / related parties** | | |
| Ashok Enterprises | - | 20.11 |
| A N Associates | 149.51 | - |
| Rock and Arch Constructions (India) Private Limited | 19.11 | - |
| FloFlex Industries LLP | - | 92.62 |
| **Total** | **168.62** | **112.73** |

**12 Cash and cash equivalents**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Balances with banks** | | |
| In current accounts | 1.79 | 50.76 |
| **Cash on hand** | 2.03 | 1.36 |
| **Cash and cash equivalents as per balance sheet** | **3.82** | **52.12** |

**13 Other financial assets**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Balances held as margin money or security | 73.10 | 66.75 |
| **Interest accrued on** | | |
| Fixed deposits | 0.36 | 3.16 |
| **Total** | **73.46** | **69.91** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**14 Other current assets**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Prepaid expenses | 10.71 | 9.05 |
| **Advances paid for supply of materials / rendering of services** | | |
| Unsecured, considered good | 111.69 | 46.75 |
| Doubtful | - | - |
| | **111.69** | **46.75** |
| Less: Allowance for bad and doubtful advances | - | - |
| | **111.69** | **46.75** |
| Balance with Government authorities | 159.50 | 111.06 |
| Unbilled Receivables | 1,295.13 | 872.47 |
| **Total** | **1,577.03** | **1,039.33** |

**15 Equity**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Authorised** | | |
| 34,500,000 equity shares of Rs. 10/- each | 345.00 | |
| 18,500,000 equity shares of Rs. 10/- each | - | 185.00 |
| **Issued, subscribed and fully paid up capital** | | |
| 23,549,500 equity shares of Rs. 10/- each | 235.50 | - |
| 18,115,000 equity shares of Rs. 10/- each | - | 181.15 |
| **Total** | **235.50** | **181.15** |

**Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of t**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Equity shares of Rs. 10/ each:** | | |
| Opening balance | 1,81,15,000 | 51,15,000 |
| Add: Issued during the year | 54,34,500 | 1,30,00,000 |
| **Closing balance (No. of shares)** | **2,35,49,500** | **1,81,15,000** |

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Equity shares of Rs. 10/ each:** | | |
| Opening balance | 18.12 | 5.12 |
| Add: Issued during the year ( refer note 16) | 5.43 | 13.00 |
| **Closing balance** | **23.55** | **18.12** |

**Details of shares held by each shareholder holding more than 5% shares**

| Name of the shareholders | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| S. Ashok Kumar | 1,82,19,000 | 1,40,15,000 |
| D. Kalaiselvi | 53,30,000 | 41,00,000 |
| **Total (in No's)** | **2,35,49,000** | **1,81,15,000** |
| S. Ashok Kumar | 77.36% | 77.37% |
| D. Kalaiselvi | 22.63% | 22.63% |
| **Total (%)** | **99.99%** | **100.00%** |

The Company has only one class of equity share having a par value of Rs.10/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**16 Other equity**

| Name of the shareholders | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Retained earnings** | | |
| Opening balance | 700.35 | 399.84 |
| Add: Profit for the year | 162.44 | 300.58 |
| Less : Reserves utilized for Bonus Issue | 54.35 | - |
| Less: Remeasurement loss recognised in Other comprehensive Income (net of tax) | 0.42 | 0.07 |
| **Closing balance** | **808.03** | **700.35** |

The Company has allotted 5,434,500 number of fully paid up equity shares of face value ₹10/- each during the half year ended September 30, 2018 pursuant to a bonus issue approved by the shareholders . Record date fixed by the Board of Directors was July 23,2018. The bonus shares were issued by capitalization of profits transferred from retained earnings.

**17 Borrowings**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Secured at amortised cost:** | | |
| Term loan from banks (Refer note below) | 20.14 | 19.34 |
| Term loan from financial institutions (Refer note below) | 7.05 | 8.47 |
| **Un-secured at amortised cost:** | | |
| Term loan from banks | 1.16 | 2.92 |
| Term loan from financial institutions | - | 1.16 |
| **Closing balance** | **28.35** | **31.89** |

Notes: Secured against hypothecation of assets procured from the term loans. Rates of interest varies from 8.50% to 12.50% per annum. Repayment varies between 36 to 48 months. The outstanding term as at 30 september 2018 varies between 40 to 44 months.

**18 Provision**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Provision for employee benefits:** | | |
| Gratuity | 0.16 | 2.39 |
| **Total** | **0.16** | **2.39** |

**19 Borrowings**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Secured loans repayable on demand:** | | |
| Working capital loans from banks (Refer note below) | 659.56 | 607.39 |
| **Un-secured loans repayable on demand from financial institutions:** | | |
| Working capital loans | 176.23 | 241.84 |
| **Total** | **835.79** | **849.23** |

Note: Secured by charge / hypothecation of current assets, movable, immovable fixed assets and cash margins provided by the Company. Personnel guarantee of the directors of the Company.

**20 Trade payables**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | **Audited** | **Audited** |
| **Other than Acceptances** | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises | 712.08 | 950.60 |
| **Total** | **712.08** | **950.60** |

Note: There are no micro enterprises and small enterprises, to whom the company owes dues, which are outstanding as at the Balance Sheet date. The information regarding micro enterprises and small enterprises has been determined to the extent such parties have been identified on the basis of information collected by the company.

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**21 Other financial liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Current maturities of long-term borrowings | | |
| From banks | 15.18 | 26.67 |
| From financial institutions | 2.89 | 21.00 |
| Interest accrued but not due on borrowings | - | 1.45 |
| **Total** | **18.07** | **49.12** |

**22 Other current liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Payable towards statutory remittances | 13.12 | 106.16 |
| Advance received from customers | 578.85 | 208.68 |
| **Total** | **591.97** | **314.84** |

**23 Provision**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Provision for employee benefits:** | | |
| Gratuity | 0.01 | 0.02 |
| **Total** | **0.01** | **0.02** |

**24 Current tax liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Provision for income tax | 176.58 | 161.93 |
| **Total** | **176.58** | **161.93** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**25 Revenue from operations**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Gross contract revenue | 2,319.42 | 4,354.34 |
| Sales of Traded goods | 152.56 | 324.86 |
| **Total** | **2,471.98** | **4,679.20** |

**26 Other income**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Interest Income | | |
| On deposit with bank | 2.72 | 8.40 |
| Discount & other income | 25.00 | 5.57 |
| Rental income | 7.32 | 14.12 |
| **Total** | **35.04** | **28.09** |

**27 Cost of material consumed**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Material consumed | | |
| Opening stock | 1.28 | 0.74 |
| Add: Purchase of materials | 504.54 | 1,640.17 |
| Less: Closing stock | 2.61 | 1.28 |
| **Total** | **503.21** | **1,639.63** |

**28 Purchase of traded goods**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Construction materials | 148.12 | 315.40 |
| **Total** | **148.12** | **315.40** |

**29 Changes in inventories of finished goods, work in progress and stock-in-trade**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Inventories at the beginning of the year** | | |
| Work-in-progress | - | - |
| **Inventories at the end of the year** | | |
| Work-in-progress | 26.45 | - |
| **Net (increase) / decrease** | **(26.45)** | **-** |

**30 Construction expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Sub contracting expenses | 1,176.30 | 1,122.00 |
| Diesel Expenses | 29.11 | 50.20 |
| Equipment Contract Charges | 67.91 | 159.35 |
| Subcontract labour expenses | 124.19 | 279.94 |
| Other constructing expenses | 83.10 | 312.68 |
| **Total** | **1,480.61** | **1,924.17** |

**31 Employee benefit expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Salary and wages | 52.65 | 132.08 |
| Contribution to provident fund | 1.74 | 1.88 |
| Gratuity expenses | 0.69 | 1.13 |
| Staff welfare expenses | 4.01 | 3.76 |
| **Total** | **59.09** | **138.85** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**32 Other expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Rates and taxes | 4.06 | 11.51 |
| Insurance | 1.76 | 6.11 |
| Rent | 3.04 | 7.11 |
| Loss on sale of property plant and equipements | 1.06 | 0.61 |
| Corporate social responsibility | 6.93 | 3.25 |
| Bank charges | 3.03 | 9.69 |
| Payments to auditors (Refer note below) | 0.40 | 1.19 |
| Provision for doubtful debts | 1.25 | 0.03 |
| Miscellaneous expenses | 19.54 | 31.47 |
| **Total** | **41.07** | **70.97** |

**Payments to auditors**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| For audit of standalone financial statements | 0.40 | 0.94 |
| For audit of consolidated financial statements | - | - |
| For tax services | - | 0.14 |
| For other certification and representation fees | - | 0.11 |
| Reimbursement of expenses | - | - |
| **Total** | **0.40** | **1.19** |

**33 Finance costs**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Interest expense on: | | |
| Borrowings(Please Refer Note Below) | 46.54 | 94.05 |
| Other borrowing cost | 0.95 | 8.00 |
| Interest on delayed payment on income tax | - | 1.55 |
| Interest on Sales tax | - | 0.47 |
| Interest on Service tax | - | 0.21 |
| Other bank charges | 8.09 | 29.09 |
| **Total** | **55.58** | **133.37** |

**34 Interest on Borrowings**

Interest on Borrowings includes the Interest on Cash Credit and Term loans

**35 Depreciation and amortisation expense**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Property, plant and equipment | 11.65 | 23.73 |
| Investment property | 0.87 | 0.74 |
| **Total** | **12.52** | **24.47** |

**36 Tax expenses / (benefit)**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Current tax | 78.25 | 160.30 |
| Deferred tax | (0.72) | 2.54 |
| **Total** | **77.53** | **162.84** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**Movement in deferred tax balances**

| **Particulars** | **30-Sep-18** | | | | **31-Mar-18** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Opening balance** | **Recognised in profit and Loss** | **Recognised in Other Comprehensive Income** | **Closing balance** | **Opening balance** | **Recognised in profit and Loss** | **Recognised in Other Comprehensive Income** | **Closing balance** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | | | | |
| Property, Plant and Equipment and Financial assets | (8.82) | 0.07 | - | (8.75) | (6.23) | (2.59) | - | (8.82) |
| **Tax effect of items constituting deferred tax assets** | | | | | | | | |
| Provision towards asset retirement obligations | | | | | | | | |
| Employee Benefits and other provisions | 0.48 | 0.22 | 0.22 | 0.92 | 0.40 | 0.04 | 0.04 | 0.48 |
| Provision for expected credit losses | 0.43 | 0.43 | - | 0.86 | 0.42 | 0.01 | - | 0.43 |
| **Net deferred tax asset / (liabilities)** | **(7.91)** | **0.72** | **0.22** | **(6.97)** | **(5.41)** | **(2.54)** | **0.04** | **(7.91)** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**37 Contingent liabilities and commitments (to the extent not provided for)**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Service tax demand under appeal | 2.46 | 2.46 |
| Guarantees given by the Banks | 1,498.68 | 1,596.84 |
| VAT Demand under appeal | 7.28 | - |

**38 Employee benefit plans**

**Defined contribution plans**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Contribution to Provident Fund and Employee State Insurance Scheme | 1.74 | 1.88 |

**Defined benefit plans**

The Company offers gratuity, a defined employee benefit scheme to its employees. The said plan typically exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and

**Investment risk**

The fund has invested 100% of the funds in 'Schemes of insurance - conventional products' which are risk averse as whole of the risk is borne by the Insurance company.

**Interest risk**

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Longevity risk**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's

Gratuity: The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | Valuation as of | |
|---|---|---|
| | 30-Sep-18 | 31-Mar-18 |
| | Audited | Audited |
| Discount rate | 8.40% | 7.80% |
| Salary escalation | 8.00% | 8.00% |
| Attrition rate | | |
| Upto 30 years | 5.00% | 5.00% |
| 31-40 years | 3.00% | 3.00% |
| Above 40 years | 1.00% | 1.00% |
| Retirement age (in years) | 60.00 | 60.00 |
| Mortality | 100.00% | 100.00% |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Service cost: | | |
| Current service cost | 0.59 | 1.02 |
| Past service cost and (gain)/loss from settlements | | 0.01 |
| Net interest expense | 0.09 | 0.10 |
| **Components of defined benefit costs recognised in profit or loss** | **0.69** | **1.13** |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return | - | - |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | (0.27) | (0.16) |
| Actuarial (gains) / losses arising from experience adjustments | (0.37) | 0.05 |
| **Components of defined benefit costs recognised in other comprehensive income** | **(0.64)** | **(0.11)** |
| **Total** | **0.05** | **1.02** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Present value of funded defined benefit obligation | 2.48 | 2.43 |
| Fair value of plan assets | 2.30 | - |
| Funded status [Surplus/(Deficit)] | (0.18) | (2.43) |
| Restrictions on asset recognised | - | |
| **Net liability arising from defined benefit obligation** | **(0.18)** | **(2.43)** |
| **Current** | **(0.01)** | **(0.02)** |
| **Non-current** | **(0.17)** | **(2.41)** |

**Movements in the present value of the defined benefit obligation are as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Opening defined benefit obligation** | **2.43** | **1.41** |
| **Expenses recognised in the statement of profit and loss** | | |
| Current service cost | 0.59 | 1.02 |
| Past service cost and (gain)/loss from settlements | | 0.01 |
| Interest cost | 0.09 | 0.10 |
| **Remeasurement (gains)/losses recognised in other comprehensive income:** | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | (0.27) | (0.16) |
| Actuarial gains and losses arising from experience adjustments | (0.37) | 0.05 |
| Acquisition / Divestiture | - | - |
| Benefits paid | - | - |
| **Closing defined benefit obligation** | **2.48** | **2.43** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Opening fair value of the asset** | **-** | **-** |
| Acquisition adjustment | - | - |
| Interest income on plan assets | - | - |
| Employer contributions | 2.30 | - |
| Return of plan assets greater / (lesser) than discount rate | - | - |
| Benefits paid | - | - |
| **Closing fair value of assets** | **2.30** | **-** |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Bifurcation of present value of defined benefit obligation** | | |
| Current liability | 0.01 | 0.02 |
| Non-current liability | 2.47 | 2.41 |

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Increase by 1% | 2.12 | 2.05 |
| Decrease by 1% | 2.95 | 2.93 |

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Increase by 1% | 2.05 | 2.92 |
| Decrease by 1% | 2.95 | 2.05 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows (undiscounted) towards the plan are as follows:

| Financial year | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Year 1 | 0.01 | 0.02 |
| 2-5 years | 0.50 | 0.44 |
| 6-10 years | 0.62 | 0.62 |
| More than 10 years | 14.21 | 13.00 |

**39 Segment information**

The Company operates in only one segment, viz., heavy constructional operations. The Company's operations are in India and therefore there are no secondary geographical segment.

**40 Disclosures in respect of Operating leases**

Premises are taken on lease are cancellable and lease rent charged to statement of profit and loss are:

| Financial year | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Rent | 3.04 | 7.11 |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**41 Earnings per share**

| Financial year | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Basic and Diluted Earnings Per Share (Rs.)** | | |
| **Basic Earnings Per Share (Basic EPS)** | | |
| **Net profit after tax, as restated, attributable to equity shareholders** | **162.44** | **300.58** |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 1,06,91,966 |
| **Basic EPS in Rs.** | **6.90** | **28.11** |
| Face value in Rs. | 10.00 | 10.00 |
| Diluted Earnings Per Share (Diluted EPS) | | |
| **Net profit after tax, as restated, attributable to equity shareholders** | **162.44** | **300.58** |
| Weighted average number of shares considered for calculating Diluted EPS | 2,35,49,500 | 1,06,91,966 |
| **Diluted EPS in Rs.** | **6.90** | **28.11** |
| Face value in Rs. | 10.00 | 10.00 |

Pursuant to the approval of the shareholders, the company has issued bonus shares in the ratio of three Equity Shares of `10/- each for ten existing equity share of `10/- each in July 23 2018. Accordingly, earnings per share (EPS) (basic and diluted) of all the periods presented above have been adjusted on account of bonus share .

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**42 Related party transactions**

**Description of relationship**

| | |
|---|---|
| Entities in which KMP / Relatives of KMP can exercise significant influence | Ashok Enterprises<br>A N Associates<br>Kozone Reality Private Limited<br>Rock and Arch Constructions (India) Private Limited<br>Kalaiselvi Ashok kumar welfare trust<br>Kalaii Constructions Private Limited<br>FloFlex Industries LLP |
| Joint venture entity | JV of RKI Buliders Pvt Ltd and Annai Infra developers Pvt Ltd |
| Key managerial personnel | Subramaniam Ashok Kumar (Managing Director)<br>Duraisamy Kalaiselvi (Director)<br>P. Ravindran (Director) |

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Transaction with related parties** | | |
| **Gross contract revenue** | | |
| Rock and Arch Constructions (India) Private Limited | 75.79 | 297.13 |
| Ashok Enterprises | - | 17.19 |
| FloFlex Industries LLP | 52.03 | 79.84 |
| **Sub contracting expenses** | | |
| Ashok Enterprises | 9.02 | 93.17 |
| Rock and Arch Constructions (India) Private Limited | - | 300.18 |
| A N Associates | 587.19 | 594.24 |
| **Sales of Traded goods** | | |
| Ashok Enterprises | - | 323.55 |
| Rock and Arch Constructions (India) Private Limited | - | 1.31 |
| A N Associates | 152.56 | - |
| **Joint Venture** | | |
| Share of profit | 6.69 | 2.99 |
| **Corporate Social Responsibility Expenses** | | |
| Kalaiselvi Ashok kumar welfare trust | 0.68 | 0.25 |
| **Managerial remuneration** | | |
| Subramaniam Ashok Kumar (Managing Director) | 14.42 | 30.00 |
| Duraisamy Kalaiselvi (Director) | 9.00 | 18.00 |
| P. Ravindran (Director) | 0.78 | 1.30 |
| **Balance with / to related parties** | | |
| **Trade receivables** | | |
| Ashok Enterprises | - | 20.11 |
| A N Associates | 149.51 | - |
| Rock and Arch Constructions (India) Private Limited | 19.11 | - |
| FloFlex Industries LLP | - | 92.62 |
| **Trade payables** | | |
| Rock and Arch Constructions (India) Private Limited | - | 51.39 |
| Ashok Enterprises | - | - |
| Kalaiselvi Ashok kumar welfare trust | - | - |
| | - | - |
| **Balance with JV** | | |
| Trade payables | 0.98 | 0.98 |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**43 Financial instruments**

The carrying value and fair value of financial instruments by categories as at

| Particulars | Carrying value | |
|---|---|---|
| | 30-Sep-18 | 31-Mar-18 |
| | Audited | Audited |
| **Financial assets** | | |
| **Amortised cost** | | |
| Trade receivables | 1,186.15 | 1,535.29 |
| Cash and cash equivalents | 3.82 | 52.12 |
| Other financial assets | 212.54 | 212.76 |
| **Fair value through profit and loss** | | |
| Investments in Government securities (quoted) | 5.41 | 5.41 |
| **Total assets** | **1,407.92** | **1,805.58** |
| **Financial liabilities** | | |
| **Amortised cost** | | |
| Loans and borrowings | 882.21 | 928.79 |
| Trade payables | 712.08 | 950.60 |
| Other financial liabilities | - | 1.45 |
| **Total liabilities** | **1,594.29** | **1,880.84** |

| Particulars | Fair value | |
|---|---|---|
| | 30-Sep-18 | 31-Mar-18 |
| | Audited | Audited |
| **Financial assets** | | |
| **Amortised cost** | | |
| Trade receivables | 1,186.15 | 1,535.29 |
| Cash and cash equivalents | 3.82 | 52.12 |
| Other financial assets | 212.54 | 212.76 |
| **Fair value through profit and loss** | | |
| Investments in Government securities (quoted) | 5.41 | 5.41 |
| **Total assets** | **1,407.92** | **1,805.58** |
| **Financial liabilities** | | |
| **Amortised cost** | | |
| Loans and borrowings | 882.21 | 928.79 |
| Trade payables | 712.08 | 950.60 |
| Other financial liabilities | - | 1.45 |
| **Total liabilities** | **1,594.29** | **1,880.84** |

The management assessed that fair value of cash and cash equivalents, trade receivables, loans and trade payables, approximate their carrying amounts largely due to the short-term maturities of these instruments. Difference between carrying amounts and fair values of bank deposits, other financial assets, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented

**Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

| Particulars | Investments in Government securities (quoted) | |
|---|---|---|
| | 30-Sep-18 | 31-Mar-18 |
| | Audited | Audited |
| Level 1 | 5.41 | 5.41 |
| Level 2 | - | - |
| Level 3 | - | - |

**Financial risk management**

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

**The working capital position of the Company is given below:**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Cash and cash equivalents | 3.82 | 52.12 |
| Investments in Government securities (quoted) | 5.41 | 5.41 |

**The table below provides details regarding the contractual maturities of significant financial liabilities**

| Particulars | 31-Mar-18 |
|---|---|
| | < 1 year |
| Loans and borrowings | 897.18 |
| Trade payables | 950.60 |
| Other financial liabilities | 1.45 |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**Interest rate risk**

The Company has also taken an INR loan at variable interest rate, interest being index linked, that is their cost is linked to changes in the Marginal Cost of fund based lending rate (MCLR).

**Interest rate sensitivity analysis**

If interest rates had been 1% higher/lower and all other variables were held constant, the company's profit for the period ended / year ended would have impacted in the following manner:

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Interest expense on loan | 46.54 | 94.05 |
| Average rate of interest rate on loan | 13% | 13% |
| Interest rate due to increase in interest by 1% | 14% | 14% |
| Increase in interest expense on loan | 76.97 | 36.18 |
| Interest rate due to decrease in interest by 1% | 12% | 12% |
| Decrease in interest expense on loan | (59.33) | (17.58) |

**Foreign currency risk**

The Company's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have impact on the financial performance of the Company. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The company does not have any unhedged foreign currency risk from

**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the

**The capital structure is as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| Equity attributable to the equity share holders of the company | 1,043.53 | 881.50 |
| Equity as a percentage of total capital | 54% | 50% |
| Current borrowings | 835.79 | 849.23 |
| Non-current borrowings | 46.42 | 79.56 |
| **Total borrowings** | **882.21** | **928.79** |
| Less: Cash and cash equivalents | 9.23 | 57.53 |
| **Net borrowings** | **872.98** | **871.26** |
| Net borrowings as a percentage of total capital | 46% | 50% |
| **Total capital (borrowings and equity)** | **1,916.51** | **1,752.76** |

**44 Revenue from Contracts with Customers**

The adoption of Ind AS 115, did not have any material impact on the consolidated statement of income for half year ended ended September 30, 2018

**45** Disclosure as per Ind AS 115 Revenue from customer contract

| Particulars | 30-Sep-18 | 31-Mar-18 |
|---|---|---|
| | Audited | Audited |
| **Contract Receivables** | | |
| Opening Balances | 1,536.57 | 863.95 |
| closing balances | 1,188.68 | 1,536.57 |
| **Contract assets ( unbilled Receviables)** | | |
| Opening Balances | 872.47 | 763.36 |
| closing balances | 1,295.13 | 872.47 |
| **contract liablities** | | |
| Opening Balances | 106.68 | 33.14 |
| closing balances | 132.69 | 106.68 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 115.44 | 47.14 |
| Revenue recognised from performance obligations satisfied in previous period | - | - |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Consolidated Financial Information**

**46** As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are promoting educationand health medical aid and medical grant project

| Particulars | Year/Period | In cash | Yet to be paid in | Total |
|---|---|---|---|---|
| | 30-Sep-18 | - | - | |
| Construction/acquisition of any asset | 31-Mar-18 | - | - | |
| | 30-Sep-18 | - | | |
| On purposes other than above | 31-Mar-18 | 3.25 | - | 3.25 |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure VII: Restated Consolidated Summary Statement of Accounting Ratios**

| Particulars | | For the year ended |
|---|---|---|
| | 30-Sep-18 | 31-Mar-18 |
| | Audited | Audited |
| **Basic and Diluted Earnings Per Share (Rs.)** | | |
| **Basic Earnings Per Share (Basic EPS)** | | |
| **Pre Bonus Isuue** | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 52,57,466 |
| **Basic EPS in Rs.** | 6.90 | 57.17 |
| **Face value in Rs.** | 10.00 | 10.00 |
| **Post Bonus Issue** | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 1,06,91,966 |
| **Basic EPS in Rs.** | 6.90 | 28.11 |
| **Face value in Rs.** | 10.00 | 10.00 |
| **Diluted Earnings Per Share (Diluted EPS)** | | |
| **Pre Bonus Isuue** | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 |
| Weighted average number of Shares used for calculating Basic EPS | 2,35,49,500 | 52,57,466 |
| **Diluted EPS in Rs.** | 6.90 | 57.17 |
| **Face value in Rs.** | 10.00 | 10.00 |
| **Post Bonus Issue** | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 |
| Weighted average number of Shares used for calculating Basic EPS | 2,35,49,500 | 1,06,91,966 |
| **Diluted EPS in Rs.** | 6.90 | 28.11 |
| **Face value in Rs.** | 10.00 | 10.00 |
| **Net Asset Value Per Equity Share (Rs.)** | | |
| **Pre Bonus Isuue** | | |
| Net asset value (Net-worth), as restated | 1,043.53 | 881.50 |
| Number of equity shares outstanding at the year end | 2,35,49,500 | 1,81,15,000 |
| **Net Assets Value per equity share (Rs.)** | 44.31 | 48.66 |
| **Post Bonus Issue** | | |
| **Net Asset Value Per Equity Share (Rs.)** | | |
| Net asset value (Net-worth), as restated | 1,043.53 | 881.50 |
| Number of equity shares outstanding at the year end | 2,35,49,000 | 2,35,49,500 |
| **Net Assets Value per equity share (Rs.)** | 44.31 | 37.43 |
| **Return on Net worth** | | |
| Net Profit after tax, as restated | 162.44 | 300.58 |
| Net worth, as restated | 1,043.53 | 881.50 |
| **Return on net worth** | 15.57% | 34.10% |
| **EBITDA** | | |
| **Earnings before interest, tax, depreciation and amortisation** | 301.37 | 618.27 |

**The ratios have been computed as per the following formulae:**

**(i) Basic and Diluted Earnings per Share**

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

**(ii) Net Assets Value (NAV)**

$$\frac{\text{Net Asset Value, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

**(iii) Return on Net worth (%)**

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity share holders}}{\text{Net worth (excluding revaluation reserve), as restated, at the end of the year}}$$

Net-worth (excluding revaluation reserve), as restated, means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss, as restated.

**(iii) EBITDA**

Profit before tax + Finance charges + Depreciation and amortisation

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure VIII: Restated Consolidated Statement of Capitalisation**

| Particulars | Pre-issue | Pre-issue | Post-Issue* |
|---|---|---|---|
| | **30-Sep-18** | **31-Mar-18** | |
| **Debt** | | | |
| Short-term borrowings | 835.79 | 849.23 | |
| Long-term borrowings | 28.35 | 31.89 | |
| Add: Current maturities of long term borrowings | 18.07 | 47.67 | |
| **Total debts** | **882.21** | **928.79** | **-** |
| **Shareholders' funds** | | | |
| Share capital | 235.50 | 181.15 | |
| Reserves and surplus | 808.03 | 700.35 | |
| **Total shareholders' funds** | **1,043.53** | **881.50** | |
| **Long term debt/equity** | **0.04** | **0.09** | |

* Shareholders fund post issue can be calculated only on the conclusion of the book building process.

Notes
1. Short term borrowings represent debts which are due within 12 months from 31 March 2018
2. Long term debts include current portion of long-term borrowings repayable over the next twelve months.

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated consolidated financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IX: Restated Consolidated Statement of Tax Shelters**

| **Particulars** | | | **For the year ended** |
|---|---|---|---|
| | | **30-Sep-18** | **31-Mar-18** |
| | | **Audited** | **Audited** |
| Weighted average tax rate (%) | | 34.61% | 34.61% |
| **Current tax expense** | **(A)** | 78.25 | 160.30 |
| **Tax impact on temporary differences** | | | |
| Difference between book depreciation and tax depreciation | | 2.00 | (1.66) |
| Employee benefits and other provisions | | (2.99) | 0.81 |
| Others | | 0.27 | 3.39 |
| **Net adjustment** | **(B)** | **(0.72)** | **2.54** |
| **Net tax expense / (saving) (A+B)** | | **77.53** | **162.84** |
| Total current tax expenses as per Restated Standalone Summary Statement of Profit and Loss | | **77.53** | **162.84** |

**INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION**

**The Board of Directors**
Annai Infra Developers Limited
(formerly Annai Infra Developers Private Limited)
Door no 2/9 , A N towers , Dr Sathyamoorthy Hospital Opp Road,
2/5 Perundurai Road, Erode -638011.

Dear Sirs,

1. We have examined the attached Restated Standalone Financial Information of Annai Infra Developers Limited (formerly Annai Infra Developers Private Limited) (the "Company"), which comprise of the Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2018, 2017 and 2016, the Restated Standalone Summary Statement of Profit and Loss (including other comprehensive income) and Restated Standalone Summary Statement of Changes in Equity for each of the years ended March 31, 2018, 2017 and 2016 and the Restated Standalone Summary Statements of Cash Flows for the years ended March 31, 2018, 2017 and 2016 and the Standalone Summary Statement of Significant Accounting Policies and related Annexures thereto (collectively, the "Restated Standalone Financial Information"), as approved by the Board of Directors of the Company at their meeting held on December 28, 2018 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

   **(a)** Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

   **(b)** the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

   **(c)** the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

2. The preparation of the Restated Standalone Financial Information [including the interim financial information mentioned in paragraph 5 below] is the responsibility of the Management of the Company for the purpose set out in paragraph 13 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, ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.

**3.** 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 September 06, 2018 in connection with the proposed IPO of the Company;

**(b)** The Guidance Note; and

**(c)** The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

**4.** These Restated Standalone Financial Information for the for the year ended March 31, 2018 have been compiled by the Management from the special purpose standalone financial statements of the Company for the year ended March 31, 2018, prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company, which have been approved by the Board of Directors of the Company at their meeting held on December 28, 2018.

**5.** These Restated Standalone Financial Information for the for the years ended March 31, 2017 and and 2016 have been complied by the Management by making proforma adjustments pertaining to Indian Accounting Standards specified under section 133 of the Act, to the audited Indian GAAP financial statements as at and for the years ended March 31, 2017 and 2016.

**6.** We have also examined the financial information of the Company for the half year ended September 30, 2018 [the stub period ending not before 180 days from the date of prospectus] prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company.
Based on the above, we report that in our opinion and according to the information and explanations given to us, the above interim financial information are in accordance with the accounting principles generally accepted in India, including Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act (the "Special Purpose Interim consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on December 28, 2018.

**7.** The audit report on the standalone Indian GAAP financial statements of the Company for below mentioned years, included following matters:

For the year ended 31 March 2016 – In ‘Opinion’ paragraph:

“In our opinion and to the best of our information and according to the explanations given to us, subject to the disclosure made in note no. 33, under the Notes to Accounts, for which we are unable to comment on the adequacy of the provision made in the accounts, till the actuarial liability is determined the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view inconformity with the accounting principles generally accepted in India:”

For the year ended 31 March 2017 - under ‘Report on Other Legal and Regulatory Requirements’ section of the audit report:

“The Company has provided requisite disclosure in the financial statements as to holdings as well as dealing in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – refer Note No 38”.

**8.** Based on our examination and according to the information and explanations given to us, we report that the Restated Standalone Financial Information:

**(a)** as at and for the half year ended September 30, 2018, has been extracted from the audited special purpose interim financial statements of the Company for the half year ended and as at 30 September 2018 as described in Note 2.1 of Annexure V to the Restated Standalone Financial Information;

**(b)** as at and for the year ended March 31, 2018, have been extracted from the audited special purposes standalone financial statements of the Company as at and for the year ended March 31, 2018, as described in Note 2.1 of Annexure V to the Restated Standalone Financial Information;

**(c)** as at and for the years ended 31 March 2017 and 2016 have been prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the years ended March 31, 2018, 2017, 2016 as described in Note 2.1 of Annexure V to the Restated Standalone Financial Information;

**(d)** have been prepared after incorporating adjustments for the regrouping/reclassifications retrospectively in respective financial years ended March 31, 2018, 2017 and 2016

**(e)** have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate;

**(f)** do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments, except for qualifications mentioned in paragraph 5 above: and

**(g)** have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. 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

10. The Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of our reports mentioned in paragraph 4 above on the audited standalone financial statements

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Management for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Coimbatore Tamil Nadu in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

**For K.S AIYAR & CO.**
Chartered Accountants
(Firm Registration No.100186W)

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

Coimbatore, December 28, 2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure I: Restated Standalone Summary Statement of Assets and Liabilities**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited | 31-Mar-17 Proforma | 31-Mar-16 Proforma |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | **4** | 84.77 | 91.59 | 78.37 | 78.59 |
| Capital work-in-progress | | 0.47 | - | - | - |
| Investment property | **5** | 196.11 | 196.98 | - | - |
| **Financial Assets** | | | | | |
| Investments | **6** | 5.41 | 5.41 | 4.14 | 3.84 |
| Trade receivables | **7** | 123.99 | 62.90 | 61.48 | 60.67 |
| Other financial assets | **8** | 139.08 | 142.85 | 109.53 | 53.91 |
| Deferred tax assets (net) | **36** | - | - | - | 7.62 |
| Other non-current assets | **9** | 118.14 | 114.67 | 70.42 | 48.80 |
| **Total non-current assets [A]** | | **667.97** | **614.40** | **323.94** | **253.43** |
| **Current assets** | | | | | |
| Inventories | **10** | 29.07 | 1.28 | 0.74 | 0.96 |
| **Financial assets** | | | | | |
| Trade receivables | **11** | 1,062.16 | 1,472.39 | 801.22 | 408.79 |
| Cash and cash equivalents | **12** | 3.82 | 52.12 | 88.69 | 39.98 |
| Other financial assets | **13** | 73.46 | 69.91 | 26.09 | 55.31 |
| Other current assets | **14** | 1,577.03 | 1,039.33 | 857.43 | 256.06 |
| **Total current assets [B]** | | **2,745.54** | **2,635.03** | **1,774.17** | **761.10** |
| **Total assets [A+B]** | | **3,413.51** | **3,249.43** | **2,098.11** | **1,014.53** |
| **Equity and liabilities** | | | | | |
| **Equity** | | | | | |
| Equity share capital | **15** | 235.50 | 181.15 | 51.15 | 51.15 |
| Other equity | **16** | 808.03 | 700.35 | 399.84 | 235.17 |
| **Equity attributable to owners of the Company [C]** | | **1,043.53** | **881.50** | **450.99** | **286.32** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | **17** | 28.35 | 31.89 | 26.02 | 22.21 |
| Provisions | **18** | 0.16 | 2.39 | 1.39 | 0.67 |
| Deferred tax liabilities (net) | **36** | 6.97 | 7.91 | 5.41 | - |
| **Total non-current liabilities [D]** | | **35.48** | **42.19** | **32.82** | **22.88** |
| **Current liabilities** | | | | | |
| **Financial Liabilities** | | | | | |
| Borrowings | **19** | 835.79 | 849.23 | 630.01 | 240.57 |
| Trade payables | **20** | 712.08 | 950.60 | 715.21 | 371.62 |
| Other financial liabilities | **21** | 18.07 | 49.12 | 72.13 | 15.92 |
| Other current liabilities | **22** | 591.97 | 314.84 | 118.27 | 27.42 |
| Provisions | **23** | 0.01 | 0.02 | 0.01 | - |
| Current tax liabilities (Net) | **24** | 176.58 | 161.93 | 78.67 | 49.80 |
| **Total current liabilities [E]** | | **2,334.50** | **2,325.74** | **1,614.30** | **705.33** |
| **Total liabilities [F= [D+E]]** | | **2,369.98** | **2,367.93** | **1,647.12** | **728.21** |
| **Total equity and liabilities [F+C]** | | **3,413.51** | **3,249.43** | **2,098.11** | **1,014.53** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
**Chief Financial Officer**

**Sd/-**
**G Sasikumar**
**Company Secretary &**
**Compliance Officer**

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure II: Restated Standalone Summary Statement of Profit and Loss**

| Particulars | Note No. | 30-Sep-18 Audited | 31-Mar-18 Audited | 31-Mar-17 Proforma | 31-Mar-16 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from operations | **25** | 2,471.98 | 4,679.20 | 3,118.24 | 2,504.36 |
| | | **2,471.98** | **4,679.20** | **3,118.24** | **2,504.36** |
| Other income | **26** | 41.74 | 31.08 | 16.21 | 17.61 |
| **Total revenue (A)** | | **2,513.72** | **4,710.28** | **3,134.45** | **2,521.97** |
| **Expenses** | | | | | |
| Cost of material consumed | **27** | 503.21 | 1,639.63 | 1,223.92 | 833.85 |
| Purchase of traded goods | **28** | 148.12 | 315.40 | - | - |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | **29** | (26.45) | - | 4.59 | (2.04) |
| Construction expenses | **30** | 1,480.61 | 1,924.17 | 1,409.21 | 1,387.36 |
| Employee benefit expenses | **31** | 59.09 | 138.85 | 76.94 | 42.09 |
| Other expenses | **32** | 41.07 | 70.97 | 70.70 | 49.27 |
| Finance costs | **33** | 55.58 | 133.37 | 73.06 | 44.83 |
| Depreciation and amortisation expense | **35** | 12.52 | 24.47 | 19.53 | 19.02 |
| **Total expenses (B)** | | **2,273.75** | **4,246.86** | **2,877.95** | **2,374.38** |
| **Profit before tax and exceptional items (C) = (A-B)** | | **239.97** | **463.42** | **256.50** | **147.59** |
| Exceptional items (D) | | - | - | - | - |
| **Profit before tax (E) = (C-D)** | | **239.97** | **463.42** | **256.50** | **147.59** |
| Tax expenses / (benefit) (F) | **36** | 77.53 | 162.84 | 91.74 | 48.84 |
| **Net profit for the year (G) = (E-F)** | | **162.44** | **300.58** | **164.76** | **98.75** |
| **Other comprehensive income / (losses) (H)** | | | | | |
| Items that will not be reclassified to Statement of profit and loss | | | | | |
| Remeasurements of the defined benefit plans (loss)/ gains | | 0.64 | 0.11 | 0.13 | 0.21 |
| Income tax on the above | | (0.22) | (0.04) | (0.04) | (0.07) |
| **Total comprehensive income for the year (G+H)** | | **162.86** | **300.65** | **164.85** | **98.89** |
| **Earnings per share** | | | | | |
| Basic (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 | 15.62 | 10.40 |
| Diluted (in Rs.) (Face value of Rs.10 each) | **41** | 6.90 | 28.11 | 15.62 | 10.40 |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

**Sd/-**
**M Arumugam**
**Chief Financial Officer**

**Sd/-**
**G Sasikumar**
**Company Secretary & Compliance Officer**

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure III: Restated Standalone Summary Statement of Changes in Equity**

**Equity share capital**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Opening balance | 18.12 | 5.12 | 5.12 | 2.12 |
| **Changes in equity share capital during the year** | | | | |
| Issue of the equity share during the year | 5.43 | 13.00 | - | 3.00 |
| **Closing balance** | **23.55** | **18.12** | **5.12** | **5.12** |

**Other equity**

| Particulars | Reserve & surplus: Retained earnings | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| Opening balance | 700.35 | 399.84 | 235.17 | 136.56 |
| Profit for the year | 162.44 | 300.58 | 164.76 | 98.75 |
| Less : Reserves utilized for Bonus Issue ( refer note 16) | (54.35) | - | - | - |
| Remeasurements of the defined benefit plans (net of tax) | (0.42) | (0.07) | (0.09) | (0.14) |
| **Total other equity** | **808.03** | **700.35** | **399.84** | **235.17** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
**DIN: 01660180**

**Sd/-**
**D. Kalaiselvi**
Director **DIN:**
**01660237**

**Sd/-**
**M Arumugam**
**Chief Financial Officer**

**Sd/-**
**G Sasikumar**
**Company Secretary & Compliance Officer**

Place: Erode
Date: 28.12.2018

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IV: Restated Standalone Summary Statement of Cashflows**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Cashflow from operating activities** | | | | |
| **Profit before tax and exceptional items** | **239.97** | **463.42** | **256.50** | **147.59** |
| Adjustments for : | | | | |
| Depreciation | 12.52 | 24.47 | 19.53 | 19.02 |
| Interest on deposit with bank | (2.72) | (8.40) | (9.42) | (6.40) |
| (Profit) / loss on sale of property, plant and equipments | 1.06 | 0.61 | (0.23) | (8.72) |
| (Profit)/ loss from partnership firm | (6.70) | (2.99) | - | - |
| Provision for doubtful debts | 1.25 | 0.03 | 0.02 | 0.55 |
| Finance cost | 55.58 | 133.37 | 73.06 | 44.83 |
| Rental income | (7.32) | (14.12) | - | - |
| **Operating cash profit before changes in working capital** | **293.64** | **596.39** | **339.46** | **196.87** |
| **Changes in working capital** | | | | |
| **Adjustment for (increase)/ decrease in operating assets :** | | | | |
| Other financial assets (Current and non-current) | (2.58) | (75.78) | (24.93) | (40.49) |
| Inventories | (27.79) | (0.54) | 0.22 | 0.70 |
| Trade receivables (Current and non-current) | 347.89 | (672.62) | (393.26) | (150.07) |
| Other assets (Current and non-current) | (536.76) | (181.01) | (603.97) | (240.51) |
| **Adjustment for increase/ (decrease) in operating liabilities:** | | | | |
| Other financial liabilities (Current and non-current) | | | | |
| Trade payables | (238.51) | 235.39 | 343.59 | 210.22 |
| Other current liabilities | 277.13 | 196.57 | 90.85 | 23.13 |
| Provisions (Current and non-current) | (2.88) | 0.90 | 0.60 | 0.15 |
| **Cash generated from operations** | **110.14** | **99.30** | **(247.44)** | **-** |
| Net income taxes (paid) / refund received | (68.01) | (122.18) | (68.82) | (42.25) |
| **Net cashflow from operating activities (A)** | **42.13** | **(22.88)** | **(316.26)** | **(42.25)** |
| **Cashflow from investing activities** | | | | |
| Capital expenditure on property, plant and equipments (including capital advance) | (9.65) | (39.40) | (20.61) | (43.48) |
| Purchase of investment in properties | 0.87 | (196.98) | - | - |
| Proceeds from sale of property, plant and equipments | 2.42 | 1.10 | 1.53 | 14.78 |
| Interest received on bank deposits | 5.52 | 7.04 | 7.95 | 6.07 |
| Rental income received | 7.32 | 14.12 | - | - |
| Profit/ (loss) from partnership firm | 6.70 | 2.99 | - | - |
| Drawings/(Investment) in partnership firms | - | (0.98) | - | - |
| Purchase / (proceeds) from sale of investment | - | (0.29) | (0.30) | 3.69 |
| **Net cashflow from investing activities (B)** | **13.18** | **(212.40)** | **(11.43)** | **(18.94)** |
| **Cash flows from Financing activities** | | | | |
| Proceeds from long term borrowings | (21.71) | 251.38 | 121.61 | 41.78 |
| Repayment of long term borrowings | (11.43) | (269.10) | (62.19) | (29.24) |
| Proceeds from issues of shares | - | 130.00 | - | 30.00 |
| Net increase / (decrease) in working capital borrowings | (13.44) | 219.22 | 389.44 | 92.30 |
| Finance cost | (57.03) | (132.79) | (72.46) | (44.56) |
| **Net cashflow from financing activities (C)** | **(103.61)** | **198.71** | **376.40** | **90.28** |
| **Net (decrease) / increase in cash & cash equivalents (A+B+C)** | **(48.30)** | **(36.57)** | **48.71** | **29.09** |
| Cash and cash equivalents at beginning of the year | 52.12 | 88.69 | 39.98 | 10.89 |
| **Cash and cash equivalents at the end of the year** | **3.82** | **52.12** | **88.69** | **39.98** |
| * Comprises: | | | | |
| Balances with banks | | | | |
| In current accounts | 1.79 | 50.76 | 86.88 | 37.12 |
| Cash on hand | 2.03 | 1.36 | 1.81 | 2.86 |
| **Total** | **3.82** | **52.12** | **88.69** | **39.98** |

The above information should be read with the Basis of preparation and Significant accounting policies appearing in Note 2 & 3 of Annexure V1 of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statements appearing in Annexure V.

In terms of our report attached
**For K.S Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn No.100186W

**For and on behalf of the Board of Directors of**
**M/s Annai Infra Developers Limited**

**Sd/-**
**S. Kalyanaraman**
Partner
Membership No.: 200565

**Sd/-**
**S. Ashok Kumar**
Managing Director
DIN: 01660180

**Sd/-**
**D. Kalaiselvi**
Director DIN:
01660237

Place: Erode
Date: 28.12.2018

**Sd/-**
**M Arumugam**
**Chief Financial Officer**

**Sd/-**
**G Sasikumar**
**Company Secretary & Compliance Officer**

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)
**Annexure V: Summary Statement of Adjustments to the Audited Standalone Financial Statements**

**Ind AS adoption reconciliations**

**Reconciliation of Equity**

| Particulars | Note | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | | Audited | Proforma | |
| Equity share capital | | 181.15 | 51.15 | 51.15 |
| Other equity | | 700.83 | 400.38 | 235.66 |
| **Equity as per previous GAAP** | | **881.98** | **451.53** | **286.81** |
| Add/(Less): Adjustment under Ind AS | | - | | |
| Expected credit losses | 1 | (1.28) | (1.25) | (1.23) |
| Employee benefits - Defined benefit plans | 2 | 0.32 | 0.24 | 0.35 |
| Deferred tax effect on above adjustments, where applicable | | 0.47 | 0.46 | 0.38 |
| **Equity as per Ind AS** | | **881.49** | **450.98** | **286.31** |
| **Restatement adjustments** | | | | |
| Employee benefits - Defined benefit plans | 3 | 0.01 | 0.01 | 0.01 |
| **Restated equity as per Ind AS** | | **881.50** | **450.99** | **286.32** |

**Reconciliation of Total Comprehensive Income**

| Particulars | Note | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | | Audited | Proforma | |
| **Profit as per previous GAAP** | | **300.45** | **164.72** | **98.57** |
| Add/(Less): Adjustment under Ind AS | | | | |
| Expected credit losses | 1 | (0.03) | (0.02) | (0.55) |
| Employee benefits - Defined benefit plans | 2 | 0.15 | (0.02) | 0.49 |
| Deferred tax effect on above adjustments, where applicable | | 0.01 | 0.08 | 0.06 |
| **Profit as per Ind AS** | | **300.58** | **164.76** | **98.57** |
| **Other Comprehensive Income:** | | | | |
| Recognition of actuarial loss in Other Comprehensive Income | 2 | 0.11 | 0.13 | 0.21 |
| Income tax on above | 2 | (0.04) | (0.04) | (0.07) |
| **Total Comprehensive Income as per Ind AS** | | **300.65** | **164.85** | **98.71** |
| **Restatement adjustments** | | | | |
| Employee benefits - Defined benefit plans | 3 | - | - | 0.18 |
| **Restated Total Comprehensive Income** | | **300.65** | **164.85** | **98.89** |

**Reconciliation of statement of cash flow:**
There are no material adjustments to the statement of cash flows as reported under previous GAAP.

| Sl. No. | Explanatory Notes |
|---|---|
| 1 | Under previous GAAP, provision for bad and doubtful receivables were based on 'Incurred Loss Model' (ILM) and financials of the Company for previous year did not carry any provisions against the trade receivables. Under Ind AS, an entity uses trends when measuring Expected Credit Losses (ECL). |
| 2 | Under previous GAAP, actuarial gains and losses were recognised in the Statement of profit and loss as there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income. Accordingly, the actuarial gains and losses arising from remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income under Ind AS. Consequently, the tax effect of the same has also been recognised in |
| | **Restatement adjustment:** |
| 3 | For the years ended March 31, 2016, gratuity was accured on an adhoc basis. Accordingly, the gratuity liability and expenses for the respective years have been restated based on actuarial valuaiton in these Restated standalone financial information. |

**Annexure VI: Notes to Restated Standalone Financial Information**

## 1. Corporate information

Annai Infra Developers Limited (formerly Annai Infra Developers Private Limited) (‘Company’), having its registered office at Door no 2/9 , A N towers , Dr Sathyamoorthy Hospital Opp Road,2/5 Perundurai Road, Erode -638011, specialize in a wide variety of heavy constructional operations including heavy highway construction, dams, bridges, canals mining, pond building, earthmoving and industrial site work.

The Company changed its name from Annai Infra Developers Private Limited to Annai Infra Developers Limited on September 24, 2018. The Restated Standalone Ind AS Financial Information have been authorised for issuance by the Company's Board of Directors on December 28, 2018.

## 2. Basis of preparation and presentation and summary of significant accounting policies

### 2.1 Basis of preparation and presentation

The Restated Standalone Statement of Assets and Liabilities of the Company as at September 30, 2018 and March 31, 2018 and the Restated Standalone Statement of Profit and Loss, the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash flows for the half year ended September 30, 2018 and year ended March 31, 2018 and Restated Other Standalone Financial Information (together referred as ‘Restated Standalone Financial Information’) have been compiled by the Company respectively from the audited Special Purpose Standalone Financial Statements of the Company as at and for the for the half ended September 30, 2018 prepared in accordance with the Indian Accounting Standards 34 Interim Financial Reporting ('Ind AS 34') and from the audited Special Purpose Standalone Financial Statements as at and for the year ended March 31, 2018, prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company.

The Company has elected to present all the three years as per Ind AS/ Proforma Ind AS, instead of Indian GAAP. The restated standalone financial information for the years ended March 31, 2017 and 2016 have been prepared on Proforma basis (i.e. “Proforma Standalone Ind AS financial information”) in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (“SEBI Circular”) and Guidance note on reports in company prospectuses issued by ICAI. The Proforma Ind AS standalone financial information for the years ended March 31, 2017 and 2016, have been compiled by the Company from the Audited Standalone Financial Statements of the Company for the years ended March 31, 2017 and 2016 prepared in accordance with the then applicable Accounting Standards in India (‘previous GAAP’ or ‘Indian GAAP’) and making suitable restatement adjustments (both re-measurements and reclassifications) to apply the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as adopted on date of transition to Ind AS i.e. April 1, 2017. The mandatory exceptions and optional exemptions used at the date of transition to Ind AS (i.e. April 1, 2017) are as follows:

- Property Plant & Equipment and Intangible assets - As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as ‘deemed cost’ at April 1, 2017 for all the items of property, plant & equipment and intangible assets. For the purpose of Proforma Ind AS financial information for the years ended March 31, 2017 and 2016, the Company has provided the depreciation and amortisation using the same accounting policy adopted on transition date April 1, 2017.

- For the investment in subsidiary, the Company has elected to continue with the carrying value of investments in all of its subsidiaries recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

- Ind AS 103 Business Combinations has not been applied to business combinations, which are considered businesses under Ind AS that occurred before April 1, 2017 (transition date). Use of this exemption means that the assets and liabilities on the date of acquisition are recognised at the amounts as considered under previous Indian GAAP after considering specific adjustments as required by paragraph C4 of Appendix C of Ind AS 101. For the purpose of Proforma Ind AS financial statements for the year ended March 31, 2017 and 2016, the Company has continued with the existing exemption on the date of transition (i.e. April 1, 2017) and no retrospective assessment/ adjustments have been made.

- The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

- The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2017 (the transition date).

- The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

- The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

- Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as in value in use in Ind AS 36.

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

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

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

- Level 3 inputs are unobservable inputs for the asset or liability

The Restated Standalone Financial Information has been prepared by the management for the purpose of inclusion in the Red Herring Prospectus (referred to "Offer Document") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

**(a)** Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

**(b)** the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

**(c)** the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

## **3.0** Summary of significant accounting policies

### (a) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of profit and loss.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 01 April 2017 ('transition date') measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(b) Investments in joint venture entities**

Investment in joint venture entities / firm are measured at cost less impairment.

**(c) Inventories**

Raw material, Stores, Spares, Fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value ('NRV'), whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Finished Goods (including Traded and Semi-finished goods)

Finished Goods, traded goods and semi-finished goods are valued at the lower of the cost and NRV. Cost is determined on weighted average basis and include all applicable cost of bringing the goods in their present location and condition. NRV is the estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Project work in progress

Project work-in-progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts are stated at the lower of cost and net realisable value.

**(d) Financial Instruments**

**Financial assets and financial liabilities:** Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

**Initial recognition and measurement**: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

**Subsequent measurement**:

**Financial assets at amortised cost**: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial Assets at fair value through other comprehensive Income**:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**:

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Equity Instrument**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of profit and loss if such gain or loss would have otherwise been recognised in Statement of profit and loss on disposal of that financial asset.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of profit and loss.

**(e) Share issue expense**

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

**(f) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(h) Foreign Currency transactions and translations**

The functional currency of the Company is Indian Rupee (Rs.).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2017), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

**(i) Revenue recognition**

Revenue is recognized over time according to the percentage-of-completion method. For each performance obligation that is satisfied over time, revenue is to be recognized over time by measuring the time passed in relation to full satisfaction of the obligation. Input method is used consistently for similar performance obligations and under similar circumstances. Under the input method, revenue is recognized on the basis of the input required in fulfilling the performance obligation (e.g. material /resources consumed, hours spent on work, costs incurred) in relation to the total expected input to fulfill the performance obligation. An exception from this cost-based input method might be costs attributable to significant ineffectiveness in the performance or where costs incurred are not in proportion to the passage of time to fulfill the obligation.

Expenses relating to obtaining a contract, i.e. expenses the entity would have had if it had not won the contract, are recognized as an asset only if those expenses covered. Expenses to complete a contract that does not fall under a standard other than Ind AS 115 are recognized as an asset if the expenses have a direct link to a contract or to an expected contract, if the expenses create or enhance resources that will be used to fulfill the performance obligation in the future and that are also expected to be recovered. Loss contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognized according to Ind AS 37.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(j) Employee Benefits**

**Defined Contribution Plan**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

**Defined Benefit Plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is recognised in other comprehensive income in the period in which they occur.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

**(a)** in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

**(b)** in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**(k) Borrowing Costs**

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method;
(ii) finance charges in respect of finance leases, and
(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

**(l) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(m) Income Taxes**

**Income tax expense represents the sum of the tax currently payable and deferred tax.**

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the period**

Current and deferred tax are recognised in Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**(n) Provisions and Contingent Liabilities**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**Annexure VI: Notes to Restated Standalone Financial Information**

### (o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of

the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

### (p) Earnings per share

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic

EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### (q) Operating Cycle

The Company adopts operating cycle based on the project period and accordingly all project related assets and liabilities are classified into current and non-current. Other than project related assets and liabilities, 12 months' period is considered as normal operating cycle.

### 3.1 Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 2.3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**Annexure VI: Notes to Restated Standalone Financial Information**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of investments in joint venture entity**

The Company reviews its carrying value of investments in joint venture entity at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Useful lives of property, plant and equipment**

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Uncertain tax positions**

The Company's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with relevant tax authorities. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

**Impairment**

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

**Deferred tax**

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

**Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## 3.2 New standards and interpretations

**Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that the Company should recognize revenue to depict 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, timing and uncertainty of revenues and cash flows arising from the Company's contracts with customers. The new standard permits two possible method of transition:

- Retrospective approach - An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.

- Cumulative catch-up approach - An entity can recognise the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.

The standard is effective for annual periods beginning on or after 01 April 2018. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated..

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**4 Property, plant and equipment**

| Particulars | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01-Apr-18 | Additions | Deletion | Balance as at 30-Sep-18 | Balance as at 01-Apr-18 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 30-Sep-18 | Balance as at 30-Sep-18 | Balance as at 31-Mar-18 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | | | - | - | | | - | - | - |
| Buildings | - | | | - | - | | | - | - | - |
| Plant and machinery | 143.14 | 5.70 | 7.72 | 141.12 | 64.25 | 9.16 | 4.83 | 68.58 | 72.54 | 78.89 |
| Furniture and fixtures | 0.68 | | | 0.68 | 0.32 | 0.05 | | 0.37 | 0.31 | 0.36 |
| Vehicles | 33.96 | 0.78 | 3.15 | 31.59 | 23.87 | 1.82 | 2.56 | 23.13 | 8.46 | 10.09 |
| Office equipments | 6.25 | 1.83 | | 8.08 | 4.00 | 0.62 | | 4.62 | 3.46 | 2.25 |
| **Total** | **184.03** | **8.31** | **10.87** | **181.47** | **92.44** | **11.65** | **7.39** | **96.70** | **84.77** | **91.59** |

| Particulars | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01-Apr-17 | Additions | Deletion | Balance as at 31-Mar-18 | Balance as at 01-Apr-17 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31-Mar-18 | Balance as at 31-Mar-18 | Balance as at 31-Mar-17 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - |
| Plant and machinery | 115.94 | 30.01 | 2.81 | 143.14 | 49.84 | 15.51 | 1.10 | 64.25 | 78.89 | 66.10 |
| Furniture and fixtures | 0.68 | - | - | 0.68 | 0.19 | 0.13 | - | 0.32 | 0.36 | 0.49 |
| Vehicles | 26.78 | 7.18 | - | 33.96 | 17.05 | 6.82 | - | 23.87 | 10.09 | 9.73 |
| Office equipments | 4.78 | 1.47 | - | 6.25 | 2.73 | 1.27 | - | 4.00 | 2.25 | 2.05 |
| **Total** | **148.18** | **38.66** | **2.81** | **184.03** | **69.81** | **23.73** | **1.10** | **92.44** | **91.59** | **78.37** |

| Particulars | Proforma | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
| | Balance as at 01-Apr-16 | Additions | Deletion | Balance as at 31-Mar-17 | Balance as at 01-Apr-16 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31-Mar-17 | Balance as at 31-Mar-17 | Balance as at 31-Mar-16 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - |
| Plant and machinery | 101.54 | 14.40 | - | 115.94 | 34.38 | 15.46 | | 49.84 | 66.10 | 67.16 |
| Furniture and fixtures | 0.28 | 0.40 | - | 0.68 | 0.08 | 0.11 | - | 0.19 | 0.49 | 0.20 |
| Vehicles | 25.35 | 4.09 | 2.66 | 26.78 | 15.71 | 2.70 | 1.36 | 17.05 | 9.73 | 9.64 |
| Office equipments | 3.06 | 1.72 | - | 4.78 | 1.47 | 1.26 | - | 2.73 | 2.05 | 1.59 |
| **Total** | **130.23** | **20.61** | **2.66** | **148.18** | **51.64** | **19.53** | **1.36** | **69.81** | **78.37** | **78.59** |

| Particulars | Proforma | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost | | | | Accumulated depreciation/amortisation | | | | Net block | |
| | Balance as at 01-Apr-15 | Additions | Deletion | Balance as at 31-Mar-16 | Balance as at 01-Apr-15 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31-Mar-16 | Balance as at 31-Mar-16 | Balance as at 31-Mar-15 |
| **PPE (Owned)** | | | | | | | | | | |
| Land - Freehold | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - |
| Plant and machinery | 62.87 | 38.67 | - | 101.54 | 20.48 | 13.90 | - | 34.38 | 67.16 | 42.39 |
| Furniture and fixtures | 0.08 | 0.20 | - | 0.28 | 0.05 | 0.03 | - | 0.08 | 0.20 | 0.03 |
| Vehicles | 31.45 | 3.40 | 9.50 | 25.35 | 14.74 | 4.41 | 3.44 | 15.71 | 9.64 | 16.71 |
| Office equipments | 1.85 | 1.21 | - | 3.06 | 0.79 | 0.68 | - | 1.47 | 1.59 | 1.06 |
| **Total** | **96.25** | **43.48** | **9.50** | **130.23** | **36.06** | **19.02** | **3.44** | **51.64** | **78.59** | **60.19** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**5 Investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Carrying value** | | | | |
| Land - Freehold | 166.73 | 166.73 | - | - |
| Buildings | 29.38 | 30.25 | - | - |
| **Total** | **196.11** | **196.98** | **-** | **-** |

**Fair value of investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Land - Freehold | 166.73 | 166.73 | - | - |
| Buildings | 29.38 | 30.25 | - | - |

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| | Building | Building | Building | Building |
| **Gross block** | 30.99 | - | - | - |
| Additions | - | 30.99 | - | - |
| Eliminated on disposal of assets | - | - | - | - |
| **Gross block** | **30.99** | **30.99** | **-** | **-** |
| **Accumulated depreciation** | (0.74) | - | - | - |
| Depreciation / amortisation expense for the year | (0.87) | (0.74) | - | - |
| Eliminated on disposal of assets | - | - | - | - |
| **Accumulated depreciation** | **(1.61)** | **(0.74)** | **-** | **-** |
| **Net block** | **29.38** | **30.25** | **-** | **-** |

**Amount recognized in profit or loss for investment property**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Rental income | 7.32 | 14.12 | - | - |
| Direct operating expenses from investment property that generated rental income | - | - | - | - |
| **Profit from investment property before depreciation** | **7.32** | **14.12** | **-** | **-** |
| Depreciation / amortisation expense for the year | | - | - | - |
| **Profit from investment property** | **7.32** | **14.12** | **-** | **-** |

**6 Investments (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Investments carried at amortised cost** | | | | |
| **Quoted investments** | | | | |
| Investments in Government securities | 4.43 | 4.43 | 4.14 | 3.84 |
| **Un-quoted investments** | | | | |
| Investments in partnership firms (balance in current account) | 0.98 | 0.98 | - | - |
| **Total** | **5.41** | **5.41** | **4.14** | **3.84** |

**7 Trade receivables (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Unsecured, considered good | 123.99 | 62.90 | 61.48 | 60.67 |
| Doubtful | 2.53 | 1.28 | 1.25 | 1.23 |
| Less: Allowance for credit losses | (2.53) | (1.28) | (1.25) | (1.23) |
| **Total** | **123.99** | **62.90** | **61.48** | **60.67** |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable, its time value of money and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

**Movement in allowance for doubtful debts is as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Opening balance | 1.28 | 1.25 | 1.23 | 0.68 |
| Allowance for doubtful debts | 1.25 | 0.03 | 0.02 | 0.55 |
| Doubtful receivables written-off | - | - | - | - |
| **Closing balance** | **2.53** | **1.28** | **1.25** | **1.23** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**8 Other financial assets (Classified under non-current assets)**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Carried at amortised cost** | | | | |
| Earnest money deposit | 20.41 | 24.18 | 29.00 | 42.83 |
| Balances held as margin money or security | 118.67 | 118.67 | 80.53 | 11.08 |
| **Total** | **139.08** | **142.85** | **109.53** | **53.91** |

**9 Other non-current assets**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Unsecured, considered good:** | | | | |
| Security deposits | 6.52 | 7.46 | 8.35 | 5.75 |
| Income tax and tax deducted at source | 111.62 | 107.21 | 62.07 | 43.05 |
| **Total** | **118.14** | **114.67** | **70.42** | **48.80** |

**10 Inventories**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **(At lower of cost and net realisable value)** | | | | |
| Raw materials, Stores and Spares | 2.62 | 1.28 | 0.74 | 0.96 |
| Work-in-progress | 26.45 | - | - | - |
| **Total** | **29.07** | **1.28** | **0.74** | **0.96** |

**11 Trade receivables**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Trade receivables (unsecured) consist of following** | | | | |
| Considered good | 1,062.16 | 1,472.39 | 801.22 | 408.79 |
| Considered doubtful | - | - | - | - |
| **Total** | **1,062.16** | **1,472.39** | **801.22** | **408.79** |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. Based on such analysis no credit losses are expected.

**The above includes the following debts due from promoter/ group companies / related parties as follows**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Due from promoter/ group companies / related parties** | | | | |
| Ashok Enterprises | - | 20.11 | - | 85.35 |
| A N Associates | 149.51 | - | 44.21 | 76.69 |
| Rock and Arch Constructions (India) Private Limited | 19.11 | - | 193.49 | 23.13 |
| FloFlex Industries LLP | - | 92.62 | - | - |
| **Total** | **168.62** | **112.73** | **237.70** | **185.17** |

**12 Cash and cash equivalents**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Balances with banks** | | | | |
| In current accounts | 1.79 | 50.76 | 86.88 | 37.12 |
| **Cash on hand** | 2.03 | 1.36 | 1.81 | 2.86 |
| **Cash and cash equivalents as per balance sheet** | **3.82** | **52.12** | **88.69** | **39.98** |

**13 Other financial assets**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Balances held as margin money or security | 73.10 | 66.75 | 24.29 | 23.39 |
| **Interest accrued on** | | | | |
| Fixed deposits | 0.36 | 3.16 | 1.80 | 0.33 |
| Earnest money deposit | - | - | - | 31.59 |
| **Total** | **73.46** | **69.91** | **26.09** | **55.31** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**14 Other current assets**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Prepaid expenses | 10.71 | 9.05 | 11.84 | 15.34 |
| **Advances paid for supply of materials / rendering of services** | | | | |
| Unsecured, considered good | 111.69 | 46.75 | 39.05 | 13.89 |
| Doubtful | - | - | - | - |
| | **111.69** | **46.75** | **39.05** | **13.89** |
| Less: Allowance for bad and doubtful advances | - | - | - | - |
| | **111.69** | **46.75** | **39.05** | **13.89** |
| Balance with Government authorities | 159.50 | 111.06 | 43.18 | 23.53 |
| Unbilled Receivables | 1,295.13 | 872.47 | 763.36 | 203.30 |
| **Total** | **1,577.03** | **1,039.33** | **857.43** | **256.06** |

**15 Equity**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Authorised** | | | | |
| 34,500,000 equity shares of Rs. 10/- each | 345.00 | | | |
| 18,500,000 equity shares of Rs. 10/- each | - | 185.00 | - | - |
| 5,500,000 equity shares of Rs. 10/- each | - | - | 55.00 | 55.00 |
| **Issued, subscribed and fully paid up capital** | | | | |
| 23,549,500 equity shares of Rs. 10/- each | 235.50 | - | - | - |
| 18,115,000 equity shares of Rs. 10/- each | - | 181.15 | - | - |
| 5,500,000 equity shares of Rs. 10/- each | - | - | 51.15 | 51.15 |
| **Total** | **235.50** | **181.15** | **51.15** | **51.15** |

**Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the year**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Equity shares of Rs. 10/ each:** | | | | |
| Opening balance | 1,81,15,000 | 51,15,000 | 51,15,000 | 21,15,000 |
| Add: Issued during the year | 54,34,500 | 1,30,00,000 | - | 30,00,000 |
| **Closing balance (No. of shares)** | **2,35,49,500** | **1,81,15,000** | **51,15,000** | **51,15,000** |

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Equity shares of Rs. 10/ each:** | | | | |
| Opening balance | 18.12 | 5.12 | 5.12 | 2.12 |
| Add: Issued during the year | 5.43 | 13.00 | - | 3.00 |
| **Closing balance** | **23.55** | **18.12** | **5.12** | **5.12** |

**Details of shares held by each shareholder holding more than 5% shares**

| Name of the shareholders | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| S. Ashok Kumar | 1,82,19,000 | 1,40,15,000 | 50,15,000 | 50,15,000 |
| D. Kalaiselvi | 53,30,000 | 41,00,000 | 1,00,000 | 1,00,000 |
| **Total (in No's)** | **2,35,49,000** | **1,81,15,000** | **51,15,000** | **51,15,000** |
| S. Ashok Kumar | 77.36% | 77.37% | 98.04% | 98.04% |
| D. Kalaiselvi | 22.63% | 22.63% | 1.96% | 1.96% |
| **Total (%)** | **99.99%** | **100.00%** | **100.00%** | **100.00%** |

The Company has only one class of equity share having a par value of Rs.10/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**16 Other equity**

| Name of the shareholders | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Retained earnings** | | | | |
| Opening balance | 700.35 | 399.84 | 235.17 | 136.56 |
| Add: Profit for the year | 162.44 | 300.58 | 164.76 | 98.75 |
| Less : Reserves utilized for Bonus Issue ( refer note below) | 54.35 | - | - | - |
| Less: Remeasurement loss recognised in Other comprehensive Income (net of tax) | 0.42 | 0.07 | 0.09 | 0.14 |
| **Closing balance** | **808.03** | **700.35** | **399.84** | **235.17** |

The Company has allotted 5,434,500 number of fully paid up equity shares of face value ₹10/- each during the half year ended September 30, 2018 pursuant to a bonus issue approved by the shareholders . Record date fixed by the Board of Directors was July 23, 2018. The bonus shares were issued by capitalization of profits transferred from retained earnings.

**17 Borrowings**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Secured at amortised cost:** | | | | |
| Term loan from banks (Refer note below) | 20.14 | 19.34 | 12.86 | 16.53 |
| Term loan from financial institutions (Refer note below) | 7.05 | 8.47 | - | - |
| **Un-secured at amortised cost:** | | | | |
| Term loan from banks | 1.16 | 2.92 | 4.44 | 3.45 |
| Term loan from financial institutions | - | 1.16 | 8.72 | 2.23 |
| **Closing balance** | **28.35** | **31.89** | **26.02** | **22.21** |

Notes: Secured against hypothecation of assets procured from the term loans. Rates of interest varies from 8.50% to 12.50% per annum. Repayment varies between 36 to 48 months. The outstanding term as at 30 September 2018 varies between 40 to 44 months.

**18 Provision**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Provision for employee benefits:** | | | | |
| Gratuity | 0.16 | 2.39 | 1.39 | 0.67 |
| **Total** | **0.16** | **2.39** | **1.39** | **0.67** |

**19 Borrowings**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Secured loans repayable on demand:** | | | | |
| Working capital loans from banks (Refer note below) | 659.56 | 607.39 | 452.22 | 220.68 |
| **Un-secured loans repayable on demand from financial institutions:** | | | | |
| Working capital loans | 176.23 | 241.84 | 177.79 | 19.89 |
| **Total** | **835.79** | **849.23** | **630.01** | **240.57** |

Note: Secured by charge / hypothecation of current assets, movable, immovable fixed assets and cash margins provided by the Company. Personnel guarantee of the directors of the Company.

**20 Trade payables**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Other than Acceptances** | | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises | 712.08 | 950.60 | 715.21 | 371.62 |
| **Total** | **712.08** | **950.60** | **715.21** | **371.62** |

Note: There are no micro enterprises and small enterprises, to whom the company owes dues, which are outstanding as at the Balance Sheet date. The information regarding micro enterprises and small enterprises has been determined to the extent such parties have been identified on the basis of information collected by the company.

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**21 Other financial liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Current maturities of long-term borrowings | | | | |
| From Banks | 15.18 | 26.67 | 13.81 | 15.25 |
| From Financial institutions | 2.89 | 21.00 | 57.45 | 0.40 |
| Interest accrued but not due on borrowings | - | 1.45 | 0.87 | 0.27 |
| **Total** | **18.07** | **49.12** | **72.13** | **15.92** |

**22 Other current liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Payable towards statutory remittances | 13.12 | 106.16 | 19.99 | 27.42 |
| Advance received from customers | 578.85 | 208.68 | 98.28 | - |
| **Total** | **591.97** | **314.84** | **118.27** | **27.42** |

**23 Provision**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Provision for employee benefits:** | | | | |
| Gratuity | 0.01 | 0.02 | 0.01 | - |
| **Total** | **0.01** | **0.02** | **0.01** | **-** |

**24 Current tax liabilities**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Provision for income tax | 176.58 | 161.93 | 78.67 | 49.80 |
| **Total** | **176.58** | **161.93** | **78.67** | **49.80** |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**25 Revenue from operations**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | | Proforma | |
| Gross contract revenue | 2,319.42 | 4,354.34 | 3,118.24 | 2,504.36 |
| Sales of traded goods | 152.56 | 324.86 | - | - |
| **Total** | **2,471.98** | **4,679.20** | **3,118.24** | **2,504.36** |

**26 Other income**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Interest Income | | | | |
| On deposit with bank | 2.72 | 8.40 | 9.42 | 6.40 |
| Discount & other income | 25.00 | 5.57 | 6.56 | 2.49 |
| Profit on sale of fixed asset | | - | 0.23 | 8.72 |
| Profit from investment in partnership firm | 6.70 | 2.99 | - | - |
| Rental income | 7.32 | 14.12 | - | - |
| **Total** | **41.74** | **31.08** | **16.21** | **17.61** |

**27 Cost of material consumed**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Material consumed | | | | |
| Opening stock | 1.28 | 0.74 | 0.96 | 1.65 |
| Add: Purchase of materials | 504.54 | 1,640.17 | 1,223.70 | 833.16 |
| Less: Closing stock | 2.61 | 1.28 | 0.74 | 0.96 |
| **Total** | **503.21** | **1,639.63** | **1,223.92** | **833.85** |

**28 Purchase of traded goods**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Construction materials | 148.12 | 315.40 | - | - |
| **Total** | **148.12** | **315.40** | **-** | **-** |

**29 Changes in inventories of finished goods, work in progress and stock-in-trade**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Inventories at the beginning of the year** | | | | |
| Work-in-progress | - | - | 4.59 | 2.55 |
| **Inventories at the end of the year** | | | | |
| Work-in-progress | 26.45 | - | - | 4.59 |
| **Net (increase) / decrease** | **(26.45)** | **-** | **4.59** | **(2.04)** |

**30 Construction expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Sub contracting expenses | 1,176.30 | 1,122.00 | 857.46 | 971.24 |
| Diesel Expenses | 29.11 | 50.20 | 33.09 | 16.02 |
| Equipment Contract Charges | 67.91 | 159.35 | 138.98 | 34.08 |
| Subcontract labour expenses | 124.19 | 279.94 | 196.26 | 23.19 |
| Other constructing expenses | 83.10 | 312.68 | 183.42 | 342.83 |
| **Total** | **1,480.61** | **1,924.17** | **1,409.21** | **1,387.36** |

**31 Employee benefit expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Salary and wages | 52.65 | 132.08 | 71.00 | 33.77 |
| Contribution to provident fund | 1.74 | 1.88 | 1.92 | 1.82 |
| Gratuity expenses | 0.69 | 1.13 | 0.87 | 0.57 |
| Staff welfare expenses | 4.01 | 3.76 | 3.15 | 5.93 |
| **Total** | **59.09** | **138.85** | **76.94** | **42.09** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**32 Other expenses**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Rates and taxes | 4.06 | 11.51 | 18.49 | 34.28 |
| Insurance | 1.76 | 6.11 | 7.51 | - |
| Rent | 3.04 | 7.11 | 6.44 | 2.88 |
| Loss on sale of property plant and equipements | 1.06 | 0.61 | - | - |
| Corporate social responsibility | 6.93 | 3.25 | 2.00 | 2.19 |
| Bank charges | 3.03 | 9.69 | 8.11 | 0.69 |
| Payments to auditors (Refer note below) | 0.40 | 1.19 | 1.08 | 0.62 |
| Provision for doubtful debts | 1.25 | 0.03 | 0.02 | 0.55 |
| Miscellaneous expenses | 19.54 | 31.47 | 27.05 | 8.06 |
| **Total** | **41.07** | **70.97** | **70.70** | **49.27** |

**Payments to auditors**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| For audit of standalone financial statements | 0.40 | 0.94 | 0.81 | 0.53 |
| For audit of consolidated financial statements | - | - | - | - |
| For tax services | - | 0.14 | 0.11 | 0.09 |
| For other certification and representation fees | - | 0.11 | 0.16 | - |
| Reimbursement of expenses | - | - | - | - |
| **Total** | **0.40** | **1.19** | **1.08** | **0.62** |

**33 Finance costs**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Interest expense on: | | | | |
| Borrowings(Please Refer Note Below) | 46.54 | 94.05 | 39.14 | 28.03 |
| Other borrowing cost | 0.95 | 8.00 | 5.44 | 5.28 |
| Interest on delayed payment on income tax | - | 1.55 | 4.20 | 0.39 |
| Interest on Sales tax | - | 0.47 | - | - |
| Interest on Service tax | - | 0.21 | 0.75 | 0.13 |
| Other bank charges | 8.09 | 29.09 | 23.53 | 11.00 |
| **Total** | **55.58** | **133.37** | **73.06** | **44.83** |

**34 Interest on Borrowings**

Interest on Borrowings includes the Interest on Cash Credit and Term loans

**35 Depreciation and amortisation expense**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Property, plant and equipment | 11.65 | 23.73 | 19.53 | 19.02 |
| Investment property | 0.87 | 0.74 | - | - |
| **Total** | **12.52** | **24.47** | **19.53** | **19.02** |

**36 Tax expenses / (benefit)**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Current tax | 78.25 | 160.30 | 78.67 | 49.80 |
| Deferred tax | (0.72) | 2.54 | 13.07 | (0.96) |
| **Total** | **77.53** | **162.84** | **91.74** | **48.84** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**Movement in deferred tax balances**

| **Particulars** | **30-Sep-18** | | | | **31-Mar-18** | |
|---|---|---|---|---|---|---|
| | **Opening balance** | **Recognised in profit and Loss** | **Recognised in Other Comprehensive Income** | **Closing balance** | **Opening balance** | **Closing balance** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | | |
| Property, Plant and Equipment and Financial assets | (8.82) | 0.07 | - | (8.75) | (6.23) | (8.82) |
| **Tax effect of items constituting deferred tax assets** | | | | | | |
| Provision towards asset retirement obligations | | | | | | |
| Employee Benefits and other provisions | 0.48 | 0.22 | 0.22 | 0.92 | 0.40 | 0.48 |
| Provision for expected credit losses | 0.43 | 0.43 | - | 0.86 | 0.42 | 0.43 |
| **Net deferred tax asset / (liabilities)** | **(7.91)** | **0.72** | **0.22** | **(6.97)** | **(5.41)** | **(7.91)** |

| **Particulars** | **Proforma** | | | | | |
|---|---|---|---|---|---|---|
| | **31-Mar-17** | | | | **31-Mar-16** | |
| | **Opening balance** | **Recognised in profit and Loss** | **Recognised in Other Comprehensive Income** | **Closing balance** | **Opening balance** | **Closing balance** |
| **Tax effect of items constituting deferred tax liabilities** | | | | | | |
| Property, Plant and Equipment and Financial assets | 6.96 | (13.19) | | (6.23) | 6.13 | 6.96 |
| **Tax effect of items constituting deferred tax assets** | | | | | | |
| Provision towards asset retirement obligations | - | | | - | - | - |
| Employee Benefits and other provisions | 0.25 | 0.11 | 0.04 | 0.40 | 0.24 | 0.25 |
| Provision for expected credit losses | 0.41 | 0.01 | | 0.42 | 0.22 | 0.41 |
| **Net deferred tax asset / (liabilities)** | **7.62** | **(13.07)** | **0.04** | **(5.41)** | **6.59** | **7.62** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**37 Contingent liabilities and commitments (to the extent not provided for)**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Service tax demand under appeal | 2.46 | 2.46 | 2.46 | 2.46 |
| Guarantees given by the Banks | 1,498.68 | 1,596.84 | 865.56 | 658.01 |
| Bill Discounting | - | - | - | 55.23 |
| KVAT demand under appeal | 7.28 | - | - | - |

**38 Employee benefit plans**

**Defined contribution plans**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Contribution to Provident Fund and Employee State Insurance Scheme | 1.74 | 1.88 | 1.92 | 1.82 |

**Defined benefit plans**

The Company offers gratuity, a defined employee benefit scheme to its employees. The said plan typically exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk

**Investment risk**

The fund has invested 100% of the funds in 'Schemes of insurance - conventional products' which are risk averse as whole of the risk is borne by the Insurance company.

**Interest risk**

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Longevity risk**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity: The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | Valuation as of | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| Discount rate | 8.40% | 7.80% | 7.45% | 7.95% |
| Salary escalation | 8.00% | 8.00% | 8.00% | 8.00% |
| Attrition rate | | | | |
| Upto 30 years | 5.00% | 5.00% | 5.00% | 5.00% |
| 31-40 years | 3.00% | 3.00% | 3.00% | 3.00% |
| Above 40 years | 1.00% | 1.00% | 1.00% | 1.00% |
| Retirement age (in years) | 60.00 | 60.00 | 60.00 | 60.00 |
| Mortality | 100.00% | 100.00% | 100.00% | 100.00% |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Service cost: | | | | |
| Current service cost | 0.59 | 1.02 | 0.82 | 0.54 |
| Past service cost and (gain)/loss from settlements | | 0.01 | | |
| Net interest expense | 0.09 | 0.10 | 0.05 | 0.03 |
| **Components of defined benefit costs recognised in profit or loss** | **0.69** | **1.13** | **0.87** | **0.57** |
| Remeasurement on the net defined benefit liability: | | | | |
| Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return | - | - | - | - |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | - | - | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | (0.27) | (0.16) | 0.13 | (0.01) |
| Actuarial (gains) / losses arising from experience adjustments | (0.37) | 0.05 | (0.26) | (0.20) |
| **Components of defined benefit costs recognised in other comprehensive income** | **(0.64)** | **(0.11)** | **(0.13)** | **(0.21)** |
| **Total** | **0.05** | **1.02** | **0.74** | **0.36** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Present value of funded defined benefit obligation | 2.48 | 2.43 | 1.41 | 0.67 |
| Fair value of plan assets | 2.30 | - | - | - |
| Funded status [Surplus/(Deficit)] | (0.18) | (2.43) | (1.41) | (0.67) |
| Restrictions on asset recognised | - | | | |
| **Net liability arising from defined benefit obligation** | **(0.18)** | **(2.43)** | **(1.41)** | **(0.67)** |
| **Current** | **(0.01)** | **(0.02)** | **(0.01)** | **-** |
| **Non-current** | **(0.17)** | **(2.41)** | **(1.40)** | **(0.67)** |

**Movements in the present value of the defined benefit obligation are as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Opening defined benefit obligation** | **2.43** | **1.41** | **0.67** | **0.31** |
| **Expenses recognised in the statement of profit and loss** | | | | |
| Current service cost | 0.59 | 1.02 | 0.82 | 0.54 |
| Past service cost and (gain)/loss from settlements | | 0.01 | - | - |
| Interest cost | 0.09 | 0.10 | 0.05 | 0.03 |
| **Remeasurement (gains)/losses recognised in other comprehensive income:** | | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | (0.27) | (0.16) | 0.13 | (0.01) |
| Actuarial gains and losses arising from experience adjustments | (0.37) | 0.05 | (0.26) | (0.20) |
| Acquisition / Divestiture | - | - | - | - |
| Benefits paid | - | - | - | - |
| **Closing defined benefit obligation** | **2.48** | **2.43** | **1.41** | **0.67** |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Opening fair value of the asset** | **-** | **-** | **-** | **-** |
| Acquisition adjustment | - | - | - | - |
| Interest income on plan assets | - | - | - | - |
| Employer contributions | 2.30 | - | - | - |
| Return of plan assets greater / (lesser) than discount rate | - | - | - | - |
| Benefits paid | - | - | - | - |
| **Closing fair value of assets** | **2.30** | **-** | **-** | **-** |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Bifurcation of present value of defined benefit obligation** | | | | |
| Current liability | 0.01 | 0.02 | 0.01 | - |
| Non-current liability | 2.47 | 2.41 | 1.40 | 0.67 |

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Increase by 1% | 2.12 | 2.05 | 1.17 | 0.56 |
| Decrease by 1% | 2.95 | 2.93 | 1.72 | 0.82 |

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Increase by 1% | 2.05 | 2.92 | 1.72 | 0.82 |
| Decrease by 1% | 2.95 | 2.05 | 1.17 | 0.56 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows (undiscounted) towards the plan are as follows:

| Financial year | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Year 1 | 0.01 | 0.02 | 0.01 | - |
| 2-5 years | 0.50 | 0.44 | 0.22 | 0.12 |
| 6-10 years | 0.62 | 0.62 | 0.37 | 0.21 |
| More than 10 years | 14.21 | 13.00 | 7.69 | 4.23 |

**39 Segment information**

The Company operates in only one segment, viz., heavy constructional operations. The Company's operations are in India and therefore there are no secondary geographical segment.

**40 Disclosures in respect of Operating leases**

Premises are taken on lease are cancellable and lease rent charged to statement of profit and loss are:

| Financial year | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Rent | 3.04 | 7.11 | 6.44 | 2.88 |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**41 Earnings per share**

| Financial year | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Basic and Diluted Earnings Per Share (Rs.)** | | | | |
| **Basic Earnings Per Share (Basic EPS)** | | | | |
| **Net profit after tax, as restated, attributable to equity shareholders** | **162.44** | **300.58** | **164.76** | **98.75** |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 1,06,91,966 | 1,05,49,500 | 94,92,123 |
| **Basic EPS in Rs.** | **6.90** | **28.11** | **15.62** | **10.40** |
| Face value in Rs. | 10.00 | 10.00 | 10.00 | 10.00 |
| Diluted Earnings Per Share (Diluted EPS) | | | | |
| **Net profit after tax, as restated, attributable to equity shareholders** | **162.44** | **300.58** | **164.76** | **98.75** |
| Weighted average number of shares considered for calculating Diluted EPS | 2,35,49,500 | 1,06,91,966 | 1,05,49,500 | 94,92,123 |
| **Diluted EPS in Rs.** | **6.90** | **28.11** | **15.62** | **10.40** |
| | 10.00 | 10.00 | 10.00 | 10.00 |

Pursuant to the approval of the shareholders, the company has issued bonus shares in the ratio of three Equity Shares of `10/- each for ten existing equity share of `10/- each in 23rd July 2018. Accordingly, earnings per share (EPS) (basic and diluted) of all the periods presented above have been adjusted on account of bonus share .

Annai Infra Developers Limited
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**42 Related party transactions**

**Description of relationship**

| | |
|---|---|
| Entities in which KMP / Relatives of KMP can exercise significant influence | Ashok Enterprises<br>A N Associates<br>Kozone Reality Private Limited<br>Rock and Arch Constructions (India) Private Limited<br>Kalaiselvi Ashok kumar welfare trust<br>Kalaii Constructions Private Limited<br>FloFlex Industries LLP |
| Joint venture entity | JV of RKI Buliders Pvt Ltd and Annai Infra developers Pvt Ltd |
| Key managerial personnel | Subramaniam Ashok Kumar (Managing Director)<br>Duraisamy Kalaiselvi (Director)<br>P. Ravindran (Director) |

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Transaction with related parties** | | | | |
| **Gross contract revenue** | | | | |
| Rock and Arch Constructions (India) Private Limited | 75.79 | 297.13 | 366.04 | 23.61 |
| Ashok Enterprises | - | 17.19 | - | 87.09 |
| A N Associates | - | - | 162.17 | 112.24 |
| FloFlex Industries LLP | 52.03 | 79.84 | - | - |
| **Sub contracting expenses** | | | | |
| Ashok Enterprises | 9.02 | 93.17 | 177.09 | 55.58 |
| Rock and Arch Constructions (India) Private Limited | - | 300.18 | - | 237.07 |
| A N Associates | 587.19 | 594.24 | - | - |
| **Sales of traded goods** | | | | |
| Ashok Enterprises | - | 323.55 | - | - |
| Rock and Arch Constructions (India) Private Limited | - | 1.31 | - | - |
| A N Associates | 152.56 | | | |
| **Joint Venture** | | | | |
| Share of profit | 6.69 | 2.99 | - | - |
| **Corporate Social Responsibility Expenses** | | | | |
| Kalaiselvi Ashok kumar welfare trust | 0.68 | 0.25 | - | - |
| **Managerial remuneration** | | | | |
| Subramaniam Ashok Kumar (Managing Director) | 14.42 | 30.00 | 15.00 | 12.00 |
| Duraisamy Kalaiselvi (Director) | 9.00 | 18.00 | 6.60 | 6.01 |
| P. Ravindran (Director) | 0.78 | 1.30 | 1.00 | - |
| **Balance with / to related parties** | | | | |
| **Trade receivables** | | | | |
| Ashok Enterprises | - | 20.11 | - | 85.35 |
| A N Associates | 149.51 | - | 44.21 | 76.69 |
| Rock and Arch Constructions (India) Private Limited | 19.11 | - | 193.49 | 23.13 |
| FloFlex Industries LLP | - | 92.62 | - | - |
| **Trade payables** | | | | |
| Rock and Arch Constructions (India) Private Limited | - | 51.39 | - | - |
| Ashok Enterprises | - | - | - | - |
| Kalaiselvi Ashok kumar welfare trust | - | - | - | - |
| **Balance with JV** | | | | |
| Trade payables | 0.98 | 0.98 | - | - |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**43 Financial instruments**

The carrying value and fair value of financial instruments by categories as at

| Particulars | Carrying value | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| **Financial assets** | | | | |
| **Amortised cost** | | | | |
| Trade receivables | 1,186.15 | 1,535.29 | 862.70 | 469.46 |
| Cash and cash equivalents | 3.82 | 52.12 | 88.69 | 39.98 |
| Other financial assets | 212.54 | 212.76 | 135.62 | 109.22 |
| **Fair value through profit and loss** | | | | |
| Investments in Government securities (quoted) | 5.41 | 5.41 | 4.14 | 3.84 |
| **Total assets** | **1,407.92** | **1,805.58** | **1,091.15** | **622.50** |
| **Financial liabilities** | | | | |
| **Amortised cost** | | | | |
| Loans and borrowings | 882.21 | 928.79 | 727.29 | 278.43 |
| Trade payables | 712.08 | 950.60 | 715.21 | 371.62 |
| Other financial liabilities | - | 1.45 | 0.87 | 0.27 |
| **Total liabilities** | **1,594.29** | **1,880.84** | **1,443.37** | **650.32** |

| Particulars | Fair value | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| **Financial assets** | | | | |
| **Amortised cost** | | | | |
| Trade receivables | 1,186.15 | 1,535.29 | 862.70 | 469.46 |
| Cash and cash equivalents | 3.82 | 52.12 | 88.69 | 39.98 |
| Other financial assets | 212.54 | 212.76 | 135.62 | 109.22 |
| **Fair value through profit and loss** | | | | |
| Investments in Government securities (quoted) | 5.41 | 5.41 | 4.14 | 3.84 |
| **Total assets** | **1,407.92** | **1,805.58** | **1,091.15** | **622.50** |
| **Financial liabilities** | | | | |
| **Amortised cost** | | | | |
| Loans and borrowings | 882.21 | 928.79 | 727.29 | 278.43 |
| Trade payables | 712.08 | 950.60 | 715.21 | 371.62 |
| Other financial liabilities | - | 1.45 | 0.87 | 0.27 |
| **Total liabilities** | **1,594.29** | **1,880.84** | **1,443.37** | **650.32** |

The management assessed that fair value of cash and cash equivalents, trade receivables, loans and trade payables, approximate their carrying amounts largely due to the short-term maturities of these instruments. Difference between carrying amounts and fair values of bank deposits, other financial assets, and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

**Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

| Particulars | Investments in Government securities (quoted) | | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| Level 1 | 5.41 | 5.41 | 4.14 | 3.84 |
| Level 2 | - | - | - | - |
| Level 3 | - | - | - | - |

**Financial risk management**

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

**The working capital position of the Company is given below:**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Cash and cash equivalents | 3.82 | 52.12 | 88.69 | 39.98 |
| Investments in Government securities (quoted) | 5.41 | 5.41 | 4.14 | 3.84 |

**The table below provides details regarding the contractual maturities of significant financial liabilities**

| Particulars | 31-Mar-18 | | | | |
|---|---|---|---|---|---|
| | < 1 year | 1-3 years | > 3 years | Total | Carrying value |
| Loans and borrowings | 897.18 | 31.03 | 0.58 | 928.79 | 928.79 |
| Trade payables | 950.60 | - | - | - | 950.60 |
| Other financial liabilities | 1.45 | - | - | - | 1.45 |

| Particulars | 31-Mar-17 | | | | |
|---|---|---|---|---|---|
| | < 1 year | 1-3 years | > 3 years | Total | Carrying value |
| | Proforma | | | | |
| Loans and borrowings | 27.02 | 27.02 | - | 54.04 | 727.29 |
| Trade payables | 715.21 | - | - | - | 715.21 |
| Other financial liabilities | 0.87 | - | - | - | 0.87 |

| Particulars | 31-Mar-16 | | | | |
|---|---|---|---|---|---|
| | < 1 year | 1-3 years | > 3 years | Total | Carrying value |
| | Proforma | | | | |
| Loans and borrowings | 255.99 | 22.44 | - | 278.43 | 278.43 |
| Trade payables | 371.62 | - | - | 371.62 | 371.62 |
| Other financial liabilities | 0.27 | - | - | 0.27 | 0.27 |

(Amount in Rupees Millions except for share data or as otherwise stated)

**Note No.** **Annexure VI : Notes to Restated Standalone Financial Information**

**Interest rate risk**

The Company has also taken an INR loan at variable interest rate, interest being index linked, that is their cost is linked to changes in the Marginal Cost of fund based lending rate (MCLR).

**Interest rate sensitivity analysis**

If interest rates had been 1% higher/lower and all other variables were held constant, the company's profit for the period ended / year ended would have impacted in the following manner:

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Interest expense on loan | 46.54 | 94.05 | 39.14 | 28.03 |
| Average rate of interest rate on loan | 13% | 13% | 13% | 13% |
| Interest rate due to increase in interest by 1% | 14% | 14% | 14% | 14% |
| Increase in interest expense on loan | 76.97 | 36.18 | 62.80 | 10.99 |
| Interest rate due to decrease in interest by 1% | 12% | 12% | 12% | 12% |
| Decrease in interest expense on loan | (59.33) | (17.58) | (48.24) | (5.41) |

**Foreign currency risk**

The Company's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have impact on the financial performance of the Company. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The company does not have any unhedged foreign currency risk from financial instruments.

**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

**The capital structure is as follows:**

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| Equity attributable to the equity share holders of the company | 1,043.53 | 881.50 | 450.99 | 286.32 |
| Equity as a percentage of total capital | 54% | 50% | 42% | 55% |
| Current borrowings | 835.79 | 849.23 | 630.01 | 240.57 |
| Non-current borrowings | 46.42 | 79.56 | 97.28 | 37.86 |
| **Total borrowings** | **882.21** | **928.79** | **727.29** | **278.43** |
| Less: Cash and cash equivalents | 9.23 | 57.53 | 92.83 | 43.82 |
| **Net borrowings** | **872.98** | **871.26** | **634.46** | **234.61** |
| Net borrowings as a percentage of total capital | 46% | 50% | 58% | 45% |
| **Total capital (borrowings and equity)** | **1,916.51** | **1,752.76** | **1,085.45** | **520.93** |

**44 Revenue from Contracts with Customers**

The adoption of Ind AS 115, did not have any material impact on the statement of income for half year ended ended September 30, 2018

**45** Disclosure in accordance with Ind AS 115 Revenue from customer contract balances

| Particulars | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
|---|---|---|---|---|
| | Audited | Audited | Proforma | |
| **Contract Receivables** | | | | |
| **Due from Customer** | | | | |
| Opening Balances | 1,536.57 | 863.95 | 470.69 | 320.62 |
| closing balances | 1,188.68 | 1,536.57 | 863.95 | 470.69 |
| **Contract assets ( unbilled Receviables)** | | | | |
| Opening Balances | 872.47 | 763.36 | 203.30 | 2.55 |
| closing balances | 1,295.13 | 872.47 | 763.36 | 203.30 |
| **contract liablities** | | | | |
| Opening Balances | 106.68 | 33.14 | 11.57 | |
| closing balances | 132.69 | 106.68 | 33.14 | 11.57 |
| Revenue recognised in the during the period that was included in the contract liability balance at the beginning of the period | 115.44 | 47.14 | 276.23 | 90.42 |
| Revenue recognised from performance obligations satisfied in previous period | - | - | - | - |

**46** As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are promoting educationand health medical aid and medical grant project

| Particulars | Year | /Period In cash | Yet to be paid in | Total |
|---|---|---|---|---|
| | 30-Sep-18 | - | - | - |
| | 31-Mar-18 | - | - | - |
| Construction/acquisition of any asset | 31-Mar-17 | - | - | - |
| | 31-Mar-16 | - | - | - |
| | 30-Sep-18 | | | |
| | 31-Mar-18 | 3.25 | - | 3.18 |
| On purposes other than above | 31-Mar-17 | 2.00 | - | 1.83 |
| | 31-Mar-16 | 2.19 | - | 1.11 |

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure VII: Standalone Summary Statement of Accounting Ratios**

| Particulars | | For the year ended | | |
|---|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | Audited | Audited | Proforma | |
| **Basic and Diluted Earnings Per Share (Rs.)** | | | | |
| **Basic Earnings Per Share (Basic EPS)** | | | | |
| **Post Bonus Issue** | | | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 | 164.76 | 98.75 |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 1,06,91,966 | 1,05,49,500 | 94,92,123 |
| **Basic EPS in Rs.** | 6.90 | 28.11 | 15.62 | 10.40 |
| **Face value in Rs.** | 10.00 | 10.00 | 10.00 | 10.00 |
| **Pre Bonus Isuue** | | | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 | 164.76 | 98.75 |
| Weighted average number of Equity Shares outstanding | 2,35,49,500 | 52,57,466 | 51,15,000 | 40,57,623 |
| **Basic EPS in Rs.** | 6.90 | 57.17 | 32.21 | 24.34 |
| **Face value in Rs.** | 10.00 | 10.00 | 10.00 | 10.00 |
| **Diluted Earnings Per Share (Diluted EPS)** | | | | |
| **Post Bonus Issue** | | | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 | 164.76 | 98.75 |
| Weighted average number of Shares used for calculating Basic EPS | 2,35,49,500 | 1,06,91,966 | 1,05,49,500 | 94,92,123 |
| **Diluted EPS in Rs.** | 6.90 | 28.11 | 15.62 | 10.40 |
| **Face value in Rs.** | 10.00 | 10.00 | 10.00 | 10.00 |
| **Pre Bonus Isuue** | | | | |
| Net profit after tax, as restated, attributable to equity shareholders | 162.44 | 300.58 | 164.76 | 98.75 |
| Weighted average number of Shares used for calculating Basic EPS | 2,35,49,500 | 52,57,466 | 51,15,000 | 40,57,623 |
| **Diluted EPS in Rs.** | 6.90 | 57.17 | 32.21 | 24.34 |
| **Face value in Rs.** | 10.00 | 10.00 | 10.00 | 10.00 |
| **Net Asset Value Per Equity Share (Rs.)** | | | | |
| **Post Bonus Issue** | | | | |
| **Net Asset Value Per Equity Share (Rs.)** | | | | |
| Net asset value (Net-worth), as restated | 1,043.53 | 881.50 | 450.99 | 286.32 |
| Number of equity shares outstanding at the year end | 2,35,49,500 | 2,35,49,500 | 1,05,49,500 | 1,05,49,500 |
| **Net Assets Value per equity share (Rs.)** | 44.31 | 37.43 | 42.75 | 27.14 |
| **Pre Bonus Isuue** | | | | |
| Net asset value (Net-worth), as restated | 1,043.53 | 881.50 | 450.99 | 286.32 |
| Number of equity shares outstanding at the year end | 2,35,49,500 | 1,81,15,000 | 51,15,000 | 51,15,000 |
| **Net Assets Value per equity share (Rs.)** | 44.31 | 48.66 | 88.17 | 55.98 |
| **Return on Net worth** | | | | |
| Net Profit after tax, as restated | 162.44 | 300.58 | 164.76 | 98.75 |
| Net worth, as restated | 1,043.53 | 881.50 | 450.99 | 286.32 |
| **Return on net worth** | 15.57% | 34.10% | 36.53% | 34.49% |
| **EBITDA** | | | | |
| **Earnings before interest, tax, depreciation and amortisation** | 308.07 | 621.26 | 349.09 | 211.44 |

**The ratios have been computed as per the following formulae:**

**(i) Basic and Diluted Earnings per Share**

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

**(ii) Net Assets Value (NAV)**

$$\frac{\text{Net Asset Value, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

**(iii) Return on Net worth (%)**

$$\frac{\text{Net Profit after tax, as restated for the year, attributable to equity share holders}}{\text{Net worth (excluding revaluation reserve), as restated, at the end of the year}}$$

Net-worth (excluding revaluation reserve), as restated, means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss, as restated.

**(iii) EBITDA**

Profit before tax + Finance charges + Depreciation and amortisation

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure VIII: Restated Standalone Statement of Capitalisation**

| Particulars | Pre-issue | Pre-issue | Post-Issue* |
|---|---|---|---|
| | 30-Sep-18 | 31-Mar-18 | |
| **Debt** | | | |
| Short-term borrowings | 835.79 | 849.23 | |
| Long-term borrowings | 28.35 | 31.89 | |
| Add: Current maturities of long term borrowings | 18.07 | 47.67 | |
| **Total debts** | **882.21** | **928.79** | - |
| **Shareholders' funds** | | | |
| Share capital | 235.50 | 181.15 | |
| Reserves and surplus | 808.03 | 700.35 | |
| **Total shareholders' funds** | **1,043.53** | **881.50** | |
| **Long term debt/equity** | **0.04** | **0.09** | |

* Shareholders fund post issue can be calculated only on the conclusion of the book building process.

Notes
1. Short term borrowings represent debts which are due within 12 months from 31 March 2018
2. Long term debts include current portion of long-term borrowings repayable over the next twelve months.

**Annai Infra Developers Limited**
(formerly Annai Infra Developers Private Limited)
Restated standalone financial information
(Amount in Rupees Millions except for share data or as otherwise stated)

**Annexure IX: Restated Standalone Statement of Tax Shelters**

| Particulars | | For the year ended | | | |
|---|---|---|---|---|---|
| | | 30-Sep-18 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| | | Audited | Audited | Proforma | |
| Weighted average tax rate (%) | | 34.61% | 34.61% | 34.61% | 34.61% |
| **Current tax expense** | (A) | 78.25 | 160.30 | 78.67 | 49.80 |
| **Tax impact on temporary differences** | | | | | |
| Difference between book depreciation and tax depreciation | | 2.00 | (1.66) | 0.27 | 0.90 |
| Employee benefits and other provisions | | (2.99) | 0.81 | (0.39) | (1.67) |
| Others | | 0.27 | 3.39 | 13.19 | (0.19) |
| **Net adjustment** | (B) | **(0.72)** | **2.54** | **13.07** | **(0.96)** |
| **Net tax expense / (saving) (A+B)** | | **77.53** | **162.84** | **91.74** | **48.84** |
| Total current tax expenses as per Restated Standalone Summary Statement of Profit and Loss | | **77.53** | **162.84** | **91.74** | **48.84** |

## OTHER FINANCIAL INFROMATION

For details on Other Financial Information please refer to *"Annexure VII - Restated Consolidated Summary Statement of Accounting Ratios"* on page F-41, and *"Annexure VII - Restated Standalone Summary Statement of Accounting Ratios"* on page F-82 under chapter titled *"Restated Financial Information"* beginning on Page 206 of this DRHP.

Also for Capitalisation Statement refer the *"Annexure VIII - Restated Consolidated Statement of Capitalisation"* on page F-42, and *"Annexure VIII - Restated Standalone Statement of Capitalisation"* on page F-83 under chapter titled *"Restated Financial Information"* beginning on Page 206 of this DRHP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey management's perspective on our financial condition and results of operations for the period ended September'18 and for the Fiscals ended March 31, 2018, 2017 and 2016. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Standalone Financial Information and the sections entitled "Summary of Financial Information" and "Restated Financial Information" on pages 53 and 206 respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 26. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 19. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Standalone Financial Information.*

*Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.*

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS:

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 26. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

1. ***All of our business experience is derived from projects, which we have executed in the Southern Indian States of Tamil Nadu and Kerala. Hence, we have limited exposure in operating projects outside of the States of Tamil Nadu and Kerala which may make it difficult to evaluate our past performance and prospects with respect to different geographies and any adverse development in these regions may adversely affect our business, results of operations and financial conditions***.

   All of the projects executed by us are located in the Southern Indian States of Tamil Nadu and Kerala. Our Company has generated 100% of its revenue from operations on a standalone and consolidated basis from the projects executed in the South Indian States of Tamil Nadu and Kerala for the year ended 31st March, 2018 and for the six months period ended September 30, 2018. Further, our Order Book of Rs. 6,520.86 million as on September 30, 2018 comprises of projects entirely from South Indian States of Tamil Nadu and Kerala. Whilst we have successfully completed projects in the aforesaid States, and have undertaken projects in the States of Tamil Nadu and Kerala, and respectively, most of our experience operating projects is derived from only two States in India i.e. Tamil Nadu and Kerala, which subjects us to various risks, such as, regional slowdown in construction activities; disturbances due to adverse climatic conditions; changes in laws, policies and regulations of the political environment; lack of brand recognition and reputation in such regions and limitation on our ability to implement the strategy to cluster projects in the states where we intend to conduct business among other factors. Further, unanticipated risks and increasing competition in our present market may make our business operations vulnerable.

   The experience that we have gained from our existing projects may not be fully relevant or applicable to the development/ operation of future projects if any in other states of India and hence, we may face limitations to geographical growth of business. We may face additional risks if we undertake projects in other geographic areas in which we do not possess the same level of experience. We may not succeed in addressing certain risks pertaining to companies in an early stage of growth in other geographical regions, including our ability to acquire and retain customers or maintain adequate control of our costs and expenses. Entering into new regions or spaces may pose challenges to our management, administrative, financial and operational resources. If we are unsuccessful in addressing business risks in time or at all, our business may be materially and adversely affected. Accordingly, investors should consider our business and prospects in light of the risks, losses and challenges that we face on account of the above. Further, our limited operating history in other geographical regions may not provide a meaningful basis for evaluating our business, financial performance, prospects or results of operations, or to make a decision about an investment in our Equity Shares.

2. ***A significant portion of our revenue is generated from business transactions with government entities or agencies. Any change in the governments in the markets in which we operate, changes in policies and/or our inability to recover payments therefrom in a timely manner or at all, would adversely affect our operations and revenues which in turn would adversely affect our profitability.***

For fiscal 2016, 2017 and 2018 and the six months ended September 30, 2018, 92.21%, 89.35%, 87.73% and 82.87% of our revenue from operating activities, respectively, on a standalone basis, were derived from government entities or agencies. There may be delays associated with collection of receivables from government owned or controlled entities. Our operations involve significant working capital requirements and delayed collection of our receivables could materially and adversely affect our liquidity, internal cash flows, cost of funding and results of operations. In addition, we may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies.

In addition to the above, the contracts with Government entities may be subject to extensive internal processes, policy changes, Government or external budgetary allocation and insufficiency of funds, which may lead to lower number of contracts available for bidding or increase in the time gap between invitation for bids and award of the contract. As long as Government entities are responsible for awarding contracts to us and are a critical party to the development and ongoing operations of our projects, our business is directly and significantly dependent on projects awarded by them. With reference to projects where our bids have been successful, there may be delays in award of the projects and/or notification of appointed dates, which may result in us having to retain resources which remain unallocated, thereby adversely affecting our financial condition and results of operations. Any adverse change in policies by government leading to reduction in capital investment in the infrastructure sector could affect us adversely. Further, if there is any change in the government or in governmental policies that results in a slowdown in infrastructure projects, our business, financial condition and results of operations may be adversely affected.

3. ***Our Order Book may not necessarily indicate future income. Projects included in our Order Book may be delayed, modified, cancelled or not fully paid for by our clients.***

Our Order Book does not necessarily indicate future earnings related to the performance of that work. Our Order Book refers to expected future revenues under signed contracts or contracts where letters of intent have been received. Order Book projects represent only business that is considered firm, although deferments, withdrawals, cancellations or unanticipated variations or scope or schedule adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if our Order Book will be performed. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. We cannot guarantee that the income anticipated in our Order Book will be realized, or, if realized, will be realized on time or result in profits. Any project cancellations or scope adjustments, which may occur from time to time, could reduce the amount of our Order Book and the income and profits that we ultimately earn from the contracts. Any delay, cancellation or payment default could have a material adverse effect on our business, results of operation and financial condition.

4. ***We conduct a portion of our operations through joint ventures. Our joint venture partners may not perform their obligations, which could impose additional financial and performance obligations on the Company, resulting in reduced profits or in some cases, losses from the projects.***

For the purposes of meeting pre-qualification criteria, obtaining local expertise or other business considerations, and in order to be able to bid for certain large scale infrastructure projects, where we do not suffice eligibility criteria independently, we enter into joint venture agreements with other companies to meet capital adequacy, technical and /or other requirements that may be required as part of the pre-qualification for bidding or execution of the contracts. For instance, at present our Company has entered into a project specific joint venture agreement with RKI Builders Pvt. Ltd. for carrying out the residential project of 756 2BHK apartments in Hyderabad. We have also entered a Joint Venture agreement with RPP Limited for Construction of 12 Nos. of elevated service reservoirs with chlorination facility and providing distribution system including HSC in Corporation Zone I and Zone II in Tiruppur, Tamil Nadu.

These arrangements provide for joint and several responsibility and liability of all joint venture partners for the implementation of the project and the success of these joint ventures depends significantly on satisfactory performance by the joint venture partner(s) and fulfillment of their obligations. If a joint venture partner fails to perform its obligations satisfactorily, or at all, or fails deliver its contracted services, we may be required to incur additional expenditure to ensure the adequate performance and delivery of the contracted services or make payments on behalf of the joint venture partner(s), which could adversely affect the profitability of the contract and which may also adversely impact the completion of our projects and our business in general. We may also be subject to liability claims for the work performed by the joint venture partner(s). Further, we and the joint venture partners may not agree on courses of action in respect of the project, which could cause delay or additional costs in its execution. Lenders to such projects may also seek joint and several guarantees of all joint venture partners for repayment of dues from the relevant entity. Our joint venture partners may have economic or business interests or goals that are inconsistent with ours. Any of the above factors could adversely affect our business, financial conditions, results of operations, cash flows and business prospects including obtaining work from Government entities in future.

We would also need the co-operation and consent of the joint venture partner(s) in connection with the operations of any project to be executed in a joint venture, which may not always be forthcoming and we may not be successful at managing such relationships. Any such disputes with the joint venture partners could have a material adverse effect on our business, results of operations or financial condition.

In the event that we are unable to forge an alliance with appropriate partners to meet pre-qualification criteria, obtaining local expertise or other business considerations, we may lose out on opportunities to bid for projects, which would adversely impact our future growth. We anticipate that some of our future projects will continue to be developed and maintained through joint ventures, as we continue to bid jointly for contracts with suitable joint venture partners. We cannot assure you that our relationships with our joint venture partners can at all times be amicably maintained as envisaged. We also cannot control the actions of our joint venture partners. These factors could potentially harm the business and operations of a joint venture and, in turn, materially and adversely affect our business and results of operations.

5. ***We are required to furnish financial and performance bank guarantees as part of our business. Our inability to arrange such guarantees or the invocation of such guarantees may result in forfeiture of bid security or earnest money deposit and termination of the relevant contract thereby affecting our results of our operations, financial condition and our prospects.***

As per the terms of the agreements executed by us, we are required to provide financial and performance bank guarantees in favour of our clients to secure our financial/performance obligations under the respective contracts for our projects and are also required to ensure that the performance bank guarantees are valid and enforceable until the expiry of the contract or until we remedy any defects during the defects liability period or until such other period as is stipulated under the relevant contract. As on September 30, 2018, we had issued bank guarantees amounting to Rs. 1498.68 million on a standalone and consolidated basis, towards securing our financial/performance obligations under our ongoing projects. We may be unable to fulfil any or all of our obligations under the contracts entered into by us in relation to our ongoing projects due to unforeseen circumstances which may result in a default under our contracts resulting in invocation of the bank guarantees issued by us. If any or all the bank guarantees are invoked, it may result in a material adverse effect on our business and financial condition.

Further, if we are not able to provide/extend the performance bank guarantee within the stipulated period with respect to the project, then the relevant contract may be terminated and the bid security or the earnest money deposit provided can be encashed, which could have a material adverse effect on our prospects. It may also result in us being blacklisted by the authority affecting our ability to bid for future tenders or secure future contracts with the authority. Further, the authority has the right to encash the performance bank guarantee submitted by us in the event of a failure on our part to comply with the terms of the contract and we are required to replenish the performance bank guarantee in such cases. Any failure on our part to replenish the performance bank guarantee within the stipulated period may result in the contract being terminated which could have a material adverse effect on our business and results of operations.

We may not be able to continue obtaining new financial and performance bank guarantees in sufficient quantities to match our business requirements. If we are unable to provide sufficient collateral to secure the financial bank guarantees, performance bank guarantees, our ability to enter into new contracts or obtain adequate supplies could be limited. Providing security to obtain financial and performance bank guarantees also increases our working capital requirements.

6. ***We sub-contract part of the work in our construction contracts to third parties. We would be liable for any delay or default by such sub-contractor. Sub-contracting of maintenance activities requires prior approval from the authorities and failure to obtain such approvals would result in a breach of the terms of the project contracts.***

We sub-contract part of the work in our construction contracts to contractors, including third parties. For instance, our Company has sub-contracted the work of construction of Combined Water Supply Scheme to

Sankarankoil, Puliyankudi Municipalities, Thiruvenkadam Town Panchayat in Tirunelveli District and Rajapalayam, (AMRUT) Sivakasi, Thiruthangal Municipalities in Virudhunagar District- Package-I and Package-II, to AN Associates, which was awarded to our Company by the Chief Engineer, Tamil Nadu Water Supply and Drainage (TWAD) Board, Madurai. Any selection or replacement of a sub-contractor for construction activities under our contracts with requires prior approval of requisite authorities awarding contracts. The quality and efficiency of our sub-contractors have a direct impact on the overall quality of our solutions and the timeliness of their delivery. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, or our failure to extend existing task orders or issue new task orders under a subcontract. In addition, if any of our subcontractors fail to deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services, our ability to fulfill our obligations as a prime contractor may be jeopardized. The completion of the contract depends on the performance of these sub-contractors.

Any delay on the part of sub-contractors to complete the project in time, for any reason, could result in delayed payment to us and in turn affect our operation. Additionally, we are liable to the authorities for any acts or omissions of our sub-contractors to the same extent as our own acts and omissions and to indemnify them for any loss caused to them in this regard. We are also liable for any breach or non-compliance by the sub-contractor of any terms of contracts that have been sub-contracted to such sub-contractors. Whilst we are indemnified by the sub-contractors for any loss or damages caused to us on account of their acts or omissions, there is no assurance that the amounts that we recover from such sub-contractors would cover the actual loss or damage incurred by us, including any penalties imposed by the authority concerned. Sub-contractors may not have adequate financial resources to meet their indemnity obligations to us. Imposition of such costs and non-recovery from sub-contractors could have a material adverse effect on our business, results of operations and financial condition.

In addition to the above, in certain instances we have also been sub-contracted certain works to be carried out behalf of the main contractor of the project such as Rehabilitation and Modernisation of 3 Regulators, 5 Head Sluices and Rehabilitation of Manjalar River from L.S 120.350 KM to 130.000 Km in Mayiladuthurai & Kuthalam Block of Mayiladuthurai & Kuthalam Taluk in Cauvery Delta Sub Basin of Nagapattinam District. Any such sub-contracting of works to us may require prior government approval to be taken by the main contractor. We can not assure you that the main contractor has applied for such approvals in a timely manner or at all and in the absence of such approval, sub-contracting of activities to us would not be in compliance with the provisions of contract that the main contractor has entered into with the relevant authorities and may result in termination of the sub-contract with us thereby resulting in a material adverse effect and loss of revenue on the Company.

7. ***Our profitability and results of operations may be adversely affected in the event of any disruption in the supply of raw materials or increase in the price of raw materials, fuel costs, labour or other inputs.***

The timely and cost effective execution of our projects is dependent on the adequate and timely supply of key raw materials, such as steel, cement, copper piping, electrical conduit, wire etc. The raw material consumption contribution is 33.30%, 39.25%, 37.66% and 21.70 % of gross contract from revenue for the fiscals 2016, 2017, 2018 and six month period ended September 30, 2018 respectively on a standalone basis. The raw material consumption contribution is 37.66% and 21.70 % of gross contract from revenue for the fiscals 2018 and six month period ended September 30, 2018 respectively on a consolidated basis.

We typically do not enter into any long-term contracts for the purchase of raw materials with our suppliers. We cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms. Additionally, we typically use third-party transportation providers for the supply of most of our raw materials. Transportation strikes could have an adverse effect on our receipt of supplies. If we are unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of our business and results of operations may be adversely affected.

Further, the cost of raw materials, fuel for operating our construction and other equipments, labour and other inputs constitutes a significant part of our operating expenses. The prices and supply of raw materials depend upon factors that are beyond our control, including but not limited to general economic conditions, transportation costs, market prices, competition, import duties, and these prices are cyclical in nature. Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited in the case of contracts with limited price escalation provisions. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our profitability, financial condition and results of operations.

8. ***We cater to a limited segment of infrastructural activities such as water management system, irrigation construction business. Our absence in the other segments of infrastructural activities may limit our growth opportunities and clientele.***

We are a South India based infrastructure company engaged in activities such as water management system, irrigation construction business. Further, we generate portion of our revenues from constructing small roads and building construction activities as well. Our business operations are limited mostly to activities of water management and irrigation projects such as building of dams, laying of pipeline, integrated storm water drains, waste water treatment plants, etc. Our Order Book also consists of projects from these segments which gives the visibility of expected revenue in coming period. Further, our road business is limited to small country-side roads. Owing to our focus on limited segments, we may be unable to capitalize opportunities arising from other infrastructure activities such as construction of bridges, highways under various government models such as Hybrid-Annuity Model (HAM), Build-Operate-Transfer (BOT), etc. As per our business strategy, we do not intend to enter into such other infrastructure activities given the level of financial and operational resources required to successfully operate those segments. To consolidate our position in South India, we intend to focus and strengthen our expertise in our current segment. Our absence in the other segments of infrastructure activities may limit our growth opportunities and clientele. Presence in limited segment restricts us to execute small size projects only which may limit the growth of our business size when compared to other competitors who are present in various other infrastructure related activities allowing them to execute and bid for large size projects. Certain of our competitors may be preferred over us for many infrastructure projects owing to their experience in multiple segments, executing large projects and wide locational presence. Such adverse circumstances may lead to inferior financial performance and limited operational growth.

**SIGNIFICANT ACCOUNTING POLICIES:**

A summary of the significant accounting policies applied in the preparation of our financial statements is set out in the notes to the Restated Standalone Financial Information included elsewhere in this Draft Red Herring Prospectus.

**1. Corporate information**

Annai Infra Developers Limited (formerly Annai Infra Developers Private Limited) (‘Company’), having its registered office at No. 7, 4th floor, SDS Enclave 2/5, Perundurai Road, opposite to Dr. Sathyamoorthi Hospital, Erode, Tamilnadu – 630 011, specialize in a wide variety of heavy constructional operations including heavy highway construction, dams, bridges, canals mining, pond building, earthmoving and industrial site work.

The Company changed its name from Annai Infra Developers Private Limited to Annai Infra Developers Limited on September 24, 2018. The Restated Standalone Ind AS Financial Information have been authorised for issuance by the Company's Board of Directors on 2018

**2. Basis of preparation and presentation and summary of significant accounting policies**

**2.1 Basis of preparation and presentation**

The Restated Standalone Statement of Assets and Liabilities of the Company as at September 30, 2018 and March 31, 2018 and the Restated Standalone Statement of Profit and Loss, the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash flows for the half year ended September 30, 2018 and year ended March 31, 2018 and Restated Other Standalone Financial Information (together referred as ‘Restated Standalone Financial Information’) have been compiled by the Company from the audited Special Purpose Standalone Financial Information and Audited Standalone Financial Statements of the Company as at and for the period ended September 30, 2018 and for the year ended March 31, 2018, respectively, prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company.

The Company has elected to present all the three years as per Ind AS/ Proforma Ind AS, instead of Indian GAAP. The restated standalone financial information for the years ended March 31, 2017 and 2016 have been prepared on Proforma basis (i.e. “Proforma Standalone Ind AS financial information”) in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (“SEBI Circular”) and Guidance note on reports in company prospectuses issued by ICAI. The Proforma Ind AS standalone financial information for the years ended March 31, 2017 and 2016, have been compiled by the Company from the Audited Standalone Financial Information of the Company for the years ended March 31, 2017 and 2016 prepared in accordance with the then applicable Accounting Standards in India (‘previous GAAP’ or ‘Indian GAAP’) and making suitable restatement adjustments (both re-measurements and reclassifications) to apply the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as adopted on date of transition to Ind AS i.e. April 1, 2017. The mandatory exceptions and optional exemptions used at the date of transition to Ind AS (i.e. April 1, 2017) are as follows:

- Property Plant & Equipment and Intangible assets - As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as 'deemed cost' at April 1, 2016 for all the items of property, plant & equipment and intangible assets. For the purpose of Proforma Ind AS standalone financial information for the years ended March 31, 2017 and 2016, the Company has provided the depreciation and amortisation using the same accounting policy adopted on transition date April 1, 2016.
- For the investment in subsidiary, the Company has elected to continue with the carrying value of investments in all of its subsidiaries recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.
- Ind AS 103 Business Combinations has not been applied to business combinations, which are considered businesses under Ind AS that occurred before April 1, 2017 (transition date). Use of this exemption means that the assets and liabilities on the date of acquisition are recognised at the amounts as considered under previous Indian GAAP after considering specific adjustments as required by paragraph C4 of Appendix C of Ind AS 101. For the purpose of Proforma Ind AS financial statements for the year ended March 31, 2017 and 2016, the Company has continued with the existing exemption on the date of transition (i.e. April 1, 2017) and no retrospective assessment/ adjustments have been made.
- The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.
- The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2017 (the transition date).
- The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
- The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.
- Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as in value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The Restated Standalone Financial Information has been prepared by the management for the purpose of inclusion in the Draft Red Herring Prospectus (referred to "Offer Document") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

**(a)** Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

**(b)** the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

**(c)** the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

**2.2 Summary of significant accounting policies**

**(a) Property, Plant and Equipment**

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of profit and loss.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 01 April 2017 ('transition date') measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(b) Investments in joint venture entities**

Investment in joint venture entities / firm are measured at cost less impairment.

**(c) Inventories**

Raw material, Stores, Spares, Fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value ('NRV'), whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Finished Goods (including Traded and Semi-finished goods)

Finished Goods, traded goods and semi-finished goods are valued at the lower of the cost and NRV. Cost is determined on weighted average basis and include all applicable cost of bringing the goods in their present location and condition. NRV is the estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

Project work in progress

Project work-in-progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts are stated at the lower of cost and net realisable value.

**(d) Financial Instruments**

**Financial assets and financial liabilities:**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

**Initial recognition and measurement**:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

**Subsequent measurement**:

**Financial assets at amortised cost**:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial Assets at fair value through other comprehensive Income**:

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**:

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

**Financial liabilities**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Equity Instrument**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

**Impairment of financial assets (other than at fair value)**

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of profit and loss if such gain or loss would have otherwise been recognised in Statement of profit and loss on disposal of that financial asset.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of profit and loss.

**(e) Share issue expense**

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

**(f) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(h) Foreign Currency transactions and translations**

The functional currency of the Company is Indian Rupee (Rs.).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

➢ exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

➢ exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2017), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

**(i) Revenue recognition**

Revenue is recognized over time according to the percentage-of-completion method. For each performance obligation that is satisfied over time, revenue is to be recognized over time by measuring the time passed in relation to full satisfaction of the obligation. Input method is used consistently for similar performance obligations and under similar circumstances. Under the input method, revenue is recognized on the basis of the input required in fulfilling the performance obligation (e.g. material /resources consumed, hours spent on work, costs incurred) in relation to the total expected input to fulfill the performance obligation. An exception from this cost-based input method might be costs attributable to significant ineffectiveness in the performance or where costs incurred are not in proportion to the passage of time to fulfill the obligation.

Expenses relating to obtaining a contract, i.e. expenses the entity would have had if it had not won the contract, are recognized as an asset only if those expenses covered. Expenses to complete a contract that does not fall under a standard other than Ind AS 115 are recognized as an asset if the expenses have a direct link to a contract or to an expected contract, if the expenses create or enhance resources that will be used to fulfill the performance obligation in the future and that are also expected to be recovered. Loss contracts are expensed immediately and provisions for losses are made for the remaining work to be done and recognized according to Ind AS 37.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(j) Employee Benefits**

**Defined Contribution Plan**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

**Defined Benefit Plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is recognised in other comprehensive income in the period in which they occur.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

**(a)** in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

**(b)** in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**(k) Borrowing Costs**

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method;

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

**(l) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### (m) Income Taxes

**Income tax expense represents the sum of the tax currently payable and deferred tax.**

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the period**

Current and deferred tax are recognised in Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### (n) Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### (o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**(p) Earnings per share**

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic

EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**(q) Operating Cycle**

The Company adopts operating cycle based on the project period and accordingly all project related assets and liabilities are classified into current and non-current. Other than project related assets and liabilities, 12 months' period is considered as normal operating cycle.

**2.3 Use of estimates and judgements**

In the application of the Company's accounting policies, which are described in note 2.3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of investments in joint venture entity**

The Company reviews its carrying value of investments in joint venture entity at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Useful lives of property, plant and equipment**

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Uncertain tax positions**

The Company's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with relevant tax authorities. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

**Impairment**

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

**Deferred tax**

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

**Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

**2.4 New standards and interpretations**

**Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that the Company should recognize revenue to depict 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, timing and uncertainty of revenues and cash flows arising from the Company's contracts with customers. The new standard permits two possible method of transition:

- Retrospective approach - An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.

- Cumulative catch-up approach - An entity can recognise the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.

The standard is effective for annual periods beginning on or after 01 April 2018. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

**Revenue and Expenditure**

***Revenue*:** Our total revenue comprises of revenue from operations and other income.

***Revenue from Operations:*** Our revenue from operations comprises of income from contract/support services which includes procurement of equipments, project management, construction and commissioning of the projects with primary focus in water management and irrigation projects across South India. Water management infrastructure projects undertaken by our Company include water supply & distribution projects such as laying of pipeline, integrate storm water drains and develop drainage systems; and irrigation projects includes lift irrigation, construction of building dams, reservoirs and canals, installation of irrigation pipeline. We also undertake road constructions, building complexes and power transmissions projects. We also generate our revenue from trading activities. In our trading segment, we are primarily engaged in trading of Ductile Iron (D.I.) pipes which are commonly used for construction activities.

***Other Income:*** Our other income comprises of interest income on bank deposits, profit on sale of fixed assets, rental income, insurance claims received, profit from investment in partnership firm, discounts and other income.

***Expenses*:** Our expenses comprise of cost of material consumed, purchase of traded goods, changes in inventories of work-in-progress, construction expenses, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

***Cost of material consumed*:** Our cost of material consumed comprises of cost incurred towards purchase of raw material for infrastructure construction and development projects and the net increase and decrease in raw material stock at the beginning and end of the year. Our raw-material primarily includes- steel, cement, DI pipe, MS pipe, blue metals, HDPE pipe and sand.

***Purchase of traded goods:*** Our expenditure on purchase of traded goods primarily includes purchase of Ductile Iron (D.I.) pipes which are commonly used for construction activities.

***Change in inventories of work in progress:*** Our Change in inventories of work-in-progress represents the net increase or decrease in inventories at the beginning and end of the year for work-in-progress.

***Construction expenses*****:** Our construction expenses represent direct expenses comprising of sub-contracting expenses, equipment contract charges, diesel expenses, sub-contract labour expenses and other constructing expenses.

***Employee benefit expenses*****:** Our employee benefit expense consists of salary and wages, contribution to provident fund, gratuity expenses and staff welfare expense.

***Finance costs*****:** Our finance costs comprises of interest expense on loans taken from banks, financial institutions and others, interest expense on statutory dues. It also includes other finance costs such as bank charges, processing charges, etc.

***Depreciation and amortization expenses*****:** Our tangible assets and investment property are depreciated and amortised over the periods corresponding to their estimated useful lives. For details, see "Restated Standalone Financial Information – Annexure VI – Note No. 4 – Property, plant and equipment" above on page F-65 of this Draft Red Herring Prospectus.

***Other expenses*****:** Our other expenses primarily include rates & taxes, insurance expenses, rent expense, loss on sale of property, plant and equipments, bank charges, auditors remuneration, provision for doubtful debts, expenses towards corporate social responsibility and miscellaneous expenses, etc. among others.

**Our Income Tax Expenses:** Elements of our income tax expenses are as follows:

***Current tax:*** Current tax is the amount of tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961

***Deferred tax:*** Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

**Other Comprehensive income/ (loss)**

***Other Comprehensive income/ (loss)*****:** The other comprehensive income/ (loss) consists of items that will not be reclassified subsequently to the statement of profit or loss. Our Other Comprehensive income/ (loss) consist of remeasurement of the net defined benefit obligation and income tax relating to such items.

**Total Comprehensive income/ (loss)**

***Total Comprehensive income/ (loss):*** Total comprehensive income for the year/period consists of profit or loss for the year/period and total other comprehensive income / (loss).

Results of operations

The following table sets forth selected financial data from the Restated Standalone Financial Information of profit and loss for the periods indicated, the components of which are also expressed as a percentage of total revenue for the periods indicated:

**(In ₹ Million)**

| Particulars | September 30, 2018 | % of total revenue | March 31, 2018 | % of total revenue | March 31, 2017 | % of total revenue | March 31, 2016 | % of total revenue |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Revenue from Operations | 2,471.98 | 98.34% | 4,679.20 | 99.34% | 3,118.24 | 99.48% | 2,504.36 | 99.30% |
| Other Income | 41.74 | 1.66% | 31.08 | 0.66% | 16.21 | 0.52% | 17.61 | 0.70% |
| **Total Revenue** | **2,513.72** | **100.00%** | **4,710.28** | **100.00%** | **3,134.45** | **100.00%** | **2,521.97** | **100.00%** |
| **Expenses** | | | | | | | | |
| -Cost of material consumed | 503.21 | 20.02% | 1,639.63 | 34.81% | 1,223.92 | 39.05% | 833.85 | 33.06% |
| -Purchase of traded goods | 148.12 | 5.89% | 315.40 | 6.70% | - | - | - | - |
| -Changes in inventories of work-in-progress | (26.45) | (1.05%) | - | - | 4.59 | 0.15% | (2.04) | (0.08%) |
| -Construction expenses | 1,480.61 | 58.90% | 1924.17 | 40.85% | 1409.21 | 44.96% | 1,387.36 | 55.01% |
| -Employee benefit expenses | 59.09 | 2.35% | 138.85 | 2.95% | 76.94 | 2.45% | 42.09 | 1.67% |
| -Other expenses | 41.07 | 1.63% | 70.97 | 1.51% | 70.70 | 2.26% | 49.27 | 1.95% |
| **EBITDA** | **308.07** | **12.26%** | **621.26** | **13.19%** | **349.09** | **11.14%** | **211.44** | **8.38%** |
| -Finance Costs | 55.58 | 2.21% | 133.37 | 2.83% | 73.06 | 2.33% | 44.83 | 1.78% |
| -Depreciation and amortization expenses | 12.52 | 0.50% | 24.47 | 0.52% | 19.53 | 0.62% | 19.02 | 0.75% |
| **Profit before taxation** | **239.97** | **9.55%** | **463.42** | **9.84%** | **256.50** | **8.18%** | **147.59** | **5.85%** |
| **Tax Expenses** | | | | | | | | |
| -Current Tax | 78.25 | 3.11% | 160.30 | 3.40% | 78.67 | 2.51% | 49.80 | 1.97% |
| -Deferred Tax (Asset)/ Liability | (0.72) | (0.03)% | 2.54 | 0.05% | 13.07 | 0.42% | (0.96) | (0.04)% |
| **Total Tax Expenses** | **77.53** | **3.08%** | **162.84** | **3.46%** | **91.74** | **2.93%** | **48.84** | **1.94%** |
| **Net Profit/(Loss) after taxation** | **162.44** | **6.46%** | **300.58** | **6.38%** | **164.76** | **5.26%** | **98.75** | **3.92%** |
| **Other Comprehensive income/ (loss)** | | | | | | | | |
| Items that will not be reclassified to profit and loss | | | | | | | | |
| -Remeasurement of defined benefit plans | 0.64 | 0.03% | 0.11 | 0.00% | 0.13 | 0.00% | 0.21 | 0.01% |
| -Income tax relating to items that will not be reclassified to profit or loss | (0.22) | (0.01%) | (0.04) | 0.00% | (0.04) | 0.00% | (0.07) | 0.00% |
| **Other comprehensive income/(loss)** | **0.42** | **0.02%** | **0.07** | **0.00%** | **0.09** | **0.00%** | **0.14** | **0.01%** |
| **Total comprehensive income/ (loss)** | **162.86** | **6.48%** | **300.65** | **6.38%** | **164.85** | **5.26%** | **98.89** | **3.92%** |

**Discussion on the Results of Operations**

***Six months ended September 30, 2018***

***Revenue***

Our total revenue for the period of six months ended September 30, 2018 was Rs. 2,513.72 million, primarily comprising of revenue from operations and other income.

*Revenue from operations:*

Our revenue from operations was Rs. 2,471.98 million which was 98.34% of the total revenue for the period of six months ended September 30, 2018. The revenue from operations consisted of gross contract revenue of Rs. 2,319.42 million from infrastructure construction and development projects and revenue of Rs.152.56 million from sale of traded goods.

*Other income:*

Our other income was Rs 41.74 million which was 1.66% of our total revenue for the period of six months ended September 30, 2018. Our other income comprised mainly of discount & other income of Rs. 25.00 million, rental income of Rs. 7.32 million, profit from investment in partnership firm of Rs. 6.70 million and interest income on deposits with bank of Rs. 2.72 million.

***Expenses***

Our expenses comprise of cost of material consumed, purchase of traded goods, changes in inventories of work-in-progress, construction expenses, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

*Cost of material consumed:*

Our cost of material consumed was Rs. 503.21 million which was 20.02% of the total revenue for the period of six months ended September 30, 2018. Our cost of material consumed was primarily attributable to purchase of raw material for infrastructure construction and development projects.

*Purchase of traded goods:*

Our purchase of traded goods was Rs 148.12 million which was 5.89% of our total revenue for the period of six months ended September 30, 2018. Our expenditure on purchase of traded goods primarily includes purchase of Ductile Iron (D.I.) pipes which are commonly used for construction activities.

*Construction expenses:*

Our construction expenses was Rs. 1,480.61 million which was 58.90% of our total revenue for the period of six months ended September 30, 2018. It majorly comprises of sub-contracting expenses of Rs. 1,176.30 million, sub-contract labour expenses of Rs. 124.19 million, equipment contract charges of Rs. 67.91 million, diesel expenses of Rs. 29.11 million and other construction expenses of Rs. 83.10 million.

*Employee benefits expenses:*

Our employee benefits expense was Rs 59.09 million which was 2.35% of our total revenue for the period of six months ended September 30, 2018 and primarily comprises of salaries & wages of Rs. 52.65 million, staff welfare expenses of Rs. 4.01 million, contribution to provident fund of Rs. 1.74 million and gratuity expenses of Rs. 0.69 million.

*Other Expenses:*

Our other expenses was Rs 41.07 million which was 1.63% of our total revenue for the period of six months ended September 30, 2018 which mainly included expenses towards corporate social responsibility of Rs. 6.93 million, rates & taxes of Rs. 4.06 million, rent expenses of Rs. 3.04 million, bank charges of Rs. 3.03 million, insurance expenses of Rs. 1.76 million, provision for doubtful debts of Rs. 1.25 million, loss on sale of fixed assets of Rs. 1.06 million, auditors remuneration of Rs. 0.40 million and other miscellaneous expenses of Rs. 19.54 million among others.

*EBITDA:*

Our earnings before interest, tax, depreciation and amortization expenses was Rs. 308.07 million which was 12.26% of our total revenue for the period of six months ended September 30, 2018.

*Finance Costs:*

Our finance costs was Rs. 55.58 million which was 2.21% of our total revenue for the period of six months ended September 30, 2018 which majorly comprises of interest expense of Rs. 46.54 million and other borrowing costs such as processing fees and other bank charges of Rs. 9.04 million.

*Depreciation and amortization expenses:*

Our depreciation and amortization expenses was Rs 12.52 million which was 0.50% of our total revenue for the period of six months ended September 30, 2018 and mainly includes depreciation on investment property and tangible assets like building, plant and machinery, office & commercial vehicles, etc.

*Profit before tax:*

Our Profit before tax was Rs. 239.97 million which was 9.55% of our total revenue for the period of six months ended September 30, 2018. Our profit margin of 9.55% for the period was attributable to water pipeline and other projects and cost optimization and cost saving measure undertaken by the Company during the period.

*Taxation expense*

Our taxation expense for the period of six months ended September 30, 2018 was Rs. 77.53 million which was 3.08% of our total revenue for the period ended September 30, 2018. It comprised of current taxation of Rs. 78.25 million which was partially set off by deferred tax benefit of Rs. 0.72 million.

*Net profit after tax*

Due to the above mentioned reasons, our Net profit after tax was Rs. 162.44 million which is 6.46% of our total revenue for the period of six months ended September 30, 2018.

*Other Comprehensive Income*

We recorded a total other comprehensive income of Rs. 0.42 million for the period of six months ended September 30, 2018. This was primarily due to gain on re-measurement of the defined benefit plan and income tax on such items.

*Total Other Comprehensive Income for the period*

As a result of the factors outlined above, our total comprehensive income for the period of six months ended September 30, 2018 was Rs. 162.86 million which was 6.48% of our total revenue.

**Fiscal 2018 compared to Fiscal 2017**

***Total Revenue***

Our total revenue increased by 50.27% to Rs. 4,710.28 million in fiscal 2018 from Rs. 3,134.45 million in fiscal 2017 due to the factors described below:

*Revenue from operations*: Our revenue from operations increased by 50.06% to Rs. 4,679.20 million in fiscal 2018 from Rs. 3,118.24 million in fiscal 2017. The increase in revenue from operations was mainly due to increase in our gross contract revenue by 39.64% from Rs. 3,118.24 million in fiscal 2017 to Rs. 4,354.34 million in fiscal 2018. Increase in our gross contract revenue was due to increase in number of ongoing construction projects in fiscal 2018. Total ongoing projects in fiscal 2017 were 17 which were increased to 22 in fiscal 2018. Further, in fiscal 2018 our Company started trading of Ductile Iron (D.I.) Pipes as an additional business activity. During the fiscal 2018 our Company had received orders from government department for laying of DI pipes for water management infrastructure projects and because of which our company procured the same at large volumes and at low prices, which provided us an opportunity to sell the same to other contractors. The total revenue generated by our Company from trading segment in fiscal 2018 was Rs 324.86 million.

*Other income*: Our other income increased by 91.73% to Rs. 31.08 million in fiscal 2018 from Rs. 16.21 million in fiscal 2017. This increase was primarily due to increase in rental income from investment property by Rs. 14.12 million and profit from investment in partnership firm by Rs. 2.99 million in fiscal 2018. This increase was partially offset by decrease in interest income on deposits with bank by Rs. 1.02 million, discount & other income by Rs. 0.99 million and decrease in profit on sale of fixed assets by Rs. 0.23 million. Increase in rental income was due to let out of land for warehousing purpose which was purchased by the Company in Fiscal 2018.

***Total Expenses***

Our total expenses excluding tax increased by 47.57% to Rs. 4,246.86 million in fiscal 2018 from Rs. 2,877.95 million in fiscal 2017, due to the factors described below:

*Cost of material consumed*

Our cost of material goods increased by 33.97% to 1,639.63 million in fiscal 2018 from Rs. 1,223.92 million in fiscal 2017. Our cost of material consumed constitutes 37.66 % of our gross revenue from contract for the fiscal 2018 which was 39.25% for fiscal 2017. The increase in our cost of material consumed was primarily due to increase in purchase of raw material for infrastructure construction and development projects and price escalation in the cost of raw-materials.

*Purchase of traded goods*

Our purchase of traded goods was Rs. 315.4 million in fiscal 2018. Our company primarily trade in DI Pipes which are used for laying of water pipe line. Our purchase of traded goods constitutes 97.09% of our sale of traded goods for the fiscal 2018.

*Changes in inventories of Work in progress*

Our changes in inventories of work in progress amounted to Nil in fiscal 2018 as against Rs. 4.59 million in fiscal 2017.

*Construction expenses*

Our construction expenses increased by 36.54% to Rs. 1,924.17 million in fiscal 2018 from Rs. 1,409.21 million in fiscal 2017. The increase was majorly due to increase in of sub-contracting expenses by Rs. 264.54 million due to increase in number of contracts, sub-contract labour expenses by Rs. 83.68 million, equipment contract charges by Rs. 20.37 million, diesel expenses by Rs. 17.11 million and other construction expenses by Rs. 129.26 million The increase in sub-contracting labour expenses was in line with the overall increase in contract revenue of the company. Percentage of sub-contract labour expenses to contract revenue was 6.43% in fiscal 2018 and 6.29% for fiscal 2017.

*Employee benefits expense*

Our employee benefits expense increased by 80.47% to Rs. 138.85 million in fiscal 2018 from Rs. 76.94 million in fiscal 2017. This increase was primarily due to increase in salary of employees and also increase in yearly bonus provision resulting into increased salaries from Rs. 71.00 million in fiscal 2017 to Rs. 132.08 million in fiscal 2018. Further there was also increase in staff welfare expenses from Rs. 3.15 million in fiscal 2017 to Rs. 3.76 million in fiscal 2018 and gratuity expenses from Rs. 0.87 million in fiscal 2017 to Rs. 1.13 million in fiscal 2018. However the increase was partially offset by decrease in contribution to provident funds to Rs. 1.88 million in fiscal 2018 which was Rs. 1.92 million in fiscal 2017.

*Other expenses*

Our other expenses increased by 0.38% to Rs. 70.97 million in fiscal 2018 from Rs. 70.70 million in fiscal 2017. This increase was primarily due to increase in miscellaneous expense by Rs. 4.42 million, bank charges by 1.58 million, expenditure towards corporate social responsibility by Rs. 1.25 million, rent expenses by 0.67 million and increase in loss on sale of property, plant and equipments by Rs. 0.61 million, amongst others. The increase was offset by decrease in rates & taxes by Rs. 6.98 million and insurance expenses by Rs. 1.40 million for the fiscal 2018. Increase in bank charges are due to increase in the bank guarantee commission expenses.

*EBITDA*

Our EBITDA increased by 77.97% to Rs. 621.26 million in fiscal 2018 from Rs. 349.09 million in fiscal 2017. Increase in EBITA margins was attributed due to undertaking of water management infrastructure projects for government department.

*Finance costs*

Our finance costs increased by 82.55% to Rs. 133.37 million in fiscal 2018 from Rs. 73.06 million in fiscal 2017. Increase in finance costs was mainly due to increase in interest expenses on borrowings from Rs. 39.14 million in fiscal 2017 to Rs. 94.05 million in fiscal 2018. Increase in interest expense on borrowings was due to higher utilization of working capital facility from the banks during the fiscal 2018. There was also increase in other bank charges by Rs. 5.56 million and other borrowing cost by Rs. 2.56 million. The increase was partially offset by decrease in interest expense on statutory dues from Rs. 4.95 million in fiscal 2017 to Rs. 2.23 million in fiscal 2018.

*Depreciation and amortization expense*

Our depreciation expense increased by 25.29% to Rs. 24.47 million in fiscal 2018 from Rs. 19.53 million in fiscal 2017. Our Gross addition to depreciable assets was Rs. 69.65 million for fiscal 2018, which comprised of investment property of Rs 30.99 million and property plant & equipment of Rs 38.66 million. Our gross addition to property plant and equipment was Rs. 20.61 million for fiscal 2017.

*Profit before tax*

Our restated Profit before tax increased by 80.67% to Rs. 463.42 million in fiscal 2018 from Rs. 256.50 million in fiscal 2017, due to the reasons mentioned above. Increase in profit before tax was due to higher margin from water management infrastructure projects undertaken by our Company for government departments.

*Tax expenses:*

*Current tax:* We recorded an increase in current tax of 103.76% from Rs. 78.67 million in fiscal 2017 to Rs. 160.30 million in fiscal 2018 due to increase in profits for current fiscal year.

*Deferred tax:* We recorded a deferred tax of Rs. 2.54 million for fiscal 2018 as compared to a deferred tax of Rs. 13.07 million for fiscal 2017.

*Profit after tax for the year, as Restated*

Due to the factors mentioned above, our profit after tax increased by 82.44% from Rs. 164.76 million in fiscal 2017 to Rs. 300.58 million in fiscal 2018.

*Other Comprehensive Income*

Our other comprehensive income of Rs. 0.07 million in fiscal 2018 as compared to a total other comprehensive income of Rs. 0.09 million in fiscal 2017. This was primarily due to gain on re-measurement of defined benefit plan and income tax on such items.

*Total Comprehensive Income for the year*

As a result of the factors outlined above, our total comprehensive income for the year increased by 82.38% from Rs. 164.85 million in fiscal 2017 to Rs. 300.65 million in fiscal 2018.

**Fiscal 2017 Compared to Fiscal 2016**

***Total Revenue***

Our total revenue increased by 24.29% to Rs. 3,134.45 million in fiscal 2017 from Rs. 2,521.97 million in fiscal 2016 due to the factors described below:

*Revenue from operations*: Our revenue from operations increased by 24.51% to Rs. 3,118.24 million in fiscal 2017 from Rs. 2,504.36 million in fiscal 2016. It was majorly due to more focus on projects in water management infrastructure segment. Such projects were simpler to complete with in the stipulated time when compared to other projects and thus leading to increased revenue and margins. Our Company had executed nineteen projects in water management infrastructure projects segment in fiscal 2017 as compared to six projects in fiscal 2016.

*Other income*: Our other income decreased by 7.95% to Rs. 16.21 million in fiscal 2017 from Rs. 17.61 million in fiscal 2016. This decrease was primarily due to decrease in net gain on sale of fixed assets from Rs. 8.72 million in fiscal 2016 to Rs. 0.23 million in fiscal 2017. However the decrease was partially offset by increase in discount and other income from Rs. 2.49 million in fiscal 2016 to Rs. 6.56 million in fiscal 2017 and increase in interest income on deposits with bank from Rs. 6.40 million in fiscal 2016 to Rs. 9.42 million in fiscal 2017.

***Total Expenses***

Our total expenses excluding tax increased by 21.21% to Rs. 2,877.95 million in fiscal 2017 from Rs. 2,374.38 million in fiscal 2016, due to the factors described below:

*Cost of material consumed*

Our cost of material consumed increased by 46.78% to 1,223.92 million in fiscal 2017 from Rs. 833.85 million in fiscal 2016. Our cost of material consumed constitutes 39.25 % of gross revenue from contract for the fiscal 2017 which was 33.30% for fiscal 2016. The increase was primarily due to increase in purchase of raw material for infrastructure construction and development projects and price escalation in the cost of materials.

*Changes in inventories of Work in progress*

Our changes in inventories of work in progress amounted to Rs. 4.59 million in fiscal 2017 as against Rs. (2.04) million in fiscal 2016.

*Construction expense*

Our construction expenses increased by 1.57% to Rs. 1,409.21 million in fiscal 2017 from Rs. 1,387.36 million in fiscal 2016. The increase was majorly due to increase in sub-contract labour expenses by Rs. 173.07 million, equipment contract charges by Rs. 104.90 million and diesel expenses of Rs. 17.07 million. However the increase was partially offset by decrease in other construction expenses by Rs. 159.41 million and sub-contracting expenses by Rs. 113.78 million. The increase in sub-contract labour expenses was because Company engaged contracted labour on its own instead of giving the same on sub-contract basis to third parties.

*Employee benefits expense*

Our employee benefits expense increased by 82.80% to Rs. 76.94 million in fiscal 2017 from Rs. 42.09 million in fiscal 2016. This increase was primarily due to increase in salary of employees and also increase in yearly bonus provision resulting into increased salaries expenses from Rs. 33.77 million in fiscal 2016 to Rs. 71.00 million in fiscal 2017, increase in gratuity expenses by Rs. 0.30 million and also increase in contribution to provident fund expenses by Rs. 0.10 million in fiscal 2017. However this increase was partially offset by decrease in staff welfare expenses from Rs. 5.93 million in fiscal 2016 to Rs. 3.15 million in fiscal 2017.

*Other expenses*

Our other expenses increased by 43.50% to Rs. 70.70 million in fiscal 2017 from Rs. 49.27 million in fiscal 2016. This increase was mainly due to increase in miscellaneous expenses by Rs. 18.99 million, insurance expenses by Rs. 7.51 million, bank charges by Rs. 7.42 million, rent charges by Rs. 3.56 million and auditors remuneration by Rs. 0.46 million, amongst others. The increase was offset by decrease in rates & taxes by Rs. 15.79 million, expenditure on corporate social responsibility by Rs. 0.19 million and provision for doubtful debts by Rs. 0.53 million, amongst others. Decrease in rates and taxes expense was due to addition of ineligible input tax credit on VAT to purchase cost in fiscal 2017.

*EBITDA*

Our EBITDA increased by 65.10% to Rs. 349.09 million in fiscal 2017 from Rs. 211.44 million in fiscal 2016. Increase in EBITA margins was attributed due to undertaking of water management infrastructure projects for government department which gradually provide better business opportunity.

*Finance costs*

Our finance costs increased by 62.97% to Rs. 73.06 million in fiscal 2017 from Rs. 44.83 million in fiscal 2016. The increase was mainly due to increase in other bank charges by Rs. 12.53 million, interest on borrowings by Rs. 11.11 million, interest on statutory dues by Rs. 4.43 million and other borrowing cost by Rs. 0.16 million. The increase in interest on borrowings was mainly because of increase in working capital loans from banks and financial institutions. Increase in bank charges was mainly due to bank guarantee commission charged by the banks on new projects undertaken by the company.

*Depreciation and amortization expense*

Our depreciation expense slightly increased by 2.68% to Rs. 19.53 million in fiscal 2017 from Rs. 19.02 million in fiscal 2016.

*Profit before tax*

Our restated Profit before tax increased by 73.79% to Rs. 256.50 million in fiscal 2017 from Rs. 147.59 million in fiscal 2016, due to the reasons mentioned above.

*Tax expenses:*

Current tax: We recorded a current tax expense of Rs. 78.67 million in fiscal 2017 as compared to Rs. 49.80 million in fiscal 2016.

*Deferred tax:* We recorded a deferred tax expense of Rs. 13.07 million for fiscal 2017 as compared to a deferred tax benefit of Rs. 0.96 million for fiscal 2016.

*Profit after tax for the year, as Restated*

Due to the factors mentioned above, our Profit after tax increased by 66.85 % from Rs. 98.75 million in fiscal 2016 to Rs.164.76 million in fiscal 2017.

*Other Comprehensive Income*

We recorded a total other comprehensive income of Rs. 0.09 million in fiscal 2017 as compared to a total other comprehensive income of Rs. 0.14 million in fiscal 2016. This was primarily due to re-measurement of the net defined benefit obligation and income tax on such items.

*Total Comprehensive Profit for the year*

As a result of the factors outlined above, our total comprehensive profit for the year increased by 66.70% from Rs. 98.89 million in fiscal 2016 to Rs. 164.85 million in fiscal 2017.

***Liquidity and Capital Resources***

Over the past three years, we have been able to finance our working capital requirements through cash generated from our operations, bank loans and facilities. We have relied on cash from internal resources, Issue of shares and loans from banks and others to finance the working capital requirement and expansion of our business and operations. We believe that after taking into account the IPO Proceeds, expected cash to be generated from our business and operations and the proceeds from our bank loans, we have sufficient working capital for our present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this Draft Red Herring Prospectus.

The table below summarises our cash flows from our Restated Standalone Financial Information of cash flows for the period ended September 30, 2018 and for the fiscals 2018, 2017 and 2016:

***(In ₹ million)***

| Particulars | September 30, 2018 | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|---|---|---|---|---|
| Net cash (used in)/ generated from operating activities | 42.13 | (22.88) | (316.26) | (42.25) |
| Net cash generated from/ (used) in investing activities | 13.18 | (212.40) | (11.43) | (18.94) |
| Net cash (used in)/generated from financing activities | (103.61) | 198.71 | 376.40 | 90.28 |
| Net (decrease)/increase in cash and cash equivalents | (48.30) | (36.57) | 48.71 | 29.09 |
| Cash and Cash Equivalents at the beginning of the year/ period | 52.12 | 88.69 | 39.98 | 10.89 |
| Cash and Cash Equivalents at the end of the year/ period | 3.82 | 52.12 | 88.69 | 39.98 |

***Operating Activities***

*Period ended September 30, 2018*

Our net cash generated from operating activities was Rs. 42.13 million for the period ended September 30, 2018 as a result of total cash generated from operations of Rs. 110.14 million which was partially offset by payment of income tax paid of Rs. 68.01 million. Our operating profit before working capital changes was Rs. 293.64 million for the six months period ended September 30, 2018, which was primarily adjusted by increase in other current and non-current assets of Rs. 536.76 million, decrease in trade receivable of Rs. 347.89 million, decrease in trade payables of Rs. 238.51 million, increase in other current liabilities of Rs. 277.13 million, increase in inventories of Rs. 27.79 million, decrease in current and non-current provisions of Rs. 2.88 million and increase in other financial assets of Rs. 2.58 million.

*Financial year 2018*

Our net cash used in operating activities was Rs. 22.88 million in financial year 2018 as a result of total cash generated from operations of Rs. 99.30 million which was offset by payment of income tax paid of Rs. 122.18 million. Our operating profit before working capital changes was Rs. 596.39 million in financial year 2018, which was primarily adjusted by increase in trade receivable of Rs. 672.62 million, increase in trade payables of Rs. 235.39 million, increase in other current liabilities of Rs. 196.57 million, increase in other current and non-current assets of Rs. 181.01 million, increase in other financial assets of Rs. 75.78 million, increase in current and non-current provisions of Rs. 0.90 million and increase in inventories of Rs. 0.54 million.

*Financial year 2017*

Our net cash used in operating activities was Rs. 316.26 million in financial year 2017 as a result of total cash used in operations of Rs. 247.44 million which was increased by payment of income tax paid of Rs. 68.82 million. Our operating profit before working capital changes was Rs. 339.46 million in financial year 2017, which was primarily adjusted by increase in other current and non-current assets of Rs. 603.97 million, increase in trade receivables of Rs. 393.26 million, increase in trade payables of Rs. 343.59 million, increase in other current liabilities of Rs. 90.85 million, increase in other financial assets of Rs. 24.93 million, increase in current and non-current provisions of Rs. 0.60 million and decrease in inventories of Rs. 0.22 million.

*Financial year 2016*

Our net cash used in operating activities was Rs. 42.25 million in financial year 2016 as a result of total cash generated from operations of Nil which was partially offset by payment of income tax paid of Rs. 42.25 million. Our operating profit before working capital changes was Rs. 196.87 million in financial year 2016, which was primarily adjusted by increase in other current and non-current assets of Rs. 240.51 million, increase in trade payables of Rs. 210.22 million, increase in trade receivable of Rs. 150.07 million, increase in other financial assets of Rs. 40.49 million, increase in other current liabilities of Rs. 23.13 million, decrease in inventories of Rs. 0.70 million and increase in current and non-current provisions of Rs. 0.15 million.

***Investing Activities***

*Period ended September 30, 2018*

Net cash generated from investing activities was Rs. 13.18 million for the period ended September 30, 2018. This was primarily on account of rental income of Rs. 7.32 million, proceeds from sale of investments of Rs. 6.70 million, interest received on bank deposits of Rs. 5.52 million, proceeds from sale of property, plant and equipments of Rs. 2.42 million and proceeds from sale of investment in properties of Rs. 0.87 million. This amount was partly offset by purchase of property, plant and equipments and capital advances of Rs. 9.65 million.

*Financial year 2018*

Net cash used in investing activities was Rs. 212.40 million in financial year 2018. This was primarily on account of purchase of investment property of Rs. 196.98 million, purchase of investment of Rs 0.29 million and purchase of property, plant and equipments and capital advances of Rs. 39.40 million. This amount was partly offset by rental income of Rs. 14.12 million, interest received on bank deposits of Rs. 7.04 million, drawings from partnership firms of Rs. 2.01 million and proceeds from sale of property, plant and equipments of Rs. 1.10 million.

*Financial year 2017*

Net cash used in investing activities was Rs. 11.43 million in financial year 2017. This was primarily on account of purchase of property, plant and equipments and capital advances of Rs. 20.61 million and purchase of investments of Rs. 0.30 million. This amount was partly offset by interest received on bank deposits of Rs. 7.95 million and proceeds from sale of property, plant and equipments of Rs. 1.53 million.

*Financial year 2016*

Net cash used in investing activities was Rs. 18.94 million in financial year 2017. This was primarily on account of purchase of property, plant and equipments and capital advances of Rs. 43.48 million. This amount was partly offset by proceeds from sale of property, plant and equipments of Rs. 14.78 million, interest received on bank deposits of Rs. 6.07 million and proceeds from sale of investments of Rs. 3.69 million.

***Financing Activities***

*Period ended September 30, 2018*

Net cash used in financing activities for the period ended September 30, 2018 was Rs. 103.61 million which primarily consisted of payment of finance cost of Rs. 57.03 million, repayment of long term borrowings of Rs. 33.14 million and decrease in working capital borrowings of Rs. 13.44 million.

*Financial year 2018*

Net cash generated from financing activities in financial year 2018 was Rs. 198.71 million which primarily consisted of proceeds from long term borrowings of Rs. 251.38 million, increase in working capital borrowings of Rs. 219.22 million and proceeds from issue of shares of Rs. 130.00 million. This was partially offset by repayment of long term borrowings of Rs.269.10 million and payment of finance cost of Rs. 132.79 million.

*Financial year 2017*

Net cash generated from financing activities in financial year 2017 was Rs. 376.40 million which primarily consisted of increase in working capital borrowings of Rs. 389.44 million and proceeds from long term borrowings of Rs. 121.61 million. This was partially offset by payment of finance cost of Rs. 72.46 million and repayment of long term borrowings of Rs. 62.19 million.

*Financial year 2016*

Net cash generated from financing activities in financial year 2016 was Rs. 90.28 million which primarily consisted of increase in working capital borrowings of Rs. 92.30 million and proceeds from long term borrowings of Rs. 41.78 million and proceeds from issue of shares of Rs. 30.00 million. This was partially offset by payment of finance cost of Rs. 44.56 million and repayment of long term borrowings of Rs. 29.24 million.

**Borrowings**

As on September 30, 2018, the total outstanding borrowings of our Company aggregated to Rs. 882.21 million, which includes long-term borrowings of Rs. 28.35 million, short-term borrowings of Rs. 835.79 million and current maturities of long term debt of Rs. 18.07 million.

***Long term Borrowings:***

***(Rs. in million)***

| Secured Borrowings | September 30, 2018 |
|---|---|
| From Banks | 20.14 |
| From financial institutions | 7.05 |
| **Total** | **27.19** |

***(Rs. in million)***

| Unsecured Borrowings | September 30, 2018 |
|---|---|
| From Banks | 1.16 |
| **Total** | **1.16** |

***Short term Borrowings:***

***(Rs. in million)***

| Secured Borrowings | September 30, 2018 |
|---|---|
| Working capital loans from Banks | 659.56 |
| **Total** | **659.56** |

***(Rs. in million)***

| Unsecured Borrowings | September 30, 2018 |
|---|---|
| Working capital loans from Financial Institutions | 176.23 |
| **Total** | **176.23** |

***Current maturities of long term debt***

***(Rs. in million)***

| Particulars | September 30, 2018 |
|---|---|
| From Banks | 15.18 |
| From financial institutions | 2.89 |
| **Total** | **18.07** |

In the event, any of our lenders declare an event of default, this could lead to acceleration of our repayment obligations, termination of one or more of our financing agreements or force us to sell our assets, any of which could adversely affect our business, results of operations and financial condition. Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. For further information, see "Financial Indebtedness" and "Risk Factors – *We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets. Any defaults could lead to acceleration of our repayment obligations, cross defaults under other financing agreements, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our cash flows, business, results of operations and financial condition*" on pages 233 and 43, respectively.

**Related Party Transactions**

We enter into various transactions with related parties in the ordinary course of business. Primarily such transactions include remuneration to directors and KMP, loans taken, etc. For further details relating to our

Related Party Transactions, see “Restated Consolidated Finnacial Information - Annexure VI - Note No. 42 - Related Party Transaction” and “Restated Standalone Finnacial Information - Annexure VI- Note No. 42 - Related Party Transaction” on page F-36 and F-78 respectively, under the chapter titled “Restated Financial Information” beginning on page 206 of this Draft Red Herring Prospectus.

**Contingent Liabilities**

As of September 30, 2018, the claims against the Company not acknowledged as debts as disputed by the Company relating to issues of applicability are given below:

***(Rs. in million)***

| Particulars | September 30, 2018 |
|---|---|
| Service tax demand under appeal | 2.46 |
| Guarantees given by the Banks | 1,498.68 |
| **Total** | **1,501.13** |

For further information on our contingent liabilities, refer “Restated Consolidated Financial Information- Annexure VI -Note 37-Contingent Liabilites and Committments (to the extent not provided for)” and “Restated Standalone Financial Information- Annexure VI - Note 37-Contingent Liabilites and Committments (to the extent not provided for)” on pages F-32 and F-74, respectively of this Draft Red Herring Prospectus.

**Commitments**

The Company does not have any commitments outstanding as on September 30, 2018.

**Off-Balance Sheet Items**

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements**.**

**Qualitative Disclosure about Market Risk**

***Financial Market Risks***

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

***Interest Rate Risk***

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds. As on September 30, 2018, our indebtedness consists of floating rate interest. Since we do not have any forward contracts to hedge against interest rate risk, any upward fluctuations in interest rates may increase the cost of both existing and new debts.

***Liquidity risk***

Liquidity risk is the risk that we will encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, to the extent possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

***Effect of Inflation***

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

***Credit Risk***

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

**Reservations, Qualifications and Adverse Remarks**

Except as disclosed in “Restated Standalone Financial Information” beginning on page F-44, there are no reservations, qualifications and adverse remarks by our statutory auditor for the previous three Fiscals.

**Details of Default, if any, including therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution**

Except as disclosed in "Restated Standalone Financial Information" beginning on page F-44, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company during the period April 1, 2015 up to September 30, 2018.

**Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last three Fiscals.

**Unusual or Infrequent Events or Transactions**

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

**Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations**

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in "Risk Factors" beginning on page 26 of this Draft Red Herring Prospectus.

**Known Trends or Uncertainties that Have Had or are Expected to Have a Material Adverse Impact on Sales, Revenue or Income from Continuing Operations**

Our business has been affected and we expect that it will continue to be affected by the trends identified above in this chapter. Other than as described in the section titled "Risk Factors" on page 26 and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known**

Other than as described in "Risk Factors" and this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

**Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three financial years are as explained in the part fiscal 2018 compared to fiscal 2017 and fiscal 2017 compared to fiscal 2016.

**Total Turnover of Each Major Industry Segment in Which the Issuer Operates**

Our business is limited to single reportable segment

**Competitive Conditions**

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar services. For further details, please refer to "Risk Factors" and "Our Business" beginning on pages 26 and 150, respectively.

**Increase in income**

Increases in our income are due to the factors described above in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations and Risk Factors beginning on pages 207 and 26, respectively.

**Status of any Publicly Announced New Products or Business Segments**

Except as disclosed elsewhere in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

**Significant Dependence on a Single or Few Suppliers or Customers**

Our top ten customers contribute to 73.59 % and 69.74 % of our gross revenue from contracts, for the year ended March 31, 2018 and for the period ended September 30, 2018 respectively.

Our top ten suppliers contribute to 61.26 % and 72.94 % of our total material purchase for consumption, for the year ended March 31, 2018 and for the period ended September 30, 2018 respectively.

**Seasonality of Business**

The nature of business is seasonal. For further details please refer section titled "Risk Factors" beginning on page 26.

**Significant Developments after September 30, 2018 that May Affect Our Results of Operations**

In the opinion of the Board of Directors of our Company and to our knowledge except for (i) formation of JV of R.P.P Infra Projects Limited & Annai Infra Developers Limited on October 3, 2018; and (ii) financial facilities availed by the Company after September 30, 2018 as disclosed in the chapter "Financial Indebtedness" on page 233 no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

**Changes in Accounting Policies and Recent Accounting Pronouncements**

We have historically prepared our financial statements in accordance with Indian GAAP. As required under applicable law, our Company transitioned from Indian GAAP to Ind AS and for the purposes of the transition to Ind AS, we have followed the guidance prescribed under Ind AS 101 – First Time Adoption of Indian Accounting Standards with April 1, 2017 being the transition date. For information relating to transition from Indian GAAP to Ind AS, see "Restated Standalone Financial Information - Annexure VI – Notes to Restated Standalone Financial Information – Note 2.1 Basis of preparation and presentation" on page F-53.

## FINANCIAL INDEBTEDNESS

Our Company avail credit facilities in the ordinary course of our business. Pursuant to our Articles of Association, subject to applicable law the Board may from time to time at its discretion raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; by a resolution of the Board, or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

Further, pursuant to a special resolution passed in the Extra-ordinary General Meeting of our Company held on September 15, 2018, the Board of Directors has been authorised to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time (apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business) shall not exceed the sum of ₹1,500 Crores (Rupees One Thousand Five Hundred Crores only).

As on September 30, 2018 we have outstanding borrowings of ₹ 882.21 million on a consolidated and standalone basis. Set forth below is a brief summary of our aggregate outstanding borrowings and secured borrowings.

(₹ in million)

| Category of borrowing | Sanction Amount | Outstanding Amount as on September 30, 2018 |
|---|---|---|
| **FUND BASED FACILITIES** | | |
| **Term Loans** | | |
| Secured | Nil | Nil |
| Unsecured | 5.00 | 2.08 |
| **Total (A)** | **5.00** | **2.08** |
| **Working Capital Facilities** | | |
| Secured | 640.00 | 659.56 |
| Unsecured | 320.00 | 176.23 |
| **Total (B)** | **960.00** | **835.79** |
| **Vehicle/Equipment Loans** | | |
| Loan from Banks | 70.76 | 34.41* |
| Loan from financial Institutions | 12.50 | 9.93 |
| **Total (C)** | **83.26** | **44.34** |
| **TOTAL (A+B+C)** | **1,048.26** | **882.21** |
| **NON FUND BASED FACILITIES** | | |
| Bank Guarantee and Letter of Credit | 1,660.00 | 1,498.68 |
| **Total (D)** | **1,660.00** | **1,498.68** |
| **TOTAL (A+B+C+D)** | **2,708.26** | **2,380.89** |

*Note: As on date of DRHP, our Company has repaid vehicle loan amounting to ₹ 3.92 million to various banks.

**Further our Company has availed financial facilities from following bank/ financial institution after September 30, 2018**

- The Tamilnadu Industrial Investment Corporation Limited has sanctioned bill finance limit of ₹ 0.30 million on October 30, 2018 under Bill finance scheme to TWAD board contractors.

- IndusInd Bank has sanctioned a credit limit of ₹ 300.00 million (including cash credit limit of ₹ 50.00 million, Bank Guarantee of ₹ 250.00 million and ILC of ₹ 50.00 million as a sublimit of Bank Guarantee) vide sanction letter dated December 13, 2018.

**Principal terms of the borrowings availed by our company:**

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowings arrangements entered into by us.

1. **Interest**: The interest rate charged for cash credit is 2.75% p.a ("Spread") over and above Base rate i.e 12.45% for SBI Loan. Interest rate charged by Axis Bank in respect to overdraft facility is 3 Months MCLR and "Spread" per annum subject to minimum rate of 3 Month MCLR+ 1.45% p.a. The Commission rate of Bank Guarantee is 1.00% p.a plus applicable taxes. Interest rate on various term loan from Banks and Financial Institutions range from 7.5% to 15.50% p.a.

2. **Security**: Our Secured borrowings are secured against

   a) Commercial Property Located at Old S. No. 3310, R.S. No. 1075/8, Flat in Third Floor, "Westminister", Old No. 54, and 54-A, New Door no. 106, 107, 107/1 and No. 108, Dr. Radhakrishnan Salai, Mylapore Village, Triplicane Taluk, Chennai District, Pincode – 600 004.

   b) D No. 183/13 & 14, Thiruneer Malai Road, Nagalkeni, Chromepet, Chennai – 600044.

   c) First paripassu Charge on the company's entire current assets including raw materials, works/ stocks in process, semi-finished/finished goods, stores, spares, consumables, receivables/ book debts, bill whether documentary or clean, outstanding monies, both present and future etc with member banks under this agreement.

   d) Hypothecation on construction equipment.

   e) Primary Charge over the construction vehicle.

   f) Charge created against commercial equipment of the company.

   g) Our Promoters, Mr. Subramaniam Ashok Kumar and Mrs. Duraisamy Kalaiselvi have to pledge 6,50,000 and 1,00,000 equity shares, respectively.

   h) Equitable Mortgage on Residential Flat, Land and Warehouse.

   **a. Repayment**: Our cash credit is revolving in nature and is available for a period of 12 months, subject to annual review. Further the working capital is revolving in nature and payable on demand. The Bank guarantee is revolving in nature and is available for a tenure of 12 months.

   The various term loans taken from banks are repayable between 36 and 48 months and term loans taken from other financial institutions are payable within 48 months.

   **b. Key Covenants:**

   In terms of our agreements and sanction letters, we are required to without prior approval of the Bank:

   a) Change the general nature of its business or undertake any expansion or invest in any other entity.

   b) Transfer of controlling interest or making any drastic change in the management set up including resignation of promoter directors (Including key managerial personnel).

   c) Formulation of any scheme of amalgamation or reconstruction or merger or demerger or do a buy back.

   d) Change in capital structure of company

   e) Enter into arrangement whereby its business/operations are managed or controlled, directly or indirectly, by any other person.

   f) Any new projects or scheme of expansion or acquisition of fixed assets if such investment results in breach of financial covenant(s) or diversion of working capital funds for financing long term assets.

   g) Create, assume or incur any further indebtedness to any person or lend or advance any amounts to any person or undertake any guarantee or security obligation.

   h) Make any amendments to its constitutional documents.

   i) All assets charged/ financed by the Bank to be fully insured for 110% of the value in the name of the borrower. In the event of non-compliance of the same, the bank reserve the right to debit the CC a/c for the insurance premium and get the policies assigned in favour of the bank.

   **c. Events of Default:**

a) Default has occurred in the performance of any covenant, condition or agreement on the part of the borrower under the loan terms or on part of any other persons.

b) Failure to pay amounts on the due date.

c) Utilization of facilities shall be subject to discretion of the Bank, non-compliance of conditions will lead to defaults.

d) Non-fulfillment of financial and non- financial Covenants will trigger an event of default.

**d. Personal guarantee**

- Subramaniam Ashok Kumar;
- Duraisamy Kalaiselvi:
- P.K. Duraisamy; and
- D. Maragatham.

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no:*

*(i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoters in the last five financial years, including any outstanding action; or (v) Material Litigation (as defined below); involving our Company, Directors and Promoters.*

*Our Board, in its meeting held on February 7, 2019, determined that outstanding legal proceedings involving the Company, its Directors, Promoters and Material Group Companies: (a) where the aggregate amount involved, in such individual litigation exceeds 1% of the profit after tax of our Company, as per last audited financial statements on a consolidated basis; or (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 1% of the profit after tax of the Company as per the last audited financial statements on a consolidated basis, if similar litigations put together collectively exceed 1% of the profit after tax of the Company, on a consolidated basis, or (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation ("**Material Litigation**").*

*Our Board of Directors considers dues owed by our Company to the small scale undertakings and other creditors exceeding 5% of the Company's trade for the last audited financial statements on a consolidated basis, as material dues for the Company. This materiality threshold has been approved by our Board of Directors pursuant to the resolution passed on February 7, 2019. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**"), the disclosure will be based on information available with our 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.*

*Except as stated in this section, there is no outstanding litigation involving our Group Companies which will have a material impact on our Company.*

***All terms defined in a particular litigation are for that particular litigation only.***

### LITIGATION INVOLVING OUR COMPANY

### A. LITIGATION FILED AGAINST OUR COMPANY

**1. Litigation Involving Criminal Matters:**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations**

Petition bearing No. M.C.O.P No. 1953/ 2018 has been filed before the Motor Accident Claims Tribunal at Coimbatore ("the **Tribunal**") dated October 1, 2018 by R. Dhanalakshmi ("**Petitioner**") against the Company and others under Sections 140, 163-A and 166 of the Motor Vehicles Act, 1988 for claiming compensation amounting to Rs. 29,00,000 (Rupees Twenty Nine Lakhs only) with 12% interest from the date of the Petition till the date of realization of the amount to be awarded for causing permanent disability of the Petitioner caused due to a motor accident by the Company's vehicle. A complaint was filed with the Vadavalli Police Station with the registered case No. Cr. No. 367/2017 under Sections 279, 337 of the Indian Penal Code. The matter is pending before the Tribunal.

**B. LITIGATIONS FILED BY OUR COMPANY**

**1. Litigation Involving Criminal Matters:**

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**(i) Direct Tax Liabilities**

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute/demanded (in ₹) |
|---|---|---|---|
| 1. | Income Tax (Assessment Year 2012-2013)(1) | 1 | 4,54,848/- |
| 2. | Income Tax (Assessment Year 2013-2014)(2) | 1 | 34,68,817/- |
| 3. | Income Tax (Assessment Year 2014-2015)(3) | 1 | 30,64,261/- |
| 4. | Income Tax (Assessment Year 2015-2016)(4) | 1 | 57,89,386/- |
| 5. | Income Tax (Assessment Year 2016-2017)(5) | 1 | 3,95,49,033 |

*(1)Vide Assessment Order and Notice of Demand in respect of Assessment Year 2012-2013, the Assessing Officer determining an amount of Rs. 5,86,200/- as payable by the Company. Thereafter, the Company has filed a request under Section 154 of the Income Tax Act, 1961, for rectifying the demand raised, on account of TDS mismatch of Rs. 4,54,848/-. The balance amount of Rs. 1,31,352/- towards income tax has been paid by the Company.*

*(2)Vide Assessment Order and Notice of Demand dated March 18, 2016, in respect of Assessment Year 2013-2014, the Assessing Officer determining an amount of Rs. 50,15,540/- as payable by the Company. Further as per the order under Section 154 of the Income Tax Act, 1961, the revised demand determined by the Assistant Commissioner of income Tax was Rs. 38,35,080/-. Thereafter, the Company has filed a request under Section 154 of the Income Tax Act, 1961, for rectifying the revised demand raised, on account of TDS mismatch and interest difference of Rs. 34,69,817/-. The balance amount of Rs. 3,66,263/- towards income tax has been paid by the Company..*

*(3)Vide Assessment Order and Notice of Demand dated November 22, 2016, in respect of Assessment Year 2014-2015, the Assessing Officer determining an amount of Rs. 44,68,480/- as payable by the Company. Thereafter, the Company has filed a request under Section 154 of the Income Tax Act, 1961, for rectifying the demand raised, on account of TDS mismatch and interest difference of Rs. 30,64,261/-. The balance amount of Rs. 14,04,219/- towards income tax has been paid by the Company.*

*(4)Vide Assessment Order and Notice of Demand dated November 16, 2017, in respect of Assessment Year 2015-2016, the Assessing Officer determining an amount of Rs. 76,45,400/- as payable by the Company. Thereafter, the Company has filed a request under Section 154 of the Income Tax Act, 1961, for rectifying the demand raised, on account of TDS mismatch and interest difference of Rs. 57,89,386/-. The balance amount of Rs. 18,56,014/- towards income tax has been paid by the Company.*

*(5)The Assessing Officer vide an Assessment Order ("**Assessment Order**") dated December 31, 2018 for Assessment Year 2016-2017, under Section 143(3) of the Income Tax Act, 1961 ("**I.T. Act**") inter alia held that Rs. 5,67,95847 /- be added back to the total income of the Company on account of unexplained payments made by the Company out of undisclosed sources. The Assessing Officer issued a Notice of Demand dated December 31, 2018 under Section 156 of the I.T. Act, inter-alia directing the Company to pay a sum of Rs. 3,95,49,033/- towards income tax. Aggrieved by the Assessment Order, the Company filed an appeal dated January 25, 2019 before the Commissioner of Income Tax (Appeals) –III, Coimbatore ("**CIT-A**") inter alia challenging the Assessment Order and also filed an application for staying the recovery of the tax demanded, pending the decision of the CIT-A, which was subsequently granted vide order dated February 5, 2019. The matter is still pending with the CIT-A.*

**(ii) Indirect Tax Liabilities**

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute/demanded (in ₹ *million)** |
|---|---|---|---|
| 1. | Service Tax | 1 | 2.46 |
| 2. | Value Added Tax | 1 | Unascertainable |

**The amounts mentioned above may be subject to additional interest rates being levied by the concerned authorities for delay in making payment. Amount of interest that may be levied is unascertainable as on the date of this Draft Red Herring Prospectus.*

**4. Other Pending Litigations**

NIL

**LITIGATIONS INVOLVING OUR DIRECTORS**

**A. LITIGATIONS FILED AGAINST THE DIRECTORS**

**1. Litigation involving Criminal Matters**

**2.** NIL **Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations:**

NIL

**B. LITIGATIONS FILED BY OUR DIRECTORS**

**1. Litigation involving Criminal Matters**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations:**

NIL

**LITIGATIONS INVOLVING OUR PROMOTERS**

**A. LITIGATIONS FILED AGAINST OUR PROMOTERS**

**1. Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**B. LITIGATIONS FILED BY OUR PROMOTERS**

1. **Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Financial Years**

As on the date of this Draft Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against our Promoters in the last five Financial Years including any outstanding action.

**Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006**

As of September 30, 2018, there were no cases of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006.

**Material Creditors of the Company having amount outstanding exceeding ₹35.60 Million, being 5% of the Company's trade payables, as per last audited financial statements of our Company.**

As of September 30, 2018, we had 664 creditors to whom a total amount amounting to ₹712.08 Million was outstanding out of which 3 creditors were material creditors in terms of the Materiality Policy and the total amount due to such material creditors was ₹ 270.67 Million.

For further details, please see website at www.annaiinfra.com.

*Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at its own risk.*

**Material developments occurring after last balance sheet date**

Except as disclosed elsewhere in this Draft Red Herring Prospectus and in the chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 207, there have been no material developments since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current/ proposed business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.*

*The main objects clause of the Memorandum of Association of the Company and the objects incidental, enable our Company to carry out its activities.*

**I. Approvals for the Issue**

1. The Board of Directors have, by a resolution passed at its meeting held on February 7, 2019 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.

2. The Shareholders of our Company have, by a special resolution passed in the extra ordinary general meeting held on March 6, 2019, authorized the Issue.

3. In-principle approval dated [●] from the BSE for listing of the Equity Shares issued by our Company pursuant to the Issue.

4. In-principle approval dated [●] from the NSE for listing of the Equity Shares issued by our Company pursuant to the Issue.

5. Our Company's International Securities Identification Number ("**ISIN**") is INE02PI01016

**II. Approvals pertaining to Incorporation, name and constitution of our Company**

1. Certificate of Incorporation dated November 18, 2008 issued by the Registrar of Companies, Coimbatore, Tamil Nadu ("**RoC**") in the name of "Annai Developers Private Limited".

2. A Fresh Certificate of Incorporation Consequent upon Change of Name from "Annai Developers Private Limited" to "Annai Infra Developers Private Limited" was issued on September 15, 2010 by the Registrar of Companies, Coimbatore, Tamil Nadu.

3. A Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company dated September 24, 2018 issued to our Company by the Registrar of Companies, Coimbatore, Tamil Nadu, consequent upon change of name from "Annai Infra Developers Private Limited" to "Annai Infra Developers Limited".

4. The Corporate Identity Number (CIN) of the Company is U45205TZ2008PLC014869.

**III. GENERAL APPROVALS**

| Sr. No. | Description | Registration/Approval/ Certificate Number | Issuing Authority | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 1. | Certificate of Registration for ISO 9001:2015. | 18IQBU62 | AQC Middle East FZE | June 12, 2018 | June 8, 2021 |
| 2. | Certificate of Importer-Exporter Code (IEC) | IEC No.: 3210026548 | Foreign Trade Development Officer, Ministry of Commerce and Industry, Govt. of India | February 10, 2011. | Valid Until Cancelled |

| Sr. No. | Description | Registration/Approval/ Certificate Number | Issuing Authority | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 3. | Registration as a Civil Contractor with a monetary limit above Rs. 75.00 Lakh with Tamil Nadu Water Supply and Drainage Board (TWAD) | 04/2015-16 Class – I (State Level) | Superintend Engineer under Tamil Nadu Water Supply and Drainage Board | August 21, 2015 | August 20, 2019 |
| 4. | Registration as Class I Contractor with a monetary limit of Rs. 75.00 Lakh and above under Tamil Nadu Public Works Department (TPWD) | 12/2012-13<br>Class – I (State Level) | Special Chief Engineer, PWD/WRO, Vaippar Basin Circle, Virudhunagar, Tamil Nadu | October 31, 2012 | March 31, 2019 |
| 5. | Registration as Contractor with monetary limit of Rs. 75.00 Lakh and above with Highways Department, Tamil Nadu. | 6/2011-2012<br><br>Class – I (State Level)<br><br>Contractor Code: 01-CE-A-0151-S | Surveillance Engineer (Roads), Coimbatore- 18 | August 2, 2011 | March 31, 2019 |
| 6. | Class I Electrical Contractor License | License No.: 1CL110923BNG | Karnataka Department of Electrical Inspectorate | April 27, 2018 | April 30, 2019 |
| 7. | Civil/Electrical Contractor License | CBS/C1/CIVIL/11261/2018 | Karnataka State Public Works Department | March 19, 2018 | March 18, 2023 |
| 8. | Contractor License | IA/669/2018-19 | Cauvery Neeravari Nigama Limited | April 13, 2018 | March 18, 2023 |

## IV. PROJECT RELATED APPROVALS

We have obtained following approvals for the purposes of its ongoing projects:

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| **A.** | ***Ongoing Projects of Company*** | | |
| 1. | Providing 50 MLD WSIS to Tirunelveli Corporation including maintenance for a period of 12 months | Letter of Acceptance dated October 13, 2016 bearing Lr. No. F. Tirunelveli Corpn. WSIS/DO I/CW/2016 issued by Tamil Nadu Water Supply and Drainage Board. | March 31, 2019 |
| 2. | Providing Water Supply Improvement Scheme in 3 Added Areas of Coimbatore Corporation viz., Koundampalayam, Vadavalli and Veerakeralam in Coimbatore District followed by paid maintenance of 1 Year | Letter of Acceptance dated September 16, 2016 bearing No, F.WSIS to CBE Added Areas/SDO (T1)/CE/CBE/2016 issued by Tamil Nadu Water Supply and Drainage Board. | June 30, 2019 |
| 3. | Construction of Hostel Block including site development and Plumbing works for the project of Construction of RGCB Bio Innovation | Letter of Intent dated June 20, 2016 bearing No, DLI/CON/751/526 issued by Engineering Projects (India) Limited. | April 15, 2019 |

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| | Center at Akkulam in Thiruvananthapuram District, Kerala, Phase – I (Pkg – 2) | | |
| 4. | Construction of Research Block with Animal Research Facility, Civil works, including Plumbing works for the project of Construction of RGCB Bio Innovation Center at Akkulam in Thiruvananthapuram District, Kerala Phase – I (Pkg - 3) | Letter of Intent dated June 20, 2016 bearing No, DLI/CON/751/525 issued by Engineering Projects (India) Limited. | April 15, 2019 |
| 5. | Providing CWSS to Thondamuthur, Pooluvapatty, Thenkarai, Vedapatti, Dhaliyur, Alandurai and perur Town panchayats and 134 Rural habitations in Thondamuthur Union in Coimbatore District with River Bhavani as source - Construction of Intake Well, Collection Well-cum-Pumphouse, Construction of Full Scale Treatment Plant of 11.85 mld capacity, Clear Water Reservoir, Service Reservoirs, Pumproom, Sump, Supply, delivery, laying, jointing and testing of DI/PVC Pumping main and Distribution System, Supply, delivery, erection and commissioning of Pumpsets etc., complete including Trial Run and Commissioning and followed paid maintenance for a period of five years of the scheme | Letter of Acceptance dated August 19, 2015 bearing Letter No. F. Thondamuthur CWSS/SDO (T1)/CE/CBE/2015 issued by Tamil Nadu Water Supply and Drainage Board. | The construction of the project has been completed on March 31, 2018 while the maintenance period is till October 21, 2023. |
| 6. | Providing CWSS to 698 Rural habitations in Nangavalli and Mecheri Unions, with bulk provision for 6 Town Panchayats in Salem District with River Cauvery as source including Trial Run, Commissioning and maintenance of Scheme for Five Years. | Letter of Acceptance dated August 19, 2015 bearing Letter No. F. 698 RH/DO (T5)/ CE/CBE/2015 issued by Tamil Nadu Water Supply and Drainage Board. | The construction of the project has been completed while the maintenance period is until November 13, 2023 |
| 7. | Construction of new 5 Lakh litre Capacity Service Reservoir at Kovai Garden, Kovai Pudur, P&T Colony, 7.5 Lakh litre at E.B. Colony, Laying of Distribution System pipeline (new/replacement) and replacement of House Service Connections for Water Supply Improvement to Kuniyamuthur Area | Agreement dated December 30, 2015 between The Commissioner, Coimbatore City Municipal Corporation and the Company | April 30, 2019 |
| 8. | Infrastructure Improvement and Reconstruction Works on Vedharanyam canal and Uppanar Drain | Contract Agreement dated November 3, 2016 between the Superintending Engineer, Lower Cauvery Basin Circle, Thanjavur and the Company. | October 19, 2019 |
| 9. | PMGSY - 2013 - 14 (Phase -VIII - Batch No.1) Package No. K.R.10-17 Alathur Block, Palakkad District | Letter of Acceptance dated December 5, 2014 bearing No. Engg 4405/DB1/2014/KSRRDA issued by | January 30, 2019 |

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| | including Maintenance for five Years after constructions | Kerala State Rural Road Development Agency | The Company has made an application dated March 11, 2019 for extension of the time for period of completion until March 25, 2019. |
| 10. | PMGSY - 2013 - 14 (Phase -VIII) Package No. K.R.10-20 Chittur Block,Palakkad District including Maintenance for five Years after constructions | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3987/DB1/2014/KSRRDA issued by Kerala State Rural Road Development Agency | The construction of the project has been completed while the maintenance period is until December 29, 2021. |
| 11. | PMGSY - 2013 - 14 (Phase -VIII) Package No. K.R.10-22 Kollengode Block, Palakkad District including Maintenance for five Years after constructions | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3988/DB1/2014/KSRRDA issued by Kerala State Rural Road Development Agency | The construction of the project has been completed while the Maintenance period is until March 27, 2023. |
| 12. | PMGSY - 2013 - 14 (Phase -VIII - Batch No.1) Package No. K.R.10-29 Nenmara Block , Palakkad District including Maintenance for five Years after constructions | Letter of Acceptance dated December 5, 2014 bearing No. Engg 4407/DB1/2014/KSRRDA issued by Kerela State Rural Road Development Agency. | The construction of the project has been completed while the Maintenance period is until August 24 2022. |
| 13. | PMGSY - 2013-14 (Phase - VIII-Batch.2) Package No.KR-10-45, Attappady Block, Palakkad District including Maintenance for five years after construction | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3484/DB1/2014/KSRRDA issued by Kerela State Rural Road Development Agency. | The construction of the project has been completed while the Maintenance period is until November 28, 2023. |
| 14. | PMGSY - 2013-14 (Phase - VIII-Batch.2) Package No.KR-10-51, Attappady Block, Palakkad District including Maintenance for five years after construction | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3489/DB1/2014/KSRRDA issued by Kerela State Rural Road Development Agency. | March 31, 2019 |
| 15. | PMGSY - 2013-14 (Phase - VIII-Batch.2) Package No.KR-10-57, Attappady Block, Palakkad District including Maintenance for five years after construction | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3495/DB1/2014/KSRRDA issued by Kerala State Rural Road Development Agency | The construction of the project has been completed while the Maintenance period is until March 27, 2023. |
| 16. | PMGSY - 2013-14 (Phase - VIII-Batch.2) Package No.KR-10-60, Attappady Block, Palakkad District including Maintenance for five years after construction | Letter of Acceptance dated November 4, 2014 bearing No. Engg 3498/DB1/2014/KSRRDA issued by Kerela State Rural Road Development Agency. | February 28, 2019<br><br>The Company has made an application dated March 11, 2019 for extension of the time for period of completion until March 25, 2019. |

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| 17. | Combined Water Supply Improvement Scheme to Sankarankoil, Puliankudi Municipalities, Thiruvengadam Town Panchayat in Tirunelveli District and Rajapalayam, (AMRUT) Sivakasi and Thiruthangal Municipalities in Virudhunagar Dt Package I –covering Head works, Treatment plant Common Pumping main, construction of Booster sumps I,II&III and providing Infrastructure to Sankarankoil, Puliankudi Municipalities and Thiruvengadam Town panchayat in Tirunelveli District including maintenance period of 12 months | Notice to Proceed with work dated December 6, 2017 bearing Lr. No. F. Sankarankoil, WSIS / DO II/ CW/ 2017 issued by Tamil Nadu Water Supply and Drainage Board. | June 6, 2020<br><br>Maintenance: 12 months |
| 18. | Combined Water Supply Scheme to Sankarankoil, Puliyankudi Municipalities, Thiruvenkadam Town panchayat in Tirunelveli District and Rajapalayam, (AMRUT) Sivakasi, Thiruthangal Municipalities in Virudhunagar District – Package-II covering –Pumping main, Construction of Sumps at Rajapalayam, Sivakasi & Thiruthangal Municipalities and Providing Infrastructures to Rajapalayam, Sivakasi & Thiruthangal Municipalities in Virudhunagar District including maintenance period of 12 months. | Notice to Proceed with work dated December 6, 2017 bearing Lr. No. F. Sankarankoil, WSIS / SDO II/ CW/ 2017 issued by Tamil Nadu Water Supply and Drainage Board. | June 6, 2020<br><br>Maintenance: 12 months |
| 19. | Providing Water Supply Improvement Scheme to Namakkal Municipality in Namakkal District | Notice to proceed with work dated December 21, 2017 bearing Lr. No. WSIS to Namakkal/DO (T2)/CE/CBE/2017 issued by Tamil Nadu Water Supply and Drainage Board | December 20, 2019<br><br>Trial Run: 6 months<br><br>Maintenance: 1 year |
| 20. | Construction of Roads, Yards, Drains and Water Supply Network Extension At Kinfra Defence Park, Ottapalam, Palakkad (DT), Kerela | Letter of Award of Work dated April 23, 2018 bearing No. INKEL/PMC/01/KDPO/3111 issued by April 23, 2018 issued by INKEL Limited. | March 31, 2019 |
| 21. | Construction of Compound wall & Gate complex including internal water supply and sanitary installation, Electrification works and other Miscellaneous Works at KINFRA Defence Park, Ottapalam, Palakkad District, Kerala | Letter of Acceptance of Bid dated May 8, 2018 bearing No. INKEL/PMC/01/KDPO/3134 issued by INKEL Limited. | March 30, 2019 |
| 22. | PACKAGE NO. 18 / TN IAMP (TNIAMWARM-II) / WRD/ CDSB / WORKS / PHASE- I / 2017-18 - Rehabilitation and Modernisation of 3 Regulators, 5 Head Sluices and Rehabilatation of Manjalar River from L.S 120.350 KM to 130.000 Km in | Sub-Contract Agreement dated December 4, 2017 wherein the project has been subcontracted to the Company by the Main Contractor. | May 3, 2019 |

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| | Mayiladuthurai & Kuthalam Block of Mayiladuthurai & Kuthalam Taluk in Cauvery Delta Sub Basin of Nagapattinam District. | | |
| 23. | PACKAGE NO. 27 / TN IAMP (TNIAMWARM-II) / WRD/ CDSB / WORKS / PHASE- I / 2017-18 - Rehabilitation and Modernization of 2 Bed dams, 6 Head Sluices, and 1 Drainage Sluice of Veeraacholan river from LS 128.100Km to131.200Km in Sempanarkoil block of Tharangambadi Taluk in Cauvery Delta Sub Basin of Nagapattinam District | Sub-Contract Agreement dated December 4, 2017 wherein the project has been subcontracted to the Company by the Main Contractor. | May 3, 2019 |
| 24. | PACKAGE NO. 43 / TN IAMP (TNIAMWARM-II) / WRD/ CDSB / WORKS / PHASE- I / 2017-18 - Rehabilitation and Modernisation of 8 Head sluices, and 1 Bed Dam of Manniyar River from LS 121.600 Km to 124.000 Km in Mayiladuthurai Block & Taluk in Cauvery Delta Sub Basin of Nagapattinam District | Sub-Contract Agreement dated December 4, 2017 wherein the project has been subcontracted to the Company by the Main Contractor. | May 3, 2019 |
| 25. | PACKAGE NO. 44 / TN IAMP (TNIAMWARM-II) / WRD/ CDSB / WORKS / PHASE- I / 2017-18 - Rehabilitation and Modernisation of 8 Head sluices, and 1 Bed Dam in Manniyar River from LS 124.000 Km to 131.200 Km in Mayiladithurai Block & Taluk in Cauvery Delta Sub Basin of Nagapattinam District. | Sub-Contract Agreement dated December 4, 2017 wherein the project has been subcontracted to the Company by the Main Contractor. | May 3, 2019 |
| 26. | Providing CWSS to 135 Rural habitations in Vaiyampatti and Murungapuri Unions of Trichy District (Utilizing the bulk provision made in the proposed CWSS to Natham, Nilakottai, Ammayanaickanur TPs and 1276 Rural habitations in Dindigul District with River Cauvery as source with one year paid maintenance (period of completion 12 Months) | Sub-Contract Agreement dated December 14, 2017 wherein the project has been subcontracted to the Company by the Main Contractor. | December 13, 2018 |
| 27. | Construction of G+7 RCC framed structure tenements block with Bus bar rooms including internal water supply, sanitary, electrifications works in Chennai near Perumbakkam Phase-II-Reach-II- Balance work. | Contract Agreement dated December 21, 2018 between the Engineering Projects (India) Ltd. and the Company. | April 12, 2019 |
| 28. | Construction of G+7 RCC framed structure tenements block with Bus bar rooms including internal water supply, sanitary, electrifications works in Chennai near Perumbakkam Phase-II-Reach-5- Balance work. | Contract Agreement dated December 21, 2018 between the Engineering Projects (India) Ltd. and the Company. | January 12, 2020 |

| Sr. No. | Project Description | Licenses and Approvals Obtained | Period of Completion |
|---|---|---|---|
| 29. | Forming Northern Access road to Daimler India Commercial Vehicle Plant at Oragadam branching at km 46/342 of Vandalur- Wallajabad road-(SH-48). | Contract Agreement dated February 4, 2019 between the Executive Director, Tamil Nadu Road Infrastructure Development Corporation Chennai and the Company. | February 3, 2020 |
| 30. | Construction of 17 Nos. (W.S Zones 34, 35, 36, 37, 38, 39, 40, 43, 44, 48, 50, 52, 54, 56, 57, 60, 70) of Elevated Service Reservoirs with Chlorination facility and providing Distribution system including HSC in Corporation Zone- III & IV area for Tiruppur City Municipal Corporation- Package-5. | Contract Agreement dated February 4, 2019 between the Commissioner, Tiruppur City Municipal Corporation and the Company. | February 3, 2022<br><br>Trail Run and commissioning – 6 months after completion of project. |
| **B.** | ***Ongoing Projects by Joint Ventures – JV OF RKI Infra Projects & M/s Annai Infra Developers*** | | |
| 31. | Construction of 756 two BHK houses in Cellar + Stilt+ 9 floors pattern and providing of Infrastructure facilities at Sriramnagar in Sy. No. 60 in Shamirpet (M) in Medchal Constituency in GHMC through LS Contract System. | Agreement No. 52/ SE(H)/GHMC/2017-18 dated August 24, 2017 between Greater Hyderabad Municipal Corporation and JV of RKI Infra Projects & M/s Annai Infra Developers | April 30, 2019 |
| **C.** | ***Ongoing Projects by Joint Ventures – JV of R.P.P Infra Project Limited & Annai Infra Developers Limited*** | | |
| 32. | Construction of 12 Nos. (W.S Zones 2, 3, 4, 8 22, 23, 26, 28, 29, 30, 31, 32) of Elevated Service Reservoirs with Chlorination facility and providing distribution system including HSC in Corporation Zone- I & II area for Tiruppur City Municipal Corporation-Package-4. | Letter of Acceptance dated January 25, 2019 issued by Municipal Administration and Water Supply Department, Tiruppur City Municipal Corporation. | January 25, 2022<br><br>Trail Run and commissioning – 6 months after completion of project. |

## V. TAX RELATED APPROVALS

| Sr. No. | Description | Authority | Registration Number |
|---|---|---|---|
| 1. | Permanent Account Number (PAN) | Income Tax Department, Government of India | AAHCA5802A |
| 2. | Tax Deduction Account Number (TAN) | Income Tax Department, Government of India | CMBA06362G |
| 3. | Tax Identification Number (TIN) | Government of Tamil Nadu, Commercial Taxes Department | 33332883720 |
| 4. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at 2/9, A N Towers, Dr. Sathiyamoorthi Hospital Road Opposite, 2/5, Perundurai Road, Brough Road, Erode, Tamil Nadu, 638011. | Government of India | 33AAHCA5802A1ZE |

| Sr. No. | Description | Authority | Registration Number |
|---|---|---|---|
| | | | |
| 5. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at 18/159-A,159-B, Kizhakkekara House, Lakkidi Perur Panchayath, Mangalam Post, Ottapalam, Palakkad, Kerala, 679101. | Government of India | 32AAHCA5802A1ZG |
| 6. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at 3rd Floor, 1, 2nd House, Slicon Town, Near Fidelity Financial Service Electronic City Phase - 2, Bengaluru (Bangalore) Urban, Karnataka, 560100. | Government of India | 29AAHCA5802A1Z3 |
| 7. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at 4th Floor, 402 Orchid, Orchid Building, Navghar Road, Mulund East, Mumbai City, Maharashtra, 400081. | Government of India | 27AAHCA5802A1Z7 |
| 8. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at No. 5-20, Annarugudem Vilage, Thallada Mandal, Khammam, Telangana, 507167. | Government of India | 36AAHCA5802A1Z8 |
| 9. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at 24, Menakuru Village, Naidupeta, Sri Potti Sriramulu Nellore, Andhra Pradesh, 524421. | Government of India | 37AAHCA5802A2Z5 |
| 10. | Certificate of Registration under Central Goods and Services Tax Act, 2017 for premises situated at NO.3, Jeeva Street Near Kalki Kovil Ext, Muthirayar Palayam, Pondicherry, Puducherry, 605009. | Government of India | 34AAHCA5802A1ZC |

11. The Company has obtained Registration under the Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992. The Profession Tax Enrollment No. is 056/021/00315 and Profession Tax Registration No. is 056/021/00316.

## VI. LABOUR RELATED APPROVALS/ REGISTRATIONS

### *A. Employee Provident Fund and Employee State Insurance*

| Sr. No. | Authority | Registration Number | Issuing Authority | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 1. | Certificate of Registration under the Employee Provident Fund | CBTRY1207842 | Employees' Provident Fund Organisation | June 17, 2015 | Valid until cancelled |
| 2. | Certificate of Registration under the Employee State Insurance Act, 1948. | 63000957070000999 | Sub-Regional Director, Employees' State Insurance Corporation. | September 5, 2015 | Valid until cancelled |

### *B. Shops & Establishment Registration*

1. Certificate of Registration dated March 25, 2019 bearing registration no. SEA/KHA/ALO/MD/0138465/2019 issued under Telangana Shops & Establishment Act, 1988.
2. Certificate of Registration dated March 28, 2019 bearing registration no. AP-09-42-013-0774108 for premises situated at Door No. 24, Menakuru Village, Naidupeta Mandal, Sri Potti Siramulu Nellore District - 524421, Andhra Pradesh issued under Andhra Pradesh (Issuance of Integrated Registration and Furnishing of Combined returns under various labour laws by certain Establishments) Acts, 2015.

***C. Contract Labour related Approvals***

1. Our Company has obtained License dated August 31, 2018 bearing License No. 21/18 under the Contract Labour (Regulation and Abolition) Act, 1970 for Pipe Laying Construction of Service Reservoirs, Pump Rooms and sumps at Ariyanayagipuram, Suthamalli, Pettai and Tirunelveli Municipality Zone, Tirunelveli District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The Company shall not employ more than 70 contract labour in any given day. The License is valid upto December 31, 2019.

2. Our Company has obtained License dated August 31, 2018 bearing License No. 22/18 under the Section 12 (1) of the Contract Labour (Regulation and Abolition) Act, 1970 for Pipe Laying Construction of Service Reservoirs, Pump Rooms and sumps at Rajapalayam, Sivakasi and Thiruthangal, Virudhunagar District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The License is valid upto December 31, 2019. The Company shall not employ more than 70 contract labour in any given day.

3. Our Company has obtained License dated August 31, 2018 bearing License No. 23/18 under Section 12 (1) of the Contract Labour (Regulation and Abolition) Act, 1970 for Pipe Laying Construction of Pump Rooms, sumps and Service Reservoirs, at Kondanagaram, Manur, Panavadalichatram, Sankarankovil, Puliyankudi and Thiruvenkadam, Tirunelveli District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The Company shall not employ more than 70 contract labour in any given day. The License is valid upto December 31, 2019.

4. Our Company has obtained License dated February 7, 2019 bearing License No. CL090270010164 under Section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 for doing the work in the establishment of Kinfra Defence Park, Ottappalam, Kinfra Defence Park, Lakkidi, Ottappalam, Palakkad. The Company shall not employ more than 20 (twenty) contract labours on any day. The said License is valid up to August 31, 2019.

***D. Other Labour Related Approvals***

3. Our Company has obtained License dated August 31, 2018 bearing License No. 03/18 under the Section 8 (1) of the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 for Pipe laying work, Construction of Pump Rooms, Sumps and Service Reservoirs at Kondanagaram, Manur, Panavadalichatram, Sankarankovil, Puliyankudi and Thiruvenkadam, Tirunelveli District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The Company shall not employ more than 10 migrant workmen in any given day The License is valid upto December 31, 2019.

4. Our Company has obtained License dated August 31, 2018 bearing License No. 02/18 under the Section 8 (1) of the Inter-State Migrant Workmen (Regulation of Employment and conditions of service) Act, 1979 for Pipe laying work, Construction of Service Reservoirs, Pump Rooms and Sumps at Rajapalayam, Sivakasi and Thiruthangal, Virudhunagar District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The Company shall not employ more than 10 migrant workmen in any given day. The License is valid upto December 31, 2019.

5. Our Company has obtained Certificate of Registration bearing Registration No. BOCW/VN/03/2018 under section 7(3) of the Building and the Other Construction Workers (Regulation of employment and conditions of Service) Act, 1996 registering the Company as an employer enabling to employee 70 workers on any day through for Package-II covering- pumping main, construction of sumps at Rajapalayam, Sivakasi & Thiruthangal Municipalities and providing infrastructures to Rajapalayam, Sivakasi Thiruthangal Municipalities in Virudhanagar District including maintenance issued by the Office of the Joint Director (BOCW) Industrial Safety and Health, Madurai. The date of completion of the project is until June 05, 2020.

6. Our Company has obtained License dated August 31, 2018 bearing License No. 01/18 under Section 8 (1) of the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 for Pipe laying work, Construction of Pump Rooms, Sumps and Service Reservoirs at Kondanagaram, Manur, Panavadalichatram, Sankarankovil, Puliyankudi and Thiruvenkadam, Tirunelveli District issued by the Deputy Director, Industrials Safety and Health (BOCW), Tirunelveli. The Company shall not employ more than 10 migrant workmen in any given day. The License is valid upto December 31, 2019.

7. Our Company has obtained Licence dated April 5, 2017 bearing Licence No. ISMW/L-10/2017 under Section 8 (1) of the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service)

Act, 1979 for Construction of research work with Animal Research Facility, Civil Works including Plumbing works for the project ‘Construction of RGCB Bio Innovation Centre’ at Akkulam, Trivandrum. The License is valid till April 4, 2020.

8. Our Company has obtained Certificate of Registration bearing Registration No. BOCW/TV/26/2018 under section 7(3) of the Building and the Other Construction Workers (Regulation of employment and conditions of Service) Act, 1996 registering the Company as an employer enabling to employee 70 (seventy) workers on any day through for Package-I covering- Head Works, Treatment plant common pumping main, construction of Booster sumps I, II & III and providing infrastructures to Sankarankovil, Puliyankudi Municipalities and Thiruvengadam town panchayat in Tirunelveli District including maintenance issued by the Office of the Joint Director (BOCW) Industrial Safety and Health, Madurai. The date of completion of the project in until June 5, 2020.

## VII. INTELLECTUAL PROPERTY RELATED APPROVALS:

| Sr. No | Particulars of the mark | Word/ Label Mark | Proprietor | Trademark/ Application Number | Certificate Details | Issuing Authority | Class | Period of Validity |
|---|---|---|---|---|---|---|---|---|
| 1. | | Device | Annai Infra Developers Private Limited (now known as Annai Infra Developers Limited) | 2108602 | Certificate No. 1084471 Dated December 19, 2012. | Registrar of Trademarks | 36 & 37 | Valid upto March 2, 2021. |

## VIII. PENDING APPROVALS

1. The Company has made following applications for obtaining registration for its premises situated in Kerala under Kerala Shops and Commercial Establishment Act, 1960:

    i. Application bearing no. 90124 for premises situated at Kizhakkekara House, House No.18/159-A 159-B Mangalam Post, Lakkidi Perur Panchayat Ottapalam, Kerala.

    ii. Application bearing no. 190148 for premises situated at D. No. 1, Sri Krishna Apartment, Cheruvaikal Village, Sreekariyam, Post Thiruvananthapuram, Kerala-695017

    iii. Application bearing no. 190134 for premises situated at Building No. 205, Padavayal Paloor, Post Palakkad - 678582.

    iv. Application bearing no. 190158 for premises situated at No. 328, South Kadampara, Sholayur, Palakkad Kerala.

2. The Company has made an application for registration under Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958 for its premises situated at Door No.2/9, A N Towers, Dr. Sathiyamoorthy Hospital Opp Road, 2/5, Perundurai Road Erode- 638011, Tamil Nadu, India.

3. The Company has made an application for registration under Karnataka Shops and Commercial Establishment Act, 1961 for its premises situed at No 1, Silicon Town, nearby Fidelity Financial Services, Electronic City Phase-2, Bangalore- 560100

4. Our Company had obtained Certificate of Registration bearing Registration No. BOCW/TV/28/2018 under section 7(3) of the Building and the Other Construction Workers (Regulation of employment and conditions of Service) Act, 1996 registering the Company as an employer enabling to employee 70 (seventy) Workers on any day through for providing 50 MLD WSSIS to Tirunelveli Corporation including maintenance issued by the Office of the Joint Director (BOCW) Industrial Safety and Health, Madurai which was valid until December 31, 2018. The Company is in the process of seeking an extension for the validity of the registration.

5. The Company has not obtained following approvals for its shops and establishments and is in the process of making an application for the same:

   i. 402, Orchid Building, Navghar Road, Mulund East, Mumbai – 400 081, Maharashtra, India under Maharashtra Shops and Establishment Act, 2017;

   ii. No. 3, Jeeva Street (Near Kalki Kovil Ext.), Muthirayar Palayam, – 605 009, Puducherry, India under Puducherry Shops and Establishments Act, 1964; and

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at their meeting held on February 7, 2019, which was subject to the approval of shareholders through a special resolution.

The shareholders of our Company have approved this Issue *vide* a Special Resolution passed at an Extra-ordinary General Meeting held on March 6, 2019.

Our Company may consider issuing up to 1,600,000 Equity Shares, on a private placement basis, for cash consideration aggregating up to ₹ [●] million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR.

The Board has approved this DRHP pursuant to a resolution dated March 28, 2019.

The Company has received in-principle approvals from BSE and NSE for the Issue dated [●] and [●], respectively.

### Prohibition by SEBI or Governmental Authorities

Our Company, our Directors, our Promoter, Promoter Group, Directors, persons in control of our Company and companies or entities with which our Company's Directors are associated as Directors / Promoters / partners are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other securities market regulator or Governmental Authority in any other jurisdiction or any other authority/court. The listing of any securities of our Company has never been refused at any time by any of the Stock Exchange in India. There are no violations of securities laws committed by them in the past or are pending against them.

None of our Directors are associated with any entities, which are engaged in securities market related business and are registered with SEBI for the same, and no action has been initiated by SEBI against such Directors.

### Prohibition by RBI

Neither our Company, nor our Promoters, relatives (as defined under the Companies Act, 2013) of our Promoters, Directors, nor our Group Company have been identified as wilful defaulters by the RBI or any other governmental authority.

### Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 and amendments thereof

Under the Companies (Significant Beneficial Ownership) Rules, 2018 and any amendments thereto ("**SBO Rules**") certain persons who are 'significant beneficial owners', are required to intimate their beneficial holdings to the Company in Form no. BEN-1. However, pursuant to the General Circular no. 8/2018 dated September 10, 2018 issued by the Ministry of Corporate Affairs, Government of India ("MCA"), filing of Form no. BEN –1 under the SBO Rules has been deferred until further notification from MCA. Therefore, the Company, Promoters, Promoter Group, Directors or persons in control of the Company, if applicable confirm that as at the date of this Draft Red Herring Prospectus, no compliance is required to be made by them under the SBO Rules and that they undertake to comply with the SBO Rules, as necessary and to the extent applicable to them, upon further notification by the MCA, within the timelines as may be specified under the applicable SBO Rules.

**Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with Regulation 6(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, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

- Our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis; and

- The name of our Company was changed to Annai Infra Developers Limited pursuant to a special resolution passed by our Shareholders at the EGM held on September 15, 2018. However, there has not been any corresponding change in the business activities of our Company. For details of changes in the name of our Company, see "*History and Certain Corporate Matters*" beginning on page 171 of this DRHP.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Standalone Financial Information included in this Draft Red Herring Prospectus as at September 30, 2018, and for the last three Fiscals ended March 31, 2018, 2017 and 2016 are set forth below:

***(in ₹Millions)***

| **Particulars** | **September 30, 2018** | **Fiscal 2018** | **Fiscal 2017** | **Fiscal 2016** |
|---|---|---|---|---|
| Net tangible assets, as restated | 1,050.50 | 889.41 | 456.40 | 278.70 |
| Monetary assets, as restated | 3.82 | 52.12 | 88.69 | 39.98 |
| Monetary assets, as a percentage of net tangible assets, as restated | 0.36% | 5.86% | 19.43% | 14.35% |
| Pre-tax Operating profit | 253.81 | 565.71 | 313.35 | 174.81 |
| Average pre-tax operating profit of the three most profitable years | 288.17 | | | |
| Net worth, as restated | 1,043.53 | 881.50 | 450.99 | 286.32 |

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at September 30, 2018, and for the last Fiscal ended March 31, 2018 are set forth below:

***(in ₹Millions)***

| **Particulars** | **September 30, 2018** | **Fiscal 2018** |
|---|---|---|
| Net tangible assets, as restated | 1,050.50 | 889.41 |
| Monetary assets, as restated | 3.82 | 52.12 |
| Monetary assets, as a percentage of net tangible assets, as restated | 0.36% | 5.86% |
| Pre-tax Operating profit | 149.35 | 301.96 |
| Average pre-tax operating profit of the three most profitable years | Not Applicable | |
| Net worth, as restated | 1,043.53 | 881.50 |

*Notes:*

a. Net Tangible Assets is the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) or Indian Accounting Standard (Ind AS) 38, as applicable, issued by the Institute of Chartered Accountants of India, in accordance with Regulation 2(1)(gg) of SEBI Regulations.

b. Net Worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation in accordance with Regulation 2(1)(hh) of SEBI Regulations.;

c. Monetary assets represent the sum of current and non-current cash and bank balance.

d. Net worth represents sum of share capital and reserves and surplus (capital reserve, securities premium, general reserve, foreign currency translation reserve and surplus in the Statement of profit and loss, as restated).

e. Pre-Tax Operating Profit has been calculated as profit before tax excluding other income, finance costs and exceptional items.

Further, in accordance to Regulation 49(1) of the SEBI ICDR Regulations, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received.

Our Company is in compliance with the conditions specified in Regulations 5(1) and 7(1) of the SEBI ICDR Regulations to the extent applicable.

**Disclaimer Clauses**

**DISCLAIMER CLAUSE OF THE SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY HEREBY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 29, 2019 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

The filing of this DRHP does not, however, absolve the Company from any liabilities under the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the BRLM, any irregularities or lapses in the DRHP.

All legal requirements pertaining to the Issue 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 Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32 and 33 of the Companies Act, 2013.

**Disclaimer from the Company, Directors and the Book Running Lead Manager.**

Bidders may note that our Company, the Directors and the BRLM accept no responsibility for statements made otherwise than in the DRHP or in the advertisement or any other material issued by or at the instance of the Company and that any one, placing reliance on any other source of information including our Company's website, www.annaiinfra.com or the respective websites of our Group Companies, would be doing so at their own risk.

BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and bidders at large and no selective or additional information would be available for any section of the bidders in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company, the BRLM or any other member of the Syndicate shall not be liable to the Bidders for any failure in (i) uploading the Bids due to faults in any software/hardware system or otherwise; and (ii) the blocking of application amount by RIIs' bank on receipt of instructions from Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI mechanism.

**Caution**

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any bidders on whether such bidder is eligible to acquire Equity Shares.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and its 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 and its 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**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to venture capital funds, permitted insurance companies and pension funds and to permitted non-residents including Eligible NRIs, Alternative Investment Funds, Foreign Portfolio Investors, Foreign Venture Capital Funds Registered with SEBI and QIBs. The DRHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the DRHP comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the DRHP was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the DRHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the DRHP nor any offer or sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales occur.**

**Bidders are advised to ensure that any Bid from them does not exceed the investment limits or the maximum number of Equity Shares that can be held by them under applicable law.**

**Disclaimer Clause of the BSE Limited**

As required, a copy of the DRHP has been submitted to the BSE Limited ("BSE"). The disclaimer clause as intimated by BSE to the Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

**Disclaimer Clause of the NSE**

As required, a copy of the DRHP has been submitted to NSE. The disclaimer clause as intimated by NSE to the Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

**Listing**

Application will be made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalised for the Issue. Our existing Equity Shares are not listed on any Stock Exchanges in India.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company 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 at all Stock Exchanges mentioned above are taken within 6 (six) Working Days of the Bid/Issue Closing Date.

If our Company does not Allot Equity Shares pursuant to the Issue within 6 (six) Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. For further details relating to Issue related expenses, please see the chapter titled "Objects of the Issue" beginning on page 80 of this DRHP.

**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 and 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.."**

**Consents**

Necessary Consents for the Issue have been or will be obtained prior to the filing of Red Herring Prospectus from the following:

1. our Directors;

2. our Promoters;
3. our Key Managerial Personnel;
4. Company Secretary and Compliance Officer;
5. Chief Financial Officer;
6. Auditor of our Company
7. the BRLM;
8. CRISIL Research
9. Registrar to the Issue;
10. the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters;
11. Bankers to the Issue;
12. Refund Bank(s);
13. Sponsor Bank;
14. Bankers to our Company; and
15. Legal Counsel to the Issue.

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Coimbatore, as required under the Companies Act, 2013 and such consents have not been withdrawn upto the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Coimbatore.

In accordance with the Companies Act and the SEBI ICDR Regulations, K.S Aiyar & Co., Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the DRHP and such consent and report has not been withdrawn upto the time of delivery of the DRHP for registration with the RoC.

**Experts**

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

Our Company has received written consent from the Auditor, who holds a valid peer review certificate, to include its name as required under Section 26 of the Companies Act, 2013 in this DRHP and as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated December 28, 2018 of the Auditor on the Restated Financial Information of our Company, as at and for the six month period ended September 30, 2018 and as at and for Fiscals 2018, 2017 and 2016 and the Statement of Special Tax Benefits dated December 28, 2018, included in this DRHP and such consents have not been withdrawn as on the date of this DRHP.

**Previous Public or Rights Issues in the last 5 years**

Our Company has not made any public or rights issue in the last 5 years.

**Commission or Brokerage on Previous Issues**

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of our Company since inception.

**Details of capital issue made during last three years by the Company and other listed group companies/subsidiaries/associates under the same management**

There have been no capital issues by our Company or any of our Group Companies during last 3 years. There are no other listed companies under the same management at present or during the last three years. There are no other listed companies under the same management at present or during the last three years.

**Promise vis-à-vis Performance**

Our Company has not made any public issue in the past.

**Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Subsidiaries and Promoters of our Company**

Our Company has not undertaken any previous public issues or right issues.

**Partly Paid-up Shares**

The Company does not have any partly paid-up Equity Shares as on the date of this DRHP.

**The price information of past issues handled by the BRLM is as follows:**

The price information of past issues handled by Pantomath Capital Advisors Private Limited is as follows:

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

| Sr. No | Issue Name | Issue Size (Cr) | 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. | Ganga Forging Limited | 5.00 | 21.00 | July 11, 2018 | 21.10 | 0.00% (4.77%) | -4.76% (-5.48%) | 15.48% (-2.02%) |
| 2. | Ushanti Colour Chem Limited | 11.56 | 60.00 | August 02, 2018 | 64.20 | 17.58% (3.88%) | 1.67% (-9.30%) | -23.33% (-5.19%) |
| 3. | Manorama Industries Limited | 64.00 | 188.00 | October 04, 2018 | 190.20 | -2.26% (-0.45%) | 5.69% (3.09%) | Not Applicable |
| 4. | Innovative Ideals and Services (India) Limited | 12.26 | 40.00 | October 05, 2018 | 43.00 | 215.00% (1.85%) | 320.25% (4.41%) | Not Applicable |
| 5. | Vinny Overseas Limited | 10.37 | 40.00 | October 11, 2018 | 40.50 | 11.25% (3.43%) | 12.25% (5.54%) | Not Applicable |
| 6. | Shubhlaxmi Jewel Art Limited | 6.51 | 26.00 | December 04, 2018 | 27.10 | 33.85% (-0.71%) | 111.54% (-0.06%) | Not Applicable |
| 7. | Deccan Health Care Limited | 42.12 | 100.00 | December 31, 2018 | 108.00 | 28.40% (-1.32%) | Not Applicable | Not Applicable |
| 8. | Surani Steel Tubes Limited | 12.92 | 52.00 | February 06, 2019 | 53.10 | -4.81% (-0.04%) | Not Applicable | Not Applicable |
| 9. | Ritco Logistics Limited | 48.18 | 73.00 | February 07, 2019 | 77.40 | -5.00% (-0.81%) | Not Applicable | Not Applicable |
| 10. | Artedz Fabs Limited | 8.31 | 36.00 | March 29, 2019 | 40.00 | Not Applicable | Not Applicable | Not Applicable |

Sources: All share price data is from www.bseindia.com and www.nseindia.com

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case the 30th/90th/180th day is a holiday, closing price on BSE/NSE of the previous trading day has been considered.

In case 30th/90th/180th days, scrips are not traded then closing price on BSE/NSE of the previous trading day has been considered.

**SUMMARY STATEMENT OF DISCLOSURE**

| Financial year | Total no. of IPO | Total funds raised (₹Cr) | Nos of IPOs trading at discount on 30th Calendar day from listing date | | | Nos of IPOs trading at premium on 30th Calendar day from listing date | | | Nos of IPOs trading at discount on 180th Calendar day from listing date | | | Nos of IPOs trading at premium on 180th Calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 16-17 | *23$ | 195.13 | - | - | 5 | 4 | 4 | 8 | - | 1 | 5 | 10 | 1 | 6 |
| 17-18 | **30 | 610.90 | - | - | 4 | 10 | 7 | 9 | - | 2 | 6 | 12 | 3 | 7 |
| 18-19 | ***25$$# | 476.97 | - | - | 6 | 2 | 4 | 11 | 1 | 2 | 7 | 1 | 1 | 5 |

*The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016 December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

**The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited and Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017 July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017, August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017, December 29, 2017, February 05, 2018, February 08, 2018, February 09, 2018, February 12, 2018, February 15, 2018, February 16, 2018, February 19, 2018 and March 22, 2018 respectively.

***The scripts of Benara Bearings and Pistons Limited, Soni Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited, Innovators Façade Systems Limited, Shree Vasu Logistics Limited, Affordable Robotic & Automation Limited, Latteys Industries Limited, Nakoda Group of Industries Limited, ShreeOswal Seeds and Chemicals Limited, Priti International Limited, Accuracy Shipping Limited, Ganga Forging Limited, Ushanti Colour Chem Limited, Manorama Industries Limited, Innovative Ideals and Services (India) Limited, Vinny Overseas Limited, Shubhlaxmi Jewel Art Limited, Deccan Health Care Limited, Surani Steel Tubes Limited, Ritco Logistics Limited and Artedz Fabs Limited were listed on April 3, 2018, April 12, 2018, April 12, 2018, April 12, 2018, April 26, 2018, May 11, 2018, May 11, 2018, May 24, 2018, June 4, 2018, June 4, 2018, June 5, 2018, June 6, 2018, June 20, 2018, June 21, 2018, June 22, 2018, July 11, 2018, August 02, 2018, October 04, 2018, October 05, 2018, October 11, 2018, December 04, 2018, December 31, 2018, February 06, 2019, February 07, 2019 and March 29, 2019 respectively.

$. As on 30th trading day the closing price of the scripts Ruby Cables Limited and Shashijit Infraprojects Limited were at par with the issue price. Hence, they are not considered for counting the number of IPOs trading at discount and premium.

$$ The scripts of Manorama Industries Limited, Innovative Ideals and Services (India) Limited, Vinny Overseas Limited, Shubhlaxmi Jewel Art Limited Deccan Health Care Limited, Surani Steel Tubes Limited, Ritco Logistics Limited and Artedz Fabs Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days and 30 days respectively from the date of listing.

# As on 30th trading day the closing price of the script Ganga Forging Limited was at par with the issue price. Hence it is not considered for counting the numbers of IPOs trading at discount and premium.

***Note:*** *Majestic Research Services and Solutions Limited and Ambition Mica Limited are Further Public Offerings lead managed by Pantomath Capital Advisors Private Limited in the Financial Years 2016-17 and 2017-18 respectively and the same have not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only*.

**Track record of past issues handled by the BRLM**

For details regarding the track record of the Managers, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLM, as set forth in the table below:

| Sr. No. | Name of the Manager | Website |
|---|---|---|
| 1. | Pantomath Capital Advisors Private Limited | www.pantomathgroup.com |

**Stock Market Data**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

**Mechanism for redressal of Investors' grievance**

The agreement between the Registrar to the Issue and our Company dated March 28, 2019 will provide for retention of records with the Registrar to the Issue for a period of at least 8 years from the last date of dispatch of letters of allotment, demat credit to enable the bidders to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations or the Registered Broker or the RTA or the DP with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations or the Registered Broker at the Broker Centre or address of the RTA or the address of the DP, as the case may be, where the Bid cum Application Form was submitted by the ASBA Bidder.

Anchor Investors are required to address all grievances in relation to the Issue to the BRLM. All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the Sole Bidder or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor.

Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of any SCSB, Registered broker, Syndicate member, RTA or CDP including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the bidder shall also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

**Disposal of Investors' Grievances and Redressal Mechanism**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of Bidders applying through ASBA process for the redressal of routine investor grievances shall be 7 (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.

We have appointed Mr. Sasikumar Gopal as our Company Secretary and Compliance Officer and he may be contacted in case of any pre Issue/post Issue related problems at the following address:

**Annai Infra Developers Limited**,
Door No.2/9, A N Towers,
Dr. Sathiyamoorthy Hospital Opp Road,

2/5, Perundurai Road,
Erode- 638011, Tamil Nadu.
**Tel No:** +91 424 2241433
**Fax No.:** +91 424 2241455
**Email:** companysecretary@annaiinfra.com
**Website:** www.annaiinfra.com

Our Company has not received any investor complaints during the three years preceding the filing of the DRHP with SEBI. Further, no investor complaints are pending as on the date of filing the DRHP with SEBI.

**SECTION VII – ISSUE RELATED INFORMATION**
**TERMS OF THE ISSUE**

The Equity Shares being offered pursuant to the Issue shall be subject to the provisions of the Companies Act, SEBI Regulations, SCRA, SCRR, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the abridged prospectus, any addendum/corrigendum thereto, Bid-cum-Application Form, the Revision Form, Anchor Investor Allocation Notice, the Confirmation of Allocation Note, the Allotment Advice, SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, 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, the RoC and/or other authorities, as in force on the date of the Issue 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 Issue.

**Ranking of Equity Shares**

The Equity Shares being offered pursuant to the Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment in accordance with the provisions of the Companies Act, 2013 and the Articles of Association. For further details, please refer to chapter titled “Main Provisions of Articles of Association” beginning on page 291 of the DRHP.

**Face Value and Issue Price per Share**

The face value of the Equity Shares is ₹ 10 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Issue Price is [●] times the face value of the Equity Shares. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

The Price Band, Issue Price and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building and advertised in all editions of [●] of the English national newspaper, all editions [●] of the Hindi national newspaper, with wide circulation; and all editions of [•] which is a widely circulated Tamil newspaper, Tamil being the regional language of Tamil Nadu, where our Registered Office is located, and made available on the websites of the Stock Exchanges, at least 2 (two) Working Days prior to the Bid/Issue Opening Date. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.

**Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum and Articles, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Issue, in accordance with applicable law. For further details in relation to dividends, please refer to the chapters titled “Dividend Policy” and “Main Provisions of the Articles of Association” on pages 205 and 291, respectively.

**Compliance with the SEBI Regulations**

Our Company shall comply with all the 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 the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividend, 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 offer 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 Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s), SEBI LODR Regulations and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to chapter titled "Main Provisions of Articles of Association" beginning on page 291 of the DRHP.

**Market Lot and Trading Lot**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI Regulations, the trading in the Equity Shares shall only be in dematerialised form for all Bidders. In this context, 2 (two) agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated November 21, 2018 among NSDL, our Company and the Registrar to the Issue; and
- Agreement dated December 5, 2018 among CDSL, our Company and the Registrar to the Issue.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is 1 (one) Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one subject to (i) a minimum Allotment of [●] Equity Shares.

**Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-owners with benefits of survivorship.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933("Securities Act") and may not be offered or sold within the United States (as defined in Regulation Sunder the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest in relation to such securities, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A 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. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

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 ninety days, our Board may thereafter withhold payment of all dividends, 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 Issue 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 Bidder wants to change the nomination, they are requested to inform their respective depository participant.**

**Period of operation of subscription list**

For details, please see the section titled "Issue Structure – Bid/Issue Programme" on page 269 of the chapter titled "Issue Structure" beginning on page 265 of this DRHP

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Issue; and (ii) a subscription in the Issue equivalent to at least 25% post-Issue paid up Equity Share capital of our Company, the minimum number of securities as specified under Rule 19(2)(b)(i) of the SCRR, on account of withdrawal of applications, or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the securities so offered under the Red Herring Prospectus, including devolvement of Underwriters, if any, within ten (10) days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received, no later than 15 days from the closure of the Issue in accordance with Regulation 45 of the SEBI ICDR Regulations. If there is a delay beyond 15 days after the Company becoming liable to repay the subscription amount, the Company and every director of the Company who are the officers in default, shall pay interest at the rate of 15 per cent per annum for the delayed period, and our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000.

**Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only, the market lot of our Equity Shares will be one, no arrangements for disposal of odd lots are required.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for (a) the lock-in of the pre-Issue capital of our Company and the Promoters' minimum Contribution and the Anchor Investor lock-in as provided in "Capital Structure" beginning on page 71; and (b) otherwise provided in our Articles of Association, as described in the chapter titled "Main Provisions of the Articles of Association" beginning on page 291, there are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting.

**Employee Discount**

The Employee Discount, if any, will be offered to Eligible Employees at the time of making a Bid. Eligible Employees bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price less Employee Discount, as applicable at the time of making a Bid. Eligible Employees must mention the Bid Amount while filling the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an undersubscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount).

**Option to Receive Securities in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares being offered through this Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only. Bidders will not have the option of Allotment of the Equity Shares in physical form. Further, as per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

**New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

## ISSUE STRUCTURE

Issue comprising of upto 10,000,000 Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating upto ₹ **[●]** million. The Issue comprises a reservation of upto [●] Equity Shares for subscription by Eligible Employees aggregating upto ₹ [•] million and a Net Issue of [●] Equity Shares to Public aggregating up to ₹ [●] million. The Issue will constitute [●]% of the post- Issue paid-up Equity Share capital of our Company and the Net Issue will constitute [●]% of the post- Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process.

Our Company may undertake a private placement of up to 1,600,000 Equity Shares for cash consideration aggregating up to ₹ [●] million, at its discretion in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the equity shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b)(i) of the SCRR.

| Particulars | Eligible Employees | QIBs* | Non Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| **Number of Equity Shares available for allocation/ Allotment** * | Upto [•] Equity Shares. | [●] Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. | Not less than [●] Equity Shares available for allocation or Net Issue less allocation to QIBs and Retail Individual Bidders. | Not less than [●] Equity Shares available for allocation or Net Issue less allocation to QIBs and Non Institutional Bidders. |
| **Percentage of Issue Size available for allocation/ Allotment** | Upto 5 % of the Issue Size. | Not more than 50% of the Net Issue shall be available for allocation to QIBs.<br>However, upto 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.<br>Upto 60% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only* | Not less than 15% of the Net Issue | Not less than 35% of the Net Issue. |
| **Basis of allocation/Allotment if respective category is oversubscribed** | Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000 (net of Employee | Proportionate as follows (excluding Anchor Investor Portion):<br>a) [●] Equity Shares constituting 5% of the Net QIB Portion, shall be available for allocation on a proportionate basis to Mutual Funds;<br>(b) [●] Equity Shares | Proportionate | On a proportionate basis subject to Minimum Lot as explained in the section titled "Issue Procedure" on page 272. |

| Particulars | Eligible Employees | QIBs* | Non Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | Discount). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 2,00,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount) | shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. | | |
| **Minimum Bid** | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 2,00,000. | Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares in multiples of [●] Equity Shares thereafter. |
| **Maximum Bid** | Such number of Equity Shares in multiples of [•] equity shares so as to ensure that the Bid Amount does not exceed ₹5,00,000#. | Such number of Equity Shares not exceeding the size of the Net Issue, subject to the regulations as applicable to the Bidder. | Such number of Equity Shares not exceeding the size of the Net Issue, subject to the regulations as applicable to the Bidder. | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed ₹ 2,00,000. |
| **Mode of Allotment** | Compulsorily Dematerialized mode | Compulsorily Dematerialized mode | Compulsorily Dematerialized mode | Compulsorily Dematerialized mode |
| **Bid Lot** | [●] Equity Shares and in multiples thereof. | [●] Equity Shares and in multiples thereof. | [●] Equity Shares and in multiples thereof. | [●] Equity Shares and in multiples thereof. |
| **Allotment Lot** | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share. | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share. | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share. |
| **Trading Lot** | One (1) Equity Share, | One (1) Equity Share. | One (1) Equity Share. | One (1) Equity Share. |
| **Who can apply**** | Eligible Employees | Mutual Funds, Venture Capital Fund, FVCI, FPIs (other than Category III FPIs), Public financial institutions, as specified in Section 2(72) of the | Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF | Resident Indian individuals, (including HUFs in the name of the Karta) and Eligible NRIs. |

| Particulars | Eligible Employees | QIBs* | Non Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | Companies Act, 2013, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FPIs other than Category III Foreign Portfolio Investors, FVCIs, VCFs, AIFs, state industrial development corporation, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set-up and managed by the Department of Posts, India and systematically important NBFCs. | (in the name of Karta), Eligible NRIs and sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, eligible QFIs and Category III FPIs. | |
| **Mode of Bidding** | Only through the ASBA process | Only through the ASBA process (except Anchor Investors). | Only through the ASBA process | Only through the ASBA process including the UPI Mechanism under the ASBA process |
| **Terms of payment** | In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the Bid cum Application Form. | In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the Bid cum Application Form.<br><br>In case of Anchor Investors, full amount shall be payable by Anchor Investors at the time of submission of their bids. | In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the Bid cum Application Form. | In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the Bid cum Application Form. In case of Bidders applying the through the UPI Mechanism under the ASBA process, the Sponsor Bank shall be authorised to send the UPI Mandate Request to facilitate the blocking of the Bid Amount mentioned in |

| Particulars | Eligible Employees | QIBs* | Non Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | | | the Bid cum Application Form. |

**Our Company, in consultation with the BRLM, may allocate upto 60% of the QIB Portion to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. For details, see chapter titled "Issue Procedure" on page 272.*

*Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19(2)(b)(i) of the SCRR read with Regulation 31 of the SEBI (ICDR) Regulation, this is an Issue for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM, may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations, of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from them 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 Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue 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 Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Balance Equity Shares arising out of under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to be met with spill over from the Employee Reservation Portion, subject to compliance with Rule 19(2)(b)(i) of the SCRR.*

*The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.*

*# Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Issue and such Bids will not be treated as multiple Bids subject to applicable limits. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

*Under- subscription, if any, in any category, other than the QIB category, would be met with spill-over from the other categories or a contribution of categories (including the Employee Reservation Portion) at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Our Company may, in consultation with the BRLM, offer a discount to Eligible Employees ("***Employee Discount***") in accordance with the SEBI Regulations.*

*** In case a Bid cum Application Form is submitted in joint names, the investors should ensure that the* *depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*

***In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.***

***In case of Retail Individual Bidders, applying through the UPI mechanism under the ASBA process, the Sponsor Bank shall be authorised to send the UPI Mandate Request to facilitate the blocking of funds in the UPI ID Linked Bank Account of the Bidder that are specified in the Bid cum Application Form upon confirmation of UPI Mandate Request by the Retail Individual Bidder.***

A total of upto [●] Equity Shares aggregating upto ₹ [●] million shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue Portion.

**Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company shall issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs/Sponsor Bank, as the case may be, to unblock the bank accounts of the ASBA Bidders/ Retail Individual Bidders, applying through the UPI mechanism, within 1 (one) day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that they will proceed with a fresh issue of the Equity Shares, our Company shall file a fresh DRHP with SEBI. Notwithstanding the foregoing, this Issue 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

**Bid/Issue Programme***

| | |
|---|---|
| **FOR ALL BIDDERS** | **ISSUE OPENS ON [●]** |
| **FOR QIBs**** | **ISSUE CLOSES ON [●]** |
| **FOR RETAIL AND NON-INSTITUTIONAL BIDDERS** | **ISSUE CLOSES ON [●]** |

***Our Company in consultation BRLM may allocate up to 60% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date.*

***Our Company in consultation with the BRLM may consider closing the Bidding Period for QIBs one Working Day prior to the Bid Closing Date in accordance with the SEBI ICDR Regulations.*

An indicative timetable in respect of the Issue is set out below:

| Event | Indicative Date |
|---|---|
| Bid/Issue Closing Date | **[●]** |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | **[●]** |
| Initiation of refunds for Anchor Investors / Unblocking of ASBA Accounts or UPI ID Linked Bank Account | **[●]** |
| Credit of the Equity Shares to depository accounts of Allottees | **[●]** |
| Commencement of trading of the Equity Shares on the Stock Exchanges | **[●]** |

**The above timetable is indicative and does not constitute any obligation on our Company or the BRLM.**

**While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 6 (six) Working Days of the Bid/Issue Closing Date or such other period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company in consultation with the BRLM, 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.**

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time, "IST") during the Bid/ Issue Period (except the Bid/Issue Closing Date) as mentioned above at the Bidding Centres and the Designated SCSB Branches mentioned on the Bid cum Application Form or by members of the Syndicate at the Specified Locations or by the Registered Brokers at the Broker Centre except that:

(i) in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the QIB Bid Closing Date;

(ii) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and

(iii) in case of Bids by Retail Individual Bidders and bids by Eligible Employees bidding under the Employee Reservation Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended upto such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by book running lead manager to the Stock Exchanges.

It is clarified that the Bids not uploaded on the online IPO system **or in respect of which the full Bid Amount is not blocked by SCSBs** would be rejected. Due to limitation of time available for uploading Bids on the Bid/ Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and no later than 1.00 p.m. (IST) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on Bid/ Issue Closing Date, as is typically experienced in public offerings in India, it may lead to, some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Working Days). Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchanges. Bids directly submitted to SCSBs by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Our Company or any member of the Syndicate is not liable for any failure in uploading the Bids due to faults in any software /hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB within the timelines under applicable law.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period, in accordance with the SEBI Regulations. In such an event, the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares.. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least two Working Days before the Bid/Issue Opening Date.

**In case of revision in the Price Band, the Bid/Issue Period shall be extended for at least 3 (three) additional Working Days after such revision, subject to the Bid/Issue Period not exceeding 10 (ten) Working Days. Any revision in Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by**

**indicating the change on the websites of the BRLM and the terminals of the other members of the Syndicate. However, in case of revision in the Price Band, the Bid Lot shall remain the same.**

## ISSUE PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January21, 2016 and circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 (the "**General Information Document**"), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of the Companies Act, 2013, to the extent applicable to a public issue and any other enactments and regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

*SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 ("**UPI Circular**") has proposed to introduce an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. Pursuant to the UPI Circular, from January 1, 2019, the UPI mechanism for RIIs applying through intermediaries (i.e., Syndicate members, Registered Stock Brokers, Registrar and Transfer Agents and Depository Participants) will be made effective along with the existing process and existing timeline of T+6 days. The same will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase I**"). Thereafter, for application by RIIs applying through intermediaries (i.e., Syndicate members, Registered Stock Brokers, Registrar and Transfer Agents and Depository Participants), the existing process of physical movement of forms from such intermediaries to SCSBs for blocking of funds will be discontinued, including forms directly submitted to SCSBs, and only the UPI mechanism with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, the final reduced timeline will be made effective using the UPI mechanism for applications by RIIs ("**UPI Phase III**"), as may be prescribed by SEBI. This Issue will be under UPI Phase I and the UPI mechanism for making Applications by Retail Individual Investors will be made available in accordance with the UPI Circular. Accordingly, only Retail Individual Investors will have the option of applying in the Issue using the ASBA process as well as the UPI Mechanism available under the ASBA Process. The UPI mechanism under the ASBA process will not be available for other investors. The UPI Circular is available on the website of the BRLM.*

*RIIs bidding through the UPI mechanism shall ensure that the bank, with which it has its bank account, where the funds equivalent to the Bid amount is available for blocking has been notified as Issuer Banks for UPI. A list of such banks is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment Instructions for Bidders applying through the ASBA process and Retail Individual Bidders applying through the UPI mechanism under the ASBA process; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*Our Company and the BRLM 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.*

**Book Building Procedure**

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis, provided that our Company in consultation with the BRLM 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 Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net 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 Issue Price. Further, upto 5% of the Post-Issue Capital, i.e, [●] Equity Shares aggregating to ₹ [•] million shall be reserved for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. Any unsubscribed portion in Employee Reservation Category shall be added to the Net Issue to the public.

Under-subscription, if any in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Issue. In accordance with Rule 19(2)(b)(i) of the SCRR, the Net Issue will constitute at least [●]% of the post Issue paid-up Equity Share capital of our Company.

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. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.**

**Bid cum Application Form**

Copies of the Bid cum Application Form and the abridged prospectus will be available with the members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs at the Bidding Centers, and the Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process. Retail Individual Bidders can also participate in the Issue through the UPI mechanism available under the ASBA process. Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details will be rejected.

Retail Individual Bidders applying in the Issue through the UPI mechanism available under the ASBA process must provide UPI ID details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details will be rejected.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the relevant intermediary being the members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs, as the case may be, submitted at the Bidding Centers only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

Bidders must ensure that the ASBA Account/ UPI ID Linked Bank Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid.

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 |
| Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis** | Blue |
| Anchor Investors | White |
| Eligible Employees bidding in the Employee Reservation portion | Pink |

** Excluding electronic Bid cum Application Forms*
*** Electronic Bid cum Application forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com). Same Bid cum Application Form applies to all Bidders including Retail Individual Bidders applying through UPI mechanism.*

The members of the Syndicate, the sub-Syndicate, the Registered Brokers, RTAs and CDPs, as the case may be, shall submit/deliver the Bid cum Application Forms (except the Bid cum Application Form from a RII bidding in the Issue using the UPI mechanism) 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 Bid cum Application Form and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

**Electronic Registration of Bids**

a) The members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs may register the Bids using the on-line facilities of the Stock Exchanges. They can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Issue.

b) On the Bid/Issue Closing Date, the members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs 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 members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

**Who can Bid?**

In addition to the category of Bidders, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- Scientific research organisations authorised in India to invest in the Equity Shares; and
- Any other persons eligible to Bid in the Issue under the laws, rules, regulations, guidelines and policies applicable to them.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and applicable laws of the jurisdictions where such offers and sales occurs.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Participation by Promoters and Promoter Group of our Company, the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may Bid for Equity Shares in the Issue, 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 BRLM 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 Issue 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 reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid 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 members of the Syndicate, the sub-Syndicate, the SCSBs, the Registered Brokers, RTAs and CDPs. 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.

Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Issue.

In case of Eligible NRIs bidding under the Retail Category through the UPI mechanism, depending on the nature of the investment whether repatriable or non-repatriable, the Eligible NRI may mention the appropriate UPI ID in respect of the NRE account or the NRO account, in 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). For details of restrictions on investment by NRIs, please refer to the chapter titled "Restrictions on Foreign Ownership of Indian Securities" beginning on page 289.

**Bids by HUFs**

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs may be considered at par with Bids from individuals;

**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-Issue 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 followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI.

By a board resolution dated February 7, 2019 and a Shareholders resolution dated March 6, 2019, our Company has increased the aggregate limits of its shareholding by FPIs to 100%. Accordingly, as of the date of this Draft Red Herring Prospectus, the existing individual investment limit for a single FPI is 10% of the paid up capital of our Company and the existing aggregate investment limit of FPIs in our Company is 100% of the paid up capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Issue 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.

**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 or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

a. Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).

b. The Bid must be for a minimum of **[●]** Equity Shares and in multiples of **[●]** Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid amounting up to ₹ 200,000 (net of Employee Discount). In the event of any under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees, who have bid in excess of ₹ 200,000 (net of Employee Discount), provided however that the maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000 (net of Employee Discount).

c. The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.

d. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

e. Only those Bids, which are received at or above the Issue Price, would be considered for Allotment under this category.

f. Bid by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

g. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

h. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue

In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting [●]% of the post- Issue share capital of our Company. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Employee Discount may be offered to Eligible Employees bidding in the Employee Reservation Portion.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company 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 (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 bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

**Bids by SCSBs**

SCSBs participating in the Issue 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 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 reserves the right to reject any Bid without assigning any reason thereof. Systematically Important NBFCs participating in the Issue 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.

**Bids by insurance companies**

In case of Bids made by Insurance Companies, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the "**IRDAI Investment Regulations**") are broadly set forth below:

1. 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 or health insurer, as the case may be, whichever is lower;
2. 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
3. the industry sector in which the investee company belong to: 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 points (i), (ii) and (iii) above, as the case may be.

**The above limit of 10.00% shall stand substituted as 15.00% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12.00% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000.00 million or more but less than ₹2,500,000.00 million.*

Insurance companies participating in this Issue, shall comply with all applicable regulations, guidelines and circulars issued by IRDA 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 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, Government of India, Systemically Important Non-Banking Financial Company 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 reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the 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.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM 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.**

**In accordance with RBI regulations, OCBs cannot participate in the Issue.**

**Names of entities responsible for finalising the basis of allotment and method of allotment**

In the event of the Issue being over-subscribed, our Company, in consultation with the BRLM may finalise the Basis of Allotment with the approval of the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

**Allotment Procedure and Basis of Allotment**

The Allotment of Equity Shares to Bidders other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders 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 Issue.

**Allotment to Retail Individual Investors ("RIIs")**

Bids received from the RIIs at or above the Issue 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 Portion at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Portion at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("**Maximum RII Allottees**").

The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the RIIs 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 RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

**Allotment to Non-Institutional Bidders ("NIBs")**

Bids received from NIBs at or above the Issue 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 Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue 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 Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

**Allotment to Qualified Institutional Bidders ("QIBs")**

For the Basis of Allotment to Anchor Investors, Bidders may refer to the GID or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Portion (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Portion may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue 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 Portion (excluding Anchor Investor portion) may be determined as follows:
   (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor portion), allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor portion);
   (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor portion) then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and
   (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs;

(b) In the second instance, Allotment to all QIBs may be determined as follows:
   (i) In the event of oversubscription in the QIB Portion (excluding Anchor Investor portion), all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion (excluding Anchor Investor portion);
   (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 Portion (excluding Anchor Investor portion), if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

**Allotment to Anchor Investor**

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer in consultation with the BRLM, subject to compliance with the following requirements:
   i. not more than 60% of the QIB Portion 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 2 Anchor Investors for allocation up to ₹ 100 million;
      - a minimum number of 2 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 5 Anchor Investors and maximum number of 15 Anchor Investors for allocation up to ₹ 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 Issue.

(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 BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) In the event that the Issue Price is higher than the Anchor Investor Issue 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 Issue Price and the

Anchor Investor Issue 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 Issue Price is lower than the Anchor Investor Issue Price:

Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

**Basis of Allotment for QIBs (Other Than Anchor Investors), NIBs and Reserved Category In Case Of Over-Subscribed Issue**

In the event of the Issue being over-subscribed, our Company, in consultation with the BRLM may finalise the Basis of Allotment with the approval of 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.

**General Instructions**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until Bid/ Issue Closing Date.

Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

***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.
2. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only. RIIs can also submit their Bids using the UPI mechanism available under the ASBA process;
3. Ensure that you have Bid within the Price Band;
4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
5. Ensure that you have mentioned the correct ASBA Account number or the UPI ID Linked Bank Account, in respect of RIIs bidding using the UPI mechanism, in the Bid cum Application Form;
6. Ensure that your Bid cum Application Form bearing the stamp of a member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTAs and CDPs, as the case may be is submitted to the member of the Syndicate, sub-Syndicate, SCSB, Registered Broker, RTAs and CDPs, at the Bidding Center within the prescribed time;

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form to any of the members of the Syndicate, the sub-Syndicate, SCSBs, Registered Brokers, RTAs and CDPs, as the case may be;
8. Ensure that you have funds equal to the Bid Amount in the UPI ID Linked Bank Account, in case of RIIs bidding using the UPI mechanism, before submitting the Bid cum Application Form to any of the members of the Syndicate, the sub-Syndicate, the Registered Brokers, RTAs and CDPs, as the case may be;
9. RIIs bidding using the UPI mechanism shall ensure that the bank, with which it has its bank account, where the funds equivalent to the Bid amount are available for blocking, is UPI 2.0 certified by NPCI;
10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
11. 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;
12. 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 member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP, as the case may be;
13. 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;
14. Ensure that you submit the revised Bids to the same member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP, as the case may be, through whom the original Bid was placed and obtain a revised acknowledgment;
15. 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;
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. 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;
18. Ensure that the category and the investor status is indicated;
19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
21. 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 member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP,, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;
22. Bidders (other than Anchor Investors and RIIs bidding through the UPI mechanism) should ensure that while bidding through a member of the Syndicate, the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained, has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI http://www.sebi.gov.in or such other websites as may be updated from time to time. Bidders (other than Anchor Investors and RIIs bidding through the UPI mechanism) bidding through a Registered

Broker/RTA/CDP should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers/RTA/CDP to deposit the Bid cum Application Forms;

23. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account/ UPI ID Linked Bank Account, as applicable, equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
24. For RIIs bidding using the UPI mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;
25. For RIIs bidding using the UPI mechanism, ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RII may be deemed to have verified the attachment containing the application details of the RII in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to facilitate the blocking of the Bid Amount mentioned in the Bid cum Application Form; and
26. RIIs bidding using the UPI mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner.

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/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case maybe, after you have submitted a Bid to a member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP;
4. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
5. Do not use third party ASBA account or third party UPI ID linked Bank Account for making the Bids;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. If you are a Non-Institutional Investor or a Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date;
10. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Issue Closing Date;
11. Do not instruct your respective banks to release the funds blocked in the ASBA Account/UPI ID Linked Bank Account, as applicable under the ASBA process;
12. Do not submit the Bid for an amount more than funds available in your ASBA account/UPI ID Linked Bank Account, as applicable.
13. 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;
14. Anchor Investors should not Bid through the ASBA process;
15. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
16. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP;
17. Do not submit the General Index Register (GIR) number instead of the PAN;
18. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
19. Do not submit incorrect UPI ID details if you are a RII bidding through the UPI mechanism;
20. Do not submit more than one Bid cum Application Form per ASBA Account;

21. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIIs bidding through the UPI mechanism.
22. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIIs using the UPI mechanism.
23. 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;
24. 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).
25. Do not Bid for shares more than specified by respective Stock Exchanges for each category;
26. 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;
27. 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. Retail Individual Bidders can revise their Bids during the Bid/Issue Period and withdraw their Bids on or before the Bid/Issue Closing Date;
28. Do not submit the Bid cum Application Form to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres or to the RTAs and CDPs at a location other than the bidding centers of such RTAs or DPs;
29. Do not submit the Bid cum Application Form to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit the Bid cum Application Form (a list of such branches is available on the website of SEBI at http:/ / www.sebi.gov.in); and
30. Do not submit Bids to a Registered Broker, RTA and CDP 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 Registered Broker, RTA and CDP to deposit the Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the company secretary and compliance officer. For details of company secretary and compliance officer, please refer to chapter titled “General Information” beginning on page 64.

**Other instructions for the Bidders**

**Joint Bids**

In the case of Joint Bids, the Bids should be made in the name of the Bidder 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 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.

All communications may be addressed to such Bidders and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

**Multiple Bids**

A Bidder should submit only one Bid cum Application Form. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP 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.

However, 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.

**Impersonation**

Attention of the Bidders is specifically drawn to the provisions of Sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

1. *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
2. *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*
3. *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.*
4. *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 upto 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 upto three times of such amount."*

**Investor Grievance**

In case of any pre-Issue or post-Issue related problems regarding demat credit/refund orders/unblocking etc., the Investors can contact the Compliance Officer of our Company.

**Nomination Facility to Bidders**

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 should inform their respective DP.

**Grounds for Technical Rejections**

Bidders are advised to note that the Bids are liable to be rejected, inter-alia, on the following technical grounds:

- The amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- Bid 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);
- PAN not mentioned in the Bid cum Application Form except for Bids 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;.
- GIR number has been furnished instead of PAN.
- Bids for a lower number of Equity Shares than the minimum specified for that category of investors;
- Bids made using a third party ASBA account;
- Bids by RIIs made using the UPI mechanism by using a third party UPI ID Linked Bank Account;
- In case of joint Bids, submission of Bid cum Application Forms using second or third party's UPI ID or ASBA Account;
- Submission of more than one Bid cum Application Form per ASBA Account number or UPI ID, as applicable, as mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price & Bids at a price more than the Cap Price;
- Bids at Cut-off Price by NIIs and QIBs;
- Bids for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;
- Category not ticked;
- Multiple Bids as defined in the RHP/Prospectus;

- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and RHP as per the instructions in the RHP and Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- DP ID and Client ID not mentioned in the Bid cum Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by OCBs;
- Bids by US person other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the US Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected.
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals.
- ASBA Account number or UPI ID not mentioned or incorrectly mentioned in the Bid cum Application Form
- Bank account mentioned in the Bid cum Application Form (in case of Bidders other than RIIs bidding through the UPI mechanism) may not be an account maintained by SCSB.
- Inadequate funds in the ASBA Account or the UPI ID Linked Bank Account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the respective ASBA Account or the UPI ID Linked Bank Account;
- In case of Anchor Investors, Bids where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- Where no confirmation is received from SCSB or the Sponsor Bank, as the case may be, for blocking of funds;
- Bids by Bidders, other than Retail Individual Bidders, not submitted through ASBA process and Bids by Retail Individual Bidders not submitted through ASBA process or the UPI mechanism available under the ASBA process;
- Failure of Retail Individual Bidders to validate the mandate request for blocking of Bid amount sent by the Sponsor Bank;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids 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;
- Details of ASBA Account not provided in the Bid cum Application form;
- In case of Retail Individual Bidders applying through the UPI mechanism, details of UPI ID, not provided in the Bid cum Application Form;
- The original Bid is made using the UPI mechanism and revision(s) to the Bid is made using ASBA either physically or online through the SCSB, and *vice versa*;
- Bidders are required to enter either the ASBA account details or the UPI ID in the Bid cum Application Form. In case the Bidder doesn't provide any of the ASBA account details or the UPI ID then the application would be rejected. For Bids submitted to the relevant intermediaries (other than SCSBs), a Retail Individual Bidder providing both the ASBA account details as well as the UPI ID, the relevant

intermediaries may at their discretion and in consultation with the BRLM, consider either the UPI ID/ ASBA account details for processing of the Bid;

- RIIs shall ensure that the bank, with which it has its bank account, where the funds equivalent to the Bid amount is available for blocking has been notified as Issuer Banks for UPI. A list of such banks is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40; and

- In case of revision of Bids by RIIs, if the UPI Mandate Request for the revised Bid is not approved, the Bid is liable to be rejected.

For details of instruction in relation to the Bid cum Application Form, Bidders may refer to the relevant section of GID and UPI Circular.

**Payment into Escrow Account(s) for Anchor Investors**

Our Company in consultation with the BRLM, 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: "[●]"

Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids.

**Pre- Issue 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-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations in all editions of [●], all editions of [●] and all editions of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located).

Our Company shall, in the pre- Issue advertisement state the Bid/Issue Opening Date, the Bid/Issue Closing Date and the QIB Bid/Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Issue Price which shall be a date prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

**Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated November 21, 2018 among NSDL, our Company and the Registrar to the Issue.

- Agreement dated December 5, 2018 among CDSL, our Company and Registrar to the Issue.,

**Undertakings by our Company**

Our Company undertakes the following that:

i. if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice to be issued by our Company within 2 (two) days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

ii. if our Company withdraws the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;

iii. the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

iv. all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 6 (Six) Working Days of the Bid/Issue Closing Date;

v. the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

vi. completion of Allotment and dispatch of the Allotment Advice and Anchor Investor CAN, including any revisions, if required, and refund orders to the Anchor Investor Bidders shall be done within the time prescribed under Applicable Law, and in the event of failure to do so, the Company shall ensure payment of interest to the Bidders in respect of which there was such a failure, as required under Applicable Law.

vii. if Allotment is not made within the prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;

viii. where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

ix. the certificates of the securities/ instructions for unblocking of funds, in case of unsuccessful Bidders to Eligible NRIs shall be despatched within specified time;

x. 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 refunded on account of non-listing, under-subscription, etc.;

xi. adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders and Anchor Investor Application Forms from Anchor Investors;

xii. the Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought have been received.

xiii. the Promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on public.

**Utilisation of Issue Proceeds**

The Board of Directors certify that:

- all monies received out of the 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 Issue shall be disclosed, and continue to be disclosed till the time any part of the 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;
- details of all unutilised monies out of the 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 utilisation of monies received under the Promoters' contribution shall be disclosed, and continue to be disclosed till the time any part of the 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
- the details of all unutilised monies out of the funds received under the Promoters' contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Our Company declares that all monies received out of the Issue shall be credited/ transferred to a separate bank other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## 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. The Department for Promotion of Industry and Internal Trade, Government of India ("**DIPP**") makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DIPP also issues the Consolidated Foreign Direct Investment Policy ("**FDI Policy**") from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments.

India's current FDI Policy issued by the DIPP with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP till August 27, 2017. All the press notes, press releases, clarifications on FDI issued by DIPP till August 27, 2017 stand rescinded as on August 28, 2017. The Government vide (i) Press Note 1 (2018 Series) dated January 23, 2018; Press Note 2 (2018 Series) dated December 26, 2018 and (iii) Press Note 1 (2019 Series) dated January 1, 2019 has reviewed the FDI Policy on various sectors and made amendments to it. In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments.

The transfer of shares between an Indian resident and a Non-resident does not require prior approval of RBI, subject to fulfilment of certain conditions as specified by DIPP / RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (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. Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company.

The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. The foreign investment in our Company is governed *inter alia* by the FEMA, as amended, FEMA Regulations, as amended, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

Currently, 100% FDI is permitted under the automatic route in the companies which are engaged in construction-development projects (including development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure and townships) subject to compliance with prescribed conditions. The conditions prescribed are as follows:

i. Each phase of the construction development project would be considered as a separate project;

ii. The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage. However, a person resident outside India will be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock in period of three years, calculated with reference to each tranche of foreign investment has been completed. Further, transfer of stake from a person resident outside India to another person resident outside India, without repatriation of foreign investment will neither be subject to any lock-in period nor to any government approval;

iii. The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned;

iv. The Indian investee company will be permitted to sell only developed plots, i.e. plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available;

v. The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/ layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/ bye-Laws/ regulations of the State Government/ Municipal/ Local Body concerned; and

vi. The State Government/Municipal/Local Body concerned, which approves the building/ development plans, will monitor compliance of the above conditions by the developer.

Condition of lock-in period does not apply to hotels and tourist resorts, hospitals, special economic zones, educational institutions, old age homes and investment by NRIs/ OCIs. Additionally, foreign investment up to 100% under automatic route is permitted in completed projects for operating and managing townships, malls/shopping complexes and business centres. Consequent to such foreign investment, transfer of ownership and/or control of the investee company from persons resident in India to persons resident outside India is also permitted. However, there would be a lock-in-period of three years, calculated with reference to each tranche of foreign investment and transfer of immovable property or part thereof is not permitted during this period. Completion of the project will be determined as per the local bye-laws/rules and other regulations of State Governments.

Foreign investment limit is allowed up to 100% under automatic route in our Company, subject to appropriate approvals of the shareholders in general meeting. Eligible NRIs and OCIs investing on repatriation basis are subject to individual investment limit of 5% subject to the aggregate paid-value of the shares purchased by all NRIs and OCIs put together on repatriation basis not exceeding 10% and such transaction must be conducted on a recognized stock exchange, in accordance with applicable conditions. Further, SEBI registered FPIs have been permitted to purchase shares of an Indian company through the Issue, subject to total FPI investment being within the individual FPI/sub account investment limit of 10% subject to the total sectoral cap of all FPIs/sub accounts put together being 24% of the paid-up capital of the Indian Company. The aggregate limit of 10% in case of NRIs and OCIs together may be raised to 24 % if a special resolution to that effect is passed by the Shareholders of the Indian company concerned. The aggregate limit of 24% in case of FPIs may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing of a special resolution to that effect by its Shareholders. Currently, vide the Shareholders' Resolution dated March 6, 2019 the investment by FPIs in our Company have been increased from 24% to 100% of the paid-up equity share capital, and the investment by NRIs on repatriation basis in our Company have been increased from 10% to 24% of the paid-up equity share capital. Eligible NRIs and OCIs investing on non-repatriation basis can purchase equity shares without any limit on a stock exchange or outside it.

As per the existing policy of the Government, OCBs cannot participate in this Issue.

**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 securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.**

**SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

THE COMPANIES ACT 2013

(COMPANY LIMITED BY SHARES)

**ARTICLE OF ASSOCIATION**

**OF**

**ANNAI INFRA DEVELOPERS LIMITED(*)**

***The regulations contained in table "F" of the first Schedule to the Companies Act, 2013 shall not apply to the Company, except in so far as they are embodied in the following Articles, which shall be regulations for the management of the Company.***

**INTERPRETATION CLAUSE**

1. In the interpretation of these Articles, unless repugnant to the subject or context:

"Act" means "The Companies Act, 2013" or any other statutory modification or re-enactment thereof for the time being in force

"Articles" means these Articles of Association as may, from time to time, be altered by special resolution

"Annual General Meeting" means a general meeting of the members held in accordance with the provisions of Section 96 of the Act or any adjourned meeting thereof

"Auditors" means and include those persons appointed as such for the time being by the Company or, where so permitted by Applicable Law, by its Board

"Applicable Law" means the Act, and as appropriate, includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, or mandatory standards as may be applicable from time to time.

"Beneficial Owner" means and include beneficial owner as defined in clause (a) sub-Section (1) of Section 2 of the Depositories Act, 1996 or such other Act as may be applicable

"Board Meeting" means a meeting of the Directors or a committee thereof duly called and constituted

*(*) Entire Articles of Association amended subject to the approval of the Members at their Meeting held on 15.09.2018*

"Board" or "Board of Directors" means the means the collective body of the directors for the time being of the Company

"Capital" means the share capital for the time being raised or authorised to be raised, for the purpose of the Company

"Committee" means any committee of the Board of Directors of the Company formed as per the requirements of Act or for any other purpose as the Board may deem fit

"Company" or "This Company" means ANNAI INFRA DEVELOPERS LIMITED

"Chief Executive Officer" means an officer of a Company, who has been designated as such by the Company

"Chief Financial Officer" means a person appointed as the Chief Financial Officer of a Company

"Company Secretary" or "Secretary" means a company secretary as defined in clause (c) of sub-Section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by the Company to perform the functions of a company secretary under the Act

"Debenture" means and includes debenture-stock, bonds and any other debt securities of the Company, whether constituting a charge on the assets of the Company or not.

"Depositories Act" means the Depositories Act, 1996 and includes any statutory modification or enactment thereof

"Depository" means a Depository as defined in clause (e) sub- section (1) of section 2 of the Depositories Act, 1996 and includes a company formed and registered under the Companies Act, 1956 which has been granted a certificate of registration under sub Section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.

"Director" means a director appointed to the Board of the Company.

"Dividend" includes interim Dividend

"Extraordinary General Meeting" means an extraordinary general meeting of the Members duly called and constituted and any adjourned meeting thereof.

"Electronic Mode" means carrying out electronically based, whether main server is installed in India or not, including, but not limited to:

i. business to business and business to consumer transactions, data interchange and other digital supply transactions;

ii. offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India;

iii. financial settlements, web based marketing, advisory and transactional services, database services and products, supply chain management;

iv. online services such as telemarketing, telecommuting, telemedicine, education and information research; and all related data communication services

v. facsimile telecommunication when directed to the facsimile number or or electronic mail directed to electronic mail address, using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable;

vi. posting of an electronic message board or network that the company or the officer has designated for such communications, and which transmission shall be validly delivered upon the posting; or

vii. other means of electronic communication, in respect of which the company or the officer has put in place reasonable systems to verify that the sender is the person purporting to send the transmission; and

viii. video conferencing, audio- visual mode, net conferencing and/or any other electronic communication facility.

"Financial Year" means the period ending on the 31st day of March every year.

"Free Reserves" means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as Dividend: Provided that—

(i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or

(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value,

shall not be treated as free reserves.

"In writing" or "written" means and include printing, typing, lithographing, computer mode and other modes of reproducing words in visible form

"Independent Director" means a Director fulfilling the criteria of independence and duly appointed as per Applicable Law.

"Key Managerial Personnel" means such persons as defined in Section 2(51) of Act

"Managing Director" means a Director who, by virtue of the articles of the Company or an agreement with the company or a resolution passed in its General Meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a Director occupying the position of managing Director, by whatever name called.

"Meeting" or "General Meeting" means a meeting of Members.

“Members” in relation to a company, means- (a) the subscribers to the Memorandum of Association of the Company who shall be deemed to have agreed to become members of the company, and on its registration, shall be entered as member in its register of members, (b) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company; (c)every person holding shares in the company and whose name is entered in Register of Beneficial Owners as Beneficial Owner.

“Month” means a calendar month

“Office”, in relation to the Company, means the Registered office of the Company.

“Officer” includes any director, manager, Key Managerial Personnel or any person in accordance with whose instructions or directions the Board of Directors or any one or more of the Directors of the company is or are accustomed to act.

“Ordinary Resolution” means a resolution referred to in Section 114 of the Act.

“Paid up” means the Capital which is paid up presently.

“Persons” includes any artificial juridical person, corporations or such other entities as are entitled to hold property in their own name.

“Postal Ballot” means voting by post through any electronic mode as permitted under Applicable Law.

“Register of Beneficial Owners” means the register of members in case of shares held with a Depository in any media as may be permitted by law, including in any form of Electronic Mode

“Register of Members” means the register of Members, including any foreign register which the Company may maintain pursuant to the Act and includes Register of Beneficial Owners.

“Registrar” means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated

“Seal” means the common seal of the Company

“Security” means shares, Debentures and/or such other securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956

“Shares” means the shares into which the Capital of the Company is divided whether held in tangible or fungible form.

“Small Shareholder” means a shareholder holding shares of the nominal value of not more than twenty thousand rupees or such other sum as may be prescribed under Applicable Law

“Special Resolution” means a resolution referred to in Section 114 of the Act.

“These Presents” means the Memorandum of Association and the Articles of Association of the Company.

Term(s) and phrases not specifically defined in these Articles shall bear the same meaning as assigned to the same in the Act.

Reference to the singular includes reference to the plural and vice versa;

Reference to any gender includes a reference to all genders;

**ARTICLES TO BE CONTEMPORARY IN NATURE**

2. The intention of these Articles is to be in consonance with the contemporary rules and regulations prevailing in India. If there is an amendment in any Act, rules and regulations allowing what were not previously allowed under the statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles.

**SHARE CAPITAL, INCREASE AND REDUCTION OF CAPITAL**

**Amount of Capital**

**3.** The Authorised Share Capital of the company shall be the capital as specified in the Memorandum of Association, with power to increase and reduce the Share Capital of the company and to divide the shares in the Capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for time being be provided in the Articles of Association.

**Increase of Capital by the Company and how carried in to effect**

4. The Company in General Meeting may, from time to time, increase the Capital by the creation of new Shares. Such increase shall be of such aggregate amount and to be divided into such Shares of such respective amounts, as the resolution of the Board shall prescribe. Subject to the provisions of the Act ,any Shares of the original or increased Capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the Board shall determine, and in particular, such shares may be issued with a preferential or qualified right to Dividends, or otherwise, or with a right to participate in some profits or assets of the Company, or with such differential or qualified right of voting at General Meetings of the Company, as permitted in terms of Section 47 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 64 of the Act or any such compliance as may be required by the Act for the time being in force

**1. New Capital part of the existing Capital**

5. Except in so far as otherwise provided in the conditions of issue of Shares, any Capital raised by the creation of new Shares shall be considered as part of the existing Capital, and shall be subject to provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

**Issue of redeemable preference shares**

6. Subject to the provisions of Section 55 of the Act and other Applicable Law, any preference shares may be issued from time to time, on the terms that they are redeemable within 20 years (except for infrastructure projects) on such terms and in such manner as the Company by the terms of the issue of the said shares may determine.

**Provision applicable on the issue of redeemable preference shares**

7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect:

I. No such shares shall be redeemed except out of the profits of the Company, which would otherwise be available for Dividend, or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.

II. No such shares shall be redeemed unless they are fully paid.

III. Such shares shall be redeemed as per their terms.

IV. The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before such shares are redeemed.

V. Where any such shares are redeemed our of profits of the Company, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, excepts as provided in Section 55 of the Act, apply as if the Capital Redemption Reserve Account were paid up Share Capital of the Company

**Provisions applicable to any other Securities**

8. The Board shall be entitled to issue, from time to time, subject to the provisions of the Act, any other Securities, including Share Warrants, Securities convertible into Shares, exchangeable into Shares, or carrying a warrant, with or without any attached Securities, carrying such terms as to coupon, returns, repayment, servicing, as may be decided by the terms of such issue. Such Securities may be issued at premium or discount, and redeemed at premium or discount, as may be determined by the terms of the issuance: Provided that the Company shall not issue any Shares or Securities convertible into Shares at a discount.

**Reduction of Capital**

9. The Company may (subject to the Provisions of Section 52, 55, 66, of the Act or any other applicable provisions of law for the time being in force) from time to time by way of Special Resolution reduce its Share Capital, any Capital Redemption Reserve Account or Share premium account in any manner for the time being authorized by law.

**Sub-division consolidation and cancellation of Shares**

10. Subject to the provisions of Section 61 of the Act, the Company in General Meeting may from time to time (a) consolidate its Shares into shares of a larger amount than the existing Shares, or any class of them, and (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any Share is sub- divided, or classified, may determine that, as between the holders of the Shares resulting from such sub-division or classification, one or more of such Shares shall have some preference or special advantage as regards Dividend, Capital or otherwise over or as compared with the other; provided, however, that no sub-division of shares held in physical form, which shall result in the shareholder getting a Share Certificate of a denomination of lesser than 10 shares, shall be permitted.

Subject as aforesaid, the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

**Variation of rights**

11. Whenever the Share Capital is divided into different types or classes of shares, all or any of the rights and privileges attached to each type or class may, subject to the provisions of Sections 48 of the Act, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of the class or by means of a Special Resolution passed at a separate Meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such class Meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three- fourths of such other class of shareholders shall also be obtained.

**Further issue of Capital**

12. Where at any time it is proposed to increase the subscribed Capital of the Company by allotment of further shares, such shares shall be offered to persons, who on the date of the offer are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:

i. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 days and not exceeding 30 days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

ii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in 12.1.2 hereof shall contain a statement of this right.

iii. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the interest of the Company.

13. Notwithstanding anything contained in the Article no. 12 the further shares aforesaid may be offered in any manner whatsoever, to:

i. employees under a scheme of employees' stock option scheme, subject to special resolution passed by the Company and subject to other conditions prescribed under the Act and rules made thereunder.

ii. to any persons on private placement or on preferential basis, whether or not those persons include the persons referred to Article no. 12 or 13.1, either for cash or for a consideration other than cash, if so decided by a Special Resolution, subject to conditions prescribed under the Act and rules made thereunder and other Applicable Laws;

14. Nothing in Article no. 12 and 13 shall be deemed;

i. To extend the time within which the offer should be accepted; or

ii. To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

15. Nothing contained in the Articles 12 to 14 shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debenture issued or loan raised by the Company to convert such Debentures or loans into shares in the Company;

Provided that the terms of issue of such Debentures or the terms of such loans containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in general meeting.

**Shares at the disposal of the Board**

16. Subject to the provisions above, and applicable provisions of the Act, the Securities of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to 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 think fit, and may issue and allot Shares in the Capital of the Company or other Securities on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

**Power to issue Shares outside India**

17. Pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Act, and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as "Appropriate Authorities") and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as "the Securities") to be subscribed to in foreign currency / currencies by foreign investors (whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. The provisions of this Article shall extend to allow the Board to issue such foreign Securities, in such manner as may be permitted by Applicable Law.

**Acceptance of Shares**

18. Any application signed by or on behalf of an applicant, for Shares in the Company, followed by an allotment of any Share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts Shares and whose name is on the Register of Members shall for the purpose of these Articles, be a member.

**Deposit and call to be a debt payable immediately**

19. The money (if any) which the Board shall, on the allotment of any Share being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

**Liability of Members**

20. Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

**Shares not to be held in trust**

21. Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

**The first named joint holder deemed to be sole holder**

22. If any Share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of Dividends or bonus or service of notice and all or any earlier matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a Share shall, severally as well as jointly be liable for the payment of all installments and calls due in respect of such Shares for all incidents thereof according to the Company's regulations.

**Register of Members and index**

23. The Company shall maintain a Register of Members and index in accordance with Section 88 of the Act. The details of shares held in physical or dematerialized forms may be maintained in a media as may be permitted by law including in any form of electronic media.

The Company may also keep a foreign register in accordance with Section 88 of the Act and rules made thereunder, containing the names and particulars of the Members, Debenture- holders, other Security holders or Beneficial Owners residing outside India;

24. A Member, or other Security holder or Beneficial Owner may make inspection of Register of Members and annual return. Any person other than the Member or Debenture holder or Beneficial Owner of the Company shall be allowed to make inspection of the Register of Members and annual return on payment of Rs. 50 or such higher amount as permitted by Applicable Law as the Board may determine, for each inspection. Inspection may be made during business hours of the Company during such time, not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time.

25. Such person, as referred to in Article 24 above, may be allowed to make copies of the Register of Members or any other register maintained by the Company and annual return, and require a copy of any specific extract therein, on payment of Rs. 10 for each page, or such higher amount as permitted under Applicable Law.

**SHARES CERTIFICATES**

**Share certificate to be numbered progressively and no Share to be subdivided**

26. The shares certificates shall be numbered progressively according to their several denominations specify the shares to which it relates and bear the Seal of the Company, and except in the manner hereinbefore mentioned, no Share shall be sub- divided. Every forfeited or surrendered Share certificate shall continue to bear the number by which the same was originally distinguished.

**Limitation of time for issue of certificates**

27. Every Member, other than a Beneficial Owner, shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Board so approve (upon paying such fee as the Board may from time to time determine) to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery of such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of Shares shall be under the Seal of the Company which shall be affixed as prescribed in the Applicable Law and shall specify the number and distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Board or Committee thereof may prescribe and approve, provided that in respect of a Share(s) held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders. For any further issue of certificate to such joint allottees, the Board or Committee thereof shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One.

**Issue of new certificate in place of one defaced, lost or destroyed**

28. If any certificate be worn out, defaced, mutilated, old/ or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation then upon production and surrender such certificate to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced as the Board deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued in case of splitting or consolidation of Share certificate(s) or in replacement of Share certificate(s) that are defaced, mutilated, torn or old, decrepit or worn out without payment of fees if the Board so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Board shall prescribe.

Further, no duplicate certificate shall be issued in lieu of those that are lost or destroyed, without the prior consent of the Board or Committee thereof and only on furnishing of such supporting evidence and/or indemnity as the Board may require, and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced, without payment of fees if the Board so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Board shall prescribe.

Provided that notwithstanding what is stated above the Board or Committee thereof shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other Act, or rules applicable thereof in this behalf; provided further, that the Company shall comply with the provisions of Section 46 of the Act and other Applicable Law, in respect of issue of duplicate shares.

29. All books and documents relating to the issue of Share certificates including the blank forms of Share certificates shall be kept in safe custody and to be properly maintained and preserved in accordance with the manner laid down in Applicable Law.

30. The provision of Article 26, 27, 28 and 29 shall mutatis mutandis apply to issue of certificates of Debentures of the Company or to any other securities issued by the Company.

**BUY BACK OF SECURITIES BY THE COMPANY**

31. Subject to the provisions of Sections 68, 69 and 70 of the Act and such other regulations as prescribed by Securities and Exchange Board of India (SEBI) or any other authority for the time being in force, the Company may purchase its own shares or other specified securities. The power conferred herein may be exercised by the Board, at any time and from time to time, where and to the extent permitted by Applicable Law, and shall be subject to such rules, applicable consent or approval as required.

**UNDERWRITING AND BROKERAGE**

**Commission may be paid**

32. Subject to the provisions of Section 40(6) of the Act and rules made thereunder, and subject to the applicable SEBI guidelines and subject to the terms of issue of the shares or Debentures or any securities, as defined in the Securities Contract (Regulations) Act, 1956 the Company may at any time pay a commission out of proceeds of the issue or profit or both to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely on conditionally) for any shares in or Debentures of the Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, Debentures or of the Company but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued, and in the case of Debentures, two and a half per cent of the price at which the Debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid shares, securities or Debentures or partly in one way and partly in the other.

**Brokerage**

33. The Company may, subject to Applicable Law, pay a reasonable and lawful sum for brokerage to any person for subscribing or procuring subscription for any Securities, at such rate as as sanctioned by the Managing Director.

**CALL ON SHARES**

**Board of Directors may make calls**

34. The Board of Directors may, from time to time and subject to the terms on which Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, or otherwise as

permitted by Applicable Law make such call as it thinks fit upon the members in respect of all moneys unpaid on the Shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.

35. The option or right to make calls on Shares shall not be given to any person except with the sanction of the issuer in general meetings.

**Notice of calls**

36. Each member shall, subject to receiving fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

37. A call may be revoked or postponed at the discretion of the Board.

**Calls to date from resolution**

38. A call shall be deemed to have been made at the time when the resolution authorising such call was passed as provided herein and may be required to be paid by installments.

**Board may extend time**

39. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.

**Calls to carry interest**

40. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at a rate, as the Board may determine and as permissible under the Applicable law. Nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such member.

41. The Board shall be at liberty to waive payment of any such interest wholly or in part.

**Sums deemed to be calls**

42. Any sum, which may by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

**Proof on trial of suit for money due on Shares**

43. At the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member, in respect of whose shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

**Partial payment not to preclude forfeiture**

44. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

**Payment in anticipation of call may carry interest**

45. The Board may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Board agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Board may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

46. The provisions of these Articles shall mutatis mutandis apply to the calls on Debenture or other Securities of the Company.

**LIEN**

**Company to have lien on shares**

47. The Company shall have a first and paramount lien upon all the shares/ Debentures/Securities (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 of such shares/Debentures/Securities and no equitable interest in any shares shall be created except upon the footing, and upon the condition that this Article will have full effect and any such lien shall extend to all Dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/ Debentures/ Securities.

48. The Board may at any time declare any shares/ Debentures/Securities wholly or in part to be exempt from the provision of this Article. Provided that, fully paid shares shall be free from all lien and that in case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

**As to enforcing lien by sale**

49. For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their member to execute a transfer thereof on behalf of and in the name of such member. The purchaser of such transferred shares shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

50. No sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of thirty days after a notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for thirty days after such notice.

**Application of proceeds of sale**

51. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

**FORFEITURE OF SHARE**

**If call or installment not paid notice may be given**

52. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

**Form of notice**

53. The notice aforesaid shall:

i. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made.

ii. shall detail the amount which is due and payable on the shares and shall state that in the event of non-payment at or before the time appointed the shares will be liable to be forfeited.

**If notice not complied with Shares may be forfeited**

54. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

**Notice of forfeiture to a Member**

55. When any Shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.

**Forfeited Share to become property of the Company**

56. Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit.

**Power to cancel forfeiture**

57. The Board may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions as it thinks fit.

**Liability on forfeiture**

58. A person whose Share has been forfeited shall cease to be a Member in respect of the forfeited Share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such Share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

**Effect of forfeiture**

59. The forfeiture of a Share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.

**Evidence of forfeiture**

60. A duly verified declaration in writing that the declarant is a Director, the manager or the secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

**Cancellation of Share certificate in respect of forfeited shares**

61. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Board shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto as per the provisions herein -

i. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

i. The transferee shall thereupon be registered as the holder of the Share; and

ii. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

**These Articles to apply in case of any non-payment**

62. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**CAPITALISATION OF PROFITS**

63. The Company in general meeting may, upon the recommendation of the Board, resolve—

i. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

ii. that such sum be accordingly set free for distribution in the manner specified in 1 above amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

64. The sum aforesaid shall not be paid in cash but shall be applied, subject to applicable provisions contained herein, either in or towards—

i. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

ii. A securities premium account and a Capital Redemption Reserve Account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

iii. Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

65. The Board shall have power—

i. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions;

ii. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

**TRANSFER AND TRANSMISSION OF SHARES**

**Register of transfers**

66. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any Share. The Register of Transfers shall not be available for inspection or making of extracts by the Members of the Company or any other Persons.

**Instruments of transfer**

67. The instrument of transfer shall be in the form prescribed under section 56 of the Act and rules made thereunder.

**To be executed by transferor and transferee**

68. Every instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any Share in favour of a minor (unless acting through a legal guardian and except in cases when they are fully paid up).

69. Application for the registration of the transfer of a Share may be made either by the transferee or the transferor, no registration shall, in the case of the partly paid Share, be affected unless the Company gives notice of the application to the transferee subject to the provisions of these Articles and Section 56 of the Act and/or Applicable Law, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of transferee in the same manner and subject to the same conditions as it the application for registration of the transfer was made by the transferee.

**Transfer books when closed**

70. The Board shall have power to give at least seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated, in accordance with Section 91 of the Act and Applicable Laws, to close the transfer books, the Register of Members, Register of Debenture holders or the Register of other Security holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty- five days in each year, as it may deem expedient.

**Board may refuse to register transfer**

71. Subject to the provisions of Section 56 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse, in the interest of the Company or in pursuance of power under any Applicable Law, to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or Debentures of the Company.

72. Notwithstanding anything contained in these Articles, but subject to the provisions of the Act, the Board may refuse to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds and on no other ground, namely

(a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the Company or that any other requirement under the law relating to registration of such transfer has not been complied with;

(b) that the transfer of the security is in contravention of any law;

(c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the Company or to the public interest;

(d) that the transfer of the security to prohibited by any order of any court, tribunal or other authority under any law for the time being in force.

73. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

**Board to recognize Beneficial Owners of securities**

74. Notwithstanding anything to the contrary contained in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner.

75. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its securities held by a Depository.

76. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly

provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

**Nomination**

77. Every holder of Shares in, or Debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his shares in or Debentures of the Company shall vest in the event of death of such holder.

78. Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.

79. Notwithstanding anything to the contrary contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or Debentures of the Company, the nominee shall, on the death of the shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

80. Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the shares in or Debentures of the Company, in the event of his death, during the minority.

**Persons entitled to share by Transmission**

81. The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holders from the executor or administrator. Board may require him to obtain a grant of Probate or letters of Administration or other legal representation as the case may be from some competent Court.

**Transmission in the name of nominee**

82. Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors and subject as hereinafter provided, elect, either:

i. to be registered himself as holder of the shares or Debentures, as the case may be; or

ii. to make such transfer of the shares or Debentures, as the case may be, as the deceased shareholder or Debenture holder, as the case may be, could have made.

Provided nevertheless that it shall be lawful for the Board in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Board may deem fit.

Provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

83. 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.

84. If the nominee, so becoming entitled, elects himself to be registered as holder of the shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or Debenture holder and the certificate(s) of shares or Debentures, as the case may be, held by the deceased in the Company.

85. If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.

86. All the limitations, restrictions and provisions of these regulations 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.

87. Subject to the provisions of Section 56 of the Act and these Articles, the Board may register the relevant shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or Debenture holder, as the case may be.

88. A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same Dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or Debenture holder in relation to meetings of the Company.

89. The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonus, interest or other moneys payable or rights accrued or accruing in respect of the relevant shares or Debentures, until the requirements of the notice have been complied with.

**No transfer to minor, insolvent etc.**

90. No transfer shall be made to a minor or person of unsound mind. However in respect of fully paid up shares, shares may be transferred in favor of minor acting through legal guardian, in accordance with the provisions of law.

**Person entitled may receive Dividend without being registered as a Member**

91. A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such Dividends or money as hereinafter provided, be entitled to receive and may give discharge for any 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.

**Transfer to be presented with evidence of title**

92. Every instrument of transfer shall be presented to the Company for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

**Conditions of registration of transfer**

93. For the purpose of the registration of a transfer, the certificate or certificates of the Share or shares to be transferred must be delivered to the Company along with (same as provided in Section 56 of the Act) a properly executed instrument of transfer.

**No fee on transfer or transmission**

94. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

**Company not liable for disregard of a notice in prohibiting registration of transfer**

95. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors or any Committee thereof shall so think fit.

**DEMATERIALISATION OF SECURITIES**

96. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

**Dematerialization of Securities**

97. The Board or any Committee thereof shall be entitled to dematerialise Securities or to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended. The provisions of this Section will be applicable in case of such Securities as are or are intended to be demateriailised.

**Options for investors**

98. Every holder of or subscriber to Securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996, and the Company shall, in the manner and within the time prescribed by law, issue to the Beneficial Owner the required certificates for the Securities.

99. If a person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.

**Securities in depositories to be in fungible form**

100. All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 of the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.

**Rights of Depositories and Beneficial Owners**

101. i. Notwithstanding anything to the contrary contained in these, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Securities of the Company on behalf of the Beneficial Owner.

ii. Save as otherwise provided in sub-clauseabove, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

iii. Every person holding Securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the Securities which are held by a Depository and shall be deemed to be a Member of the Company.

**Service of Documents**

102. Notwithstanding anything to the contrary contained in these Articles, where Securities of the Company are held in a Depository, the records of the beneficiary ownership may be served by such Depository on the Company by means of Electronic Mode or by delivery of floppies or discs.

**Transfer of securities**

103. Nothing contained in Section 56 of the Act or anything to the contrary contained in these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

**Allotment of securities dealt with in a Depository**

104. Notwithstanding anything to the contrary contained in these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

**Distinctive number of securities held in a Depository**

105. Notwithstanding anything to the contrary contained in these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to securities held with a Depository.

**Register and index of Beneficial Owners**

106. The Register and Index of Beneficial Owners maintained by Depository under the Depositories Act, 1996, as amended shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

**COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

107. Copies of the Memorandum and Articles of Association of the Company shall be sent by the Board to every Member at his request within fifteen days of the request on payment of Re. 1/- for each copy.

**BORROWING POWERS**

**Power to borrow**

108. The Board may, from time to time, at its discretion subject to the provisions of these Articles, Section 73 to 76, 179, 180 of the Act or Applicable Law, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; by a resolution of the Board, or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

**Conditions on which money may be borrowed**

109. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, or other Securities, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being.

**Terms of issue of Debentures**

110. Any Debentures, Debenture stock, bonds or other Securities may be issued on such terms and conditions as the Board may think fit. Provided that Debenture with a right to allotment or conversion into shares shall be issued in conformity with the provisions of Section 62 of the Act. Debentures, Debenture stock, bonds and other securities may be made assignable free from any equities from the Company and the person to whom it may be issued. Debentures, Debenture- stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with such sanctions as may be applicable.

**Instrument of transfer**

111. Save as provided in Section 56 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the Debentures: Provided that the Company may issue non transferable Debentures and accept an assignment of such instruments.

**Delivery of certificates**

112. Deliver by the Company of certificates upon allotment or registration of transfer of any Debentures, Debenture stock or bond issued by the Company shall be governed and regulated by Section 56 of the Act.

**Register of charge, etc.**

113. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 77 to 87 of the Act, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

**Register and index of Debenture holders**

114. The Company shall, if at any time it issues Debentures, keep Register and Index of Debenture holders in accordance with Section 88 of the Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Debenture-stock, resident in that State or Country.

**GENERAL MEETINGS**

**Annual General Meeting**

115. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year.

116. Every Annual General Meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a national holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

117. In the case of an Annual General Meeting, all businesses to be transacted at the meeting shall be deemed special, with the exception of business relating to:

i. the consideration of financial statements and the reports of the Board of Directors and the Auditors;

ii. the declaration of any Dividend;

iii. the appointment of Directors in place of those retiring;

iv. the appointment of, and the fixing of the remuneration of the Auditors

**Extra-Ordinary General Meeting**

118. All general meetings other than Annual General Meeting shall be called extraordinary general meeting.

119. In case of meeting other than Annual General Meeting, all business shall be deemed special.

120. The Board may, whenever it thinks fit, call an extraordinary general meeting.

**Postal Ballot**

121. Where permitted or required by Applicable Law, Board may,

instead of calling a meeting of any members/ class of members/ Debenture-holders, seek their assent by Postal ballot. Such Postal ballot will comply with the provisions of the Act and rules made thereunder in this behalf.

**Voting by electronic mode**

122. A member may exercise his vote at a General Meeting by electronic mode in accordance with Section 108 of the Companies Act 2013 and rules made thereunder.

**Calling of general meeting on requisition**

123. The Board may, call an Extraordinary General Meeting upon receipt of a written requisition from any member or members holding in the aggregate not less than one-tenth of such of the paid-up Capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.

124. Any meeting called as above by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

**Notice of General Meetings**

125. At least 21 clear days' notice of every General Meeting, specifying the day, date, place and hour of meeting, containing a statement of the business to be transacted thereat, shall be given, either in writing or through Electronic Mode, to every member or legal representative of any deceased member or the assignee of an insolvent member, every Auditor(s) and Director of the Company. Any accidental omission to give any such notice as aforesaid to any of the members, or the non receipt thereof, shall not invalidate the holding of the meeting or any resolution passed at any such meeting.

126. A General Meeting may be called at a shorter notice if consented to in writing or by any Electronic Mode by not less than 95% of the Members entitled to vote at such meeting.

**Meeting not to transact business not mentioned in notice**

127. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

**Quorum at General Meeting**

128. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

129. Save as otherwise provided herein, the quorum for the general meetings shall be as provided in Section 103 of the Act

130. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act.

131. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, quorum is not present, the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or, if that day is a National holiday, until the next succeeding day which is not a National holiday, at the same time and place, or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the

members present shall be quorum and may transact the business for which the meeting was called. Provided, however, that no separate notice to members of such an adjourned meeting would be necessary if such meeting is held on the same day in the next week at the same time or place in accordance with these articles.

**Chairperson at General Meetings**

132. The Chairman (if any) of the Board of Directors, or in his absence, the Vice Chairman or in the absence of both, the Managing Director of the Company shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary.

133. If there is no such Chairperson of the Board or Vice Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the Directors present shall elect one among themselves to be Chairperson of the meeting.

134. If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of themselves to be Chairperson of the meeting.

135. No business shall be discussed at any General Meeting except the election of a Chairperson, while the chair is vacant.

**Adjournment of Meeting**

136. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

137. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

138. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

139. Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Voting rights**

140. No member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has, and has exercised any right of lien.

141. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

i. on a show of hands, every member present in person shall have one vote; and

ii. on a poll, the voting rights of members shall be in proportion to his Share in the paid-up equity Share Capital of the Company.

iii. A member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.

142. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

143. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

144. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.

145. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

146. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

147. If a poll is demanded as aforesaid, the same shall, be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or person who made the demand.

148. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

**Chairman's casting vote**

149. In the case of an equality of votes, the Chairperson shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

**Proxy**

150. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote by a representative duly authorised in accordance with Section 113 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.

151. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

152. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate, under the Ccommon Seal of such corporate, or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. An instrument appointing a proxy shall be in the form as prescribed in terms of Section 105 of the Act.

153. A member present by proxy shall be entitled to vote only on a poll, except where Applicable Law provides otherwise.

154. The proxy so appointed shall not have any right to speak at the meeting.

155. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Passing of resolution by Postal ballot**

156. Where permitted or required by the Act, Board may, instead of calling a meeting of any Members/ class of Members/ Debenture-holders, seek their assent by Postal ballot. Such Postal ballot will comply with the provisions of Applicable Law in this behalf.

157. Where permitted/required by Applicable Law, Board may provide Members/Members of a class/Debenture-holders right to vote through e-voting, complying with Applicable Law.

158. Notwithstanding anything contained in the foregoing, the Company shall transact such business, follow such procedure and ascertain the assent or dissent of Members for a voting conducted by Postal ballot, as may be prescribed by Section 110 of the Act and rules made thereunder.

159. In case of resolutions to be passed by Postal ballot, no meeting needs to be held at a specified time and space requiring physical presence of Members to form a quorum.

**Maintenance of records and Inspection of minutes of General Meeting by Members**

160. Where permitted/required by the Act, all records to be maintained by the Company may be kept in electronic form subject to the provisions of the Act and rules made thereunder. Such records shall be kept open to inspection in the manner as permitted by the Act and Applicable Law. The term 'records' would mean any

register, index, agreement, memorandum, minutes or any other document required by the Act and Applicable Law made there under to be kept by the Company.

161. The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

162. Any such minutes shall be evidence of the proceedings recorded therein and shall contain a fair and correct summary of the proceedings thereat.

163. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or non availability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

164. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

165. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the 'Chairman of the meeting :

(a) is or could reasonably be regarded, as, defamatory of any person or

(b) is irrelevant or immaterial to the proceeding, or

(c) is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

166. The book containing the minutes of proceedings of General Meetings shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time, to the inspection of any Member without charge.

167. Any Member of the Company shall be entitled to a copy of minutes of the General Meeting on receipt of a specific request and at a fee of Rs. 10/- (rupees ten only) for each page, or such higher amount as the Board may determine, as permissible by Applicable Law.

**BOARD OF DIRECTORS**

168. The number of Directors of the Company which shall be not less than 3 (three) and not more than 15 (Fifteen). However, the Company may appoint more than 15 Directors after passing a Special Resolution.

The following shall be the first directors of the company:-

**1) S ASHOK KUMAR**

**2) S KARTHIKEYAN**

The composition of the Board shall be in accordance with the provisions of Section 149 of the Act and other Applicable Laws. Provided that where there are temporary gaps in meeting the requirements of Applicable Law pertaining to composition of Board of Directors, the remaining Directors shall (a) be entitled to transaction business for the purpose of attaining the required composition of the Board; and (b) be entitled to carry out such business as may be required in the best interest of the Company in the meantime.

**Board's power to appoint Additional Directors**

169. Subject to the provisions of Sections 149, 152 and 161 of the Act and Applicable Laws, the Board shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.

170. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

**Nominee Directors**

171. The Company shall, subject to the provisions of the Act and these Articles, may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government company.

172. In the event of Company borrowing any money from any financial corporation or institution or Government or any Government body or a collaborator, bank, person or persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time to time, any person or persons to be a Director or Directors of the Company.

173. A nominee Director may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointer and served on the Company. Such Director need not hold any qualification shares.

**Appointment of Alternate Directors**

174. Subject to the provisions of Section 161(2) of the Act, the Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director in place of an Independent Director unless he is qualified to be appointed as an Independent Director under the Act and Applicable Law. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the terms of office of the Original Director are determined before he so returns to India, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director, and not to the Alternate Director.

For the purpose of absence in the Board meetings in terms of Section 167 (1) (b) of the Act, the period during which an Original Director has an Alternate Director appointed in his place, shall not be considered.

**Board's power to fill casual vacancies**

175. Subject to the provisions of Sections 152(7), 161(4) and 169(7) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

176. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next week, at the same time and place in accordance with the provisions of Section 152(7) of the Act.

177. If at the adjourned meeting also, the vacancy caused by the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be so deemed to have been reappointed at the adjourned meeting, unless :

i. at that meeting or at the previous meeting the resolution for the reappointment of such Director has been put to the meeting and lost;

ii. the retiring Director has, by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so reappointed;

iii. he is not qualified or is disqualified for appointment;

iv. a resolution whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or

v. the provision of Section 162 of the Act is applicable to the case.

**Independent Directors**

178. The Company shall appoint such number of Independent Directors as required by the Act and other Applicable Laws and the Company and Independent Directors are required to abide by the provisions specified in Schedule IV of the Act.

179. Any casual vacancy in the post of an Independent Director caused by way of removal, resignation, death, vacation of office under Section 167 of the Act and Applicable Law, removal from Directorship pursuant to any court order or due to disqualification under Section 164 of Act shall be filled by following the process laid down

in the Act and rules made thereunder. No such casual vacancy shall prejudice the functioning of the Board during the intervening period.

180. An Independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

181. The provisions relating to retirement of Directors by rotation shall not be applicable to appointment of Independent Directors.

**Chairman & Managing Director**

182. The Managing Director, if any, may also be appointed by the Board as the Chairperson of the Company and may be designated as the Chairman and Managing Director of the Company.

**Retirement and rotation of Directors**

183. At least two-thirds of the total number of Directors, excluding Independent Directors, be persons whose period of office is liable to determination by retirement of directors by rotation (hereinafter called "the Rotational Directors").

184. At every Annual General Meeting of the Company, one-third of the Rotational Directors, or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office.

185. A retiring Director shall be eligible for re-election.

**Resignation of Directors**

186. Subject to the provisions of the Act, a Director may resign from his office by giving a notice in writing to the Company and Board shall take note of the same.

Provided that the provisions regarding resignation of Managing Director or a Whole-time Director or any Executive Director who has any terms of employment with the Company shall be governed by such terms.

187. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later:

**Removal of Directors**

188. Any Director of the Company, except the one appointed by the National Company Law Tribunal, may be removed by way of Ordinary Resolution before the expiry of his term of office, subject to the provisions of Section 169 of Act.

**Remuneration of Directors**

189. Subject to the provisions of Section 197 of the Act, a Director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Provided that where the Company takes a Directors' Liability Insurance, specifically pertaining to a particular Director, then the premium paid in respect of such insurance, for the period during which a Director has been proved guilty, will be treated as part of remuneration paid to such Directors.

190. Subject to the provisions of the Act and rules made thereunder, the fees payable to a Director for attending the meetings of the Board or Committee thereof shall be such sum as may be decided by the Board of Directors from time to time. Fee, as may be determined by the Board, may also be paid for attending any separate meeting of the Independent Directors of the Company in pursuance of any provision of the Act.

191. The Board may allow any payment to any director who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company.

**Directors may act notwithstanding any vacancies on Board**

192. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by Article 171 hereof, the continuing Directors may act for the purpose of increasing the number of Directors to the minimum number fixed by the Article 176 hereof or

for summoning a General Meeting for the purpose increasing the number of Directors to such minimum number, but for no other purpose.

**Vacation of office of Director**

193. The office of a Director shall ipso facto be vacated:

i. on the happening of any of the events as specified in Section 167 of the Act.

ii. if a person is a Director of more than the number of Companies as specified in the Act at a time;

iii. in the case of alternate Director, on return of the original Director in terms of Section 161 of the Act;

iv. having been appointed as a Director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, he ceases to hold such office or other employment in that company;

v. if he is removed in pursuance of Section 169 of the Act;

vi. any other disqualification that the Act for the time being in force may prescribe.

**Notice of candidature for office of Directors except in certain cases**

194. No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office along with the requisite deposit of such sum as prescribed under the Act and rules made thereunder.

195. Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

196. A person other than a Director reappointed after retirement by rotation immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 161 of the Act, appointed as a Director or reappointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company unless he has submitted consent in writing to act as a Director of the Company and the same is filed with the Registrar within thirty days of his appointment.

**Director may contract with the Company**

197. Subject to Applicable Law, a Director or any Related Party as defined in Section 2 (76) of the Act or other Applicable Law may enter into any contract with Company for the sale, purchase or supply of any goods, materials, or services, or other contract involving creation or transfer of resources, obligations or services, subject to the compliance with the Act and rules made thereunder and other Applicable Law.

198. Unless so required by the Act, no sanction shall, however, be necessary for any contracts with a related party on entered into on arm’s length basis. Where a contract complies with such conditions or indication of arm’s length contracts as laid down in a policy on related party transactions framed by the Board and approved by a general meeting, the contract shall be deemed to be a contract entered into on arm’s length basis.

**Disclosure of interest**

199. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other body corporate where the Director of the Company either himself or in association with any other Director hold or holds less than two per cent of the shareholding in such other body corporate.

**Interested Director not to participate or vote in Board’s proceeding**

200. Subject to the provisions of Section 184 of the Act, no Director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his

presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

Provided however, that nothing herein contained shall apply to:-

(a) any contract of indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely :

a. in his being:

    i. a director in such company, and

    ii. the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; OR

b. in his being a member holding not more than 2% of its paid-up share capital.

**Register of contracts in which Directors are interested**

201. The Company shall keep a Register in accordance with Section 189 (1) of the Act and Applicable Law. The Register shall be kept at the registered office of the Company and shall be preserved permanently be kept in the custody of the Company Secretary of the Company or any other person authorized by the Board for the purpose.

202. Such a Register shall be open to inspection at such office, and extracts maybe taken therefrom and copies thereof may be provided to a Member of the Company on his request, within seven days from the date on which such request is made and upon the payment of Rs. 10 (ten rupees) per page, as such higher amount as may be laid by the Board, as permitted by Applicable Law.

**Register of Directors and Key Managerial Personnel and their shareholding**

203. The Company shall keep at its registered office a register containing the particulars of its Directors and Key Managerial Personnel, which shall include the details of Securities held by each of them in the Company or its holding, subsidiary, subsidiary of Company's holding Company or associate companies in accordance to Section 170 of the Act and Applicable Law.

**Miscellaneous**

204. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

**Directors may be directors of companies promoted by the company.**

205. A Director may be or become a director of any company promoted by the Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 188 of the Act may be applicable.

**PROCEEDINGS OF THE BOARD**

**Meetings of Board**

206. The Directors may meet together as a Board from time to time for the conduct and dispatch of the business of the Company, adjourn or otherwise regulate its meetings, as it thinks fit.

**Notice**

207. A meeting of the Board shall be called by giving not less than seven days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means.

208. The notice of the meeting shall inform the Directors regarding the option available to them to participate through Electronic Mode, and shall provide all the necessary information to enable the Directors to participate through such Electronic Mode.

**Shorter Notice**

209. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one Independent Director, if any, shall be present at the meeting, or in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director. Where the Company does not have, for the time being, any Independent Director, a Board meeting may be called at a shorter notice where such notice is approved by a majority of Directors present at such meeting.

**Minimum number of meetings**

210. The Board shall hold four Board Meetings every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings. The Directors may adjourn and otherwise regulate their meetings as they think fit.

**Attendance at Board Meeting**

211. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose. The names of Directors who have participated in Board meetings through Electronic Mode shall be entered and initialled by the Company Secretary, stating the manner in which the Director so participated.

**When meeting to be convened**

The Managing Director or a Director or a Company Secretary upon the requisition of Director(s), may at any time convene a meeting of the Directors.

**Meetings of Board by Video/audio- visual conferencing**

213. Subject to the provisions of Section 173(2) of the Act and rules made thereunder, the Directors may participate in meetings of the Board by Electronic Mode as the Board may from time to time decide and Directors shall be allowed to participate from multiple locations through modern communication equipments for ascertaining the views of such Directors who have indicated their willingness to participate by such Electronic Mode, as the case may be.

**Regulation for meeting through Electronic Mode**

214. The Board may, by way of a resolution passed at a meeting, decide the venues where arrangements may be made by the Company, at the Company's cost, for participation in Board meetings through Electronic Mode, as the case may be, in accordance to the provisions of 173(2) of the Act and Applicable Law. In case of a place other than such places where Company makes arrangements as above, the Chairperson may decline the right of a Director to participate through Electronic Mode in view of concerns of security, sensitivity and confidentiality of Board proceedings. Where the Chairperson so permits a Director to participate from a place other than the designated places where the Company has made the arrangements, the security and confidentiality of the Board proceedings shall be the responsibility of the Director so participating, and the cost and expense in such participation, where agreed to by the Chairperson, may be reimbursed by the Company.

215. Subject as aforesaid, the conduct of the Board meeting where a Director participates through Electronic Mode shall be in the manner as laid down under the Act and rules made thereunder.

**Chairperson for Board Meetings**

216. The Board may elect a Chairperson of the Company, and determine the period for which he is to hold office. Such Chairperson shall be the Chairperson of the Board Meetings. 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 numbers to be Chairperson of the meeting.

**Quorum**

217. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairperson of the Board shall decide.

218. The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or

Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a general meeting of the Company and for no other purpose.

**Exercise of powers to be valid in meetings where quorum is present**

219. A meeting of the Board of which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board, or in accordance with Section 179 (1) of the Act, the powers of the Company.

**Matter to be decided on majority of votes**

220. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. In case of an equality of votes, the Chairperson of the Board shall have a second or casting vote.

**Power to appoint Committee and to delegate powers**

221. The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to committees consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Unless a power of the Board is not capable of being delegated, such power may be delegated by the Board to any of its Committees or to any of its officers as the Board may determine.

222. Any committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board.

223. The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board.

**Resolution without Board Meeting/ Resolution by Circulation**

224. Save as otherwise expressly provided in the Act to be passed at a meeting of the Board and subject to Section 175 of the Act or Applicable Laws, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, at their addresses registered with the Company in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and has been approved by a majority of the Directors or members as are entitled to vote on the resolution.

Provided that, where not less than one-third of the total number of Directors of the Company for the time being require that any resolution under circulation must be decided at a meeting, the Chairperson shall put the resolution to be decided at a Board Meeting.

Provided further that where the resolution has been put to vote at a Board Meeting, the consent or dissent of the Directors obtained by way of resolution by circulation shall be rendered void.

**Acts of Board / Committee valid notwithstanding formal appointment**

225. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

**Minutes of proceedings of meeting of Board**

226. The Company shall cause minutes of proceedings of every meeting of the Board and Committee thereof to be kept in such form by making within thirty days of the conclusion of every such meeting, entries thereof in the books kept for that purpose with their pages consecutively numbered in accordance to Section 118 of the Act or Applicable Laws.

227. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting.

228. In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise, if the minutes are kept in physical form.

229. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

230. Where the meeting of the Board takes place through Electronic Mode, the minutes shall disclose the particulars of the Directors who attended the meeting through such means. The draft minutes of the meeting shall be circulated among all the Directors within fifteen days of the meeting either in writing or in Electronic Mode as may be decided by the Board and/or in accordance with Applicable Laws.

231. Every Director who attended the meeting, whether personally or through Electronic Mode, shall confirm or give his comments in writing, about the accuracy of recording of the proceedings of that particular meeting in the draft minutes, within seven days or some reasonable time as decided by the Board, after receipt of the draft minutes failing which his approval shall be presumed.

232. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.

233. The minutes shall also contain:

i. The names of the Directors present at the meeting; and

ii. In the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.

234. Nothing contained hereinabove shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairperson of the meeting :

i. is, or could reasonably be regarded as defamatory of any person.

ii. is irrelevant or immaterial to the proceedings; or

iii. is detrimental to the interest of the Company.

235. The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.

236. Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

237. Any Director of the Company may requisition for physical inspection of the Board Meeting minutes by giving a prior notice of seven days.

Provided that the Director can requisition to inspect Board Meeting minutes only for the period that he is on the Board of the Company.

Provided further that the physical inspection shall be done solely by the Director himself and not by his authorised representative or any power of attorney holder or agent.

**Powers of Board**

238. The Board may exercise all such powers of the Company and do all such acts, and things as are not, by the Act and Applicable Law made thereunder, or any other Act, or by the Memorandum, or by these Articles of the Company, required to be exercised by the Company in General Meeting subject nevertheless to these Articles, to the provisions of the Act and the rules made thereunder, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

239. The Board may, subject to the Act, also give a loan to a Director or any entity in which the Director is interested. Where any sum of money is payable by a Director, the Board may allow such time for payment of the said money as is acceptable within customary periods for payment of similar money in contemporaneous commercial practice. Grant of such period for payment shall not be deemed to be a "loan" or grant of time for the purpose of sec 180 (1) (d) of the Act and Applicable Law.

240. The Board may subject to Section 186 of the Act and provisions of Applicable Law made thereunder shall by means of unanimous resolution passed at meeting of Board from time to time, invest, provide loans or guarantee or security on behalf of the Company to any person or entity.

**Restriction on powers of Board**

241. Board of Directors should exercise the following powers subject to the approval of Company by a Special Resolution:

i. To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

ii. To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;

iii. To borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up Share Capital and free-reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

iv. To remit, or give time for the repayment of, any debt due from a Director.

**Contribution to charitable and other funds**

242. The Board of Directors of a Company may contribute to bona fide charitable and other fund. A prior permission of the Company in general meeting (ordinary resolution) shall be required for if the aggregate of such contributions in a financial year exceeds 5 % (five percent) of its average net profits for the three immediately preceding financial years.

**Absolute powers of Board in certain cases**

243. Without prejudice to the general powers conferred by Section 179(3) of the Act or Applicable Laws made thereunder and the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in these Articles or the Applicable Law , it is hereby declared that the Directors shall have the following powers; that is to say, power :

i. To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

ii. To pay any or interest lawfully payable there out under the provisions of Section 40 of the Act.

iii. To act jointly and severally in all on any of the powers conferred on them.

iv. To appoint and nominate any Person(s) to act as proxy for purpose of attending and/or voting on behalf of the Company at a meeting of any Company or association.

v. To comply with the provisions of Applicable Law which in their opinion shall, in the interest of the Company be necessary or expedient to comply with.

vi. To make, vary and repeal bye-laws for regulation of business of the Company and duties of officers and servants.

vii. Subject to Sections 179 and 188 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

viii. Subject to the provisions of the Act and Applicable Laws, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in Shares, bonds, Debentures, mortgages, or other securities of the Company, and such Shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled Capital or not so charged;

ix. To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled Capital for the Company being or in such manner as they may think fit;

x. To accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed;

xi. To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular buy the issue of Debenture or Debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future).

xii. To open and deal with current account, overdraft accounts with any bank/banks for carrying on any business of the Company.

xiii. To appoint any Person (whether incorporated or not) to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;

xiv. To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company.

xv. To refer any claims or demands or differences by or against the Company or to enter into any contract or agreement for reference to arbitration, and observe, enforce, perform, compound or challenge such awards and to take proceedings for redressal of the same.;

xvi. To act as trustees in composition of the Company's debtors and/or act on behalf of the Company in all matters relating to bankrupts and insolvents;

xvii. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

xviii. Subject to the provisions of Sections 179 and 186 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name;

xix. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

xx. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, Dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose;

xxi. Subject to provisions of Applicable Law, to give a Director or any officer or any other person whether employed or not by the Company, Share or Shares in the profits of the Company, commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;

xxii. To provide for the welfare of Directors or ex- Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit;

xxiii. To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

xxiv. Before recommending any Dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special Dividends or for equalized Dividends or for repairing, improving, extending and maintaining any of the property of the Company or for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments(other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture stock, and without being bound to keep the same, separate from the other assets ,and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

xxv. Subject to the provisions of the Act to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub- clauses shall be without prejudice to the general powers conferred by this sub-clause.

xxvi. To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary of expedient of comply with;

xxvii. Subject to applicable provisions of the Act and Applicable Law made thereunder, to appoint purchasing and selling agents for purchase and sale of Company's requirement and products respectively.

xxviii. From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such local boards and to fix their remuneration.

xxix. Subject to Section 179 & 180 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow or moneys, and to authorise the Members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

xxx. At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow money') and for' such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any Company, or the Share holders, Directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

xxxi. Subject to Sections 184 and 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, agreements and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;

xxxii. Subject to the provisions of the Act, the Board may pay such remuneration to Chairperson / Vice Chairperson of the Board upon such conditions as they may think fit.

xxxiii. To take insurance of any or all properties of the Company and any or all the employees and their dependants against any or all risks.

xxxiv. To take insurance on behalf of its managing Director, whole-time Director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary or any officer or employee of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

**MANAGING DIRECTOR**

**Board may appoint Managing Director(s)**

244. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director(s) of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions of these Articles the Board may by resolution vest in such Managing Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine.

245. Subject to the Article above, the powers conferred on the Managing Director shall be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as the Board may think fit and it may confer such powers either collateral with or to the exclusion of and in substitution of all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**Restriction on Management**

246. The Board of Directors may, subject to Section 179 of the Act, entrust to and confer upon a Managing or whole time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

**Remuneration to Managing Directors/Whole time Directors**

247. A Managing or whole time Director may be paid such remuneration, whether by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act, as the Board of Directors may determine.

**CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

248. Subject to the provisions of the Act and rules made thereunder, the Board may appoint a Chief Executive Officer, Manager, Company Secretary or Chief Financial officer, at such remuneration and upon such conditions as it may thinks fit; and any Chief Executive Officer, manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution at a Board Meeting.

Subject to the article above, the powers conferred on the CEO shall be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as the Board may think fit and it may confer such powers either collateral with or to the exclusion of and in substitution of all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**POWER TO AUTHENTICATE DOCUMENTS**

249. Any Director or the Company Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.

250. Document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Directors.

**THE SEAL**

251. The Board shall provide a common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Company shall also be at liberty to have an official Seal for use in any territory, district or place outside India.

252. The Seal of the Company shall not be affixed to any instrument except in the presence of either one director or Key Managerial Personnel or any other officer authorized by the Board and that one director or KMP or Officer shall sign every instrument to which the seal of the Company is so affixed in his presence. The Board shall provide for the safe custody of the Seal.

**MANAGEMENT OUTSIDE INDIA AND OTHER MATTERS**

253. Subject to the provisions of the Act the following shall have effect:

i. The Board may from time to time provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

ii. Subject to the provisions of the Act, the Board may at any time establish any local Directorate for managing any of the delegation or affairs of the Company outside India, and may appoint any person to be member of any such local Directorate or any manager or agents and may fix their remuneration and, save as provided in the Act, the Board may at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and annual or vary any such delegations.

iii. The Board may, at any time and from time to time by power of attorney under Seal, appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those which may be delegated by the Board under the Act and for such period and subject to such conditions as the Board may, from time to time, thinks fit, and such appointments may, if the Board thinks fit, be made in favour of the members or any of members of any local Directorate established as aforesaid, or in favour of the Company or of the members, Directors, nominees or officers of the Company or firm or In favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.

iv. Any such delegate or Attorney as aforesaid may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

v. The Company may exercise the power conferred by the Act with regard to having an Official seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of Member or Debenture holders residents in any such state or country and the Board may, from time to time make such regulations not being inconsistent with the provisions of the Act, and the Board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of the local law and shall In any case comply with the provisions of the Act.

**DIVIDENDS AND RESERVE**

**Division of profits**

254. The profits of the Company, subject to any special rights as to Dividends or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of Capital paid-up on the shares held by them respectively.

**The Company in general meeting may declare a Dividend**

255. The Company in general meeting may declare Dividends to be paid to members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board; the Company in general meeting may, however declare a smaller Dividend. No Dividend shall bear interest against the Company.

**Dividend only to be paid out of profits**

256. The Dividend can be declared and paid only out of the following profits;

i. Profits of the financial year, after providing depreciation as stated in Section 123(2) read with Schedule II and Applicable Laws.

ii. Accumulated profits of the earlier years, after providing for depreciation under Section 123(2) read with Schedule II and Applicable Laws.

iii. Out of money provided by Central or State Government for payment of Dividend in pursuance of a guarantee given by the Government.

If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123(2) of the Act or Applicable Law, or against both.

**Transfer to reserve**

257. The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising Dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.

258. Such reserve, being free reserve, may also be used to declare Dividends in the event the Company has inadequate or absence of profits in any financial year, in accordance to Section 123 of the Act and Applicable Law made in that behalf. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

**Interim Dividend**

259. Subject to the provisions of Section 123 of the Act and Applicable Law, the Board may from time to time pay to the Members such interim Dividends as appear to it to be justified by the profits of the Company.

**Calls in advance not to carry rights to participate in profits**

260. Where Capital is paid in advance of calls such Capital may carry interest but shall not in respect thereof confer a right to Dividend or participate in profits.

**Payment of pro rata Dividend**

261. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly.

**Deduction of money owed to the Company**

262. The Board may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

**Rights to Dividend where shares transferred**

263. A transfer of Share shall not pass the right to any Dividend declared thereon before the registration of the transfer.

**Dividend to be kept in abeyance**

264. The Board may retain the Dividends payable in relation to such Shares in respect of which any person is entitled to become a Member by virtue of transmission or transfer of Shares and in accordance sub-Section (5) of Section 123 of the Act or Applicable Law. The Board may also retain Dividends on which Company has lien and may apply the same towards satisfaction of debts, liabilities or engagements in respect of which lien exists.

**Notice of Dividend**

265. Notice of any Dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.

**Manner of paying Dividend**

266. Any Dividend, interest or other monies payable in cash in respect of shares may be paid by any Electronic Mode to the shareholder entitled to the payment of the Dividend, or by way of cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

267. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the member of person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the Dividend by any other means.

**Receipts for Dividends**

268. Any one of two or more joint holders of a Share may give effective receipts for any Dividends, bonuses or other monies payable in respect of such Share.

**Non-forfeiture of unclaimed Dividend**

269. No unclaimed Dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with the provision of Sections 124 and 125 of the Act in respect of all unclaimed or unpaid Dividends.

**ACCOUNTS**

**Directors to keep true accounts**

270. The Company shall keep at the registered office or at such other place in India as the Board thinks fit, proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Act.

271. Where the Board decides to keep all or any of the Books of Account at any place in India other than the registered office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.

272. The Company shall preserve in good order the books of account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

273. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the preceding Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its registered office or at any other place in India, at which the Company's Books of Account are kept as aforesaid.

274. The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

**Preparation of revised financial statements or Boards' Report**

275. Subject to the provisions of Section 131 of the Act and the Applicable Law made thereunder, the Board may require the preparation of revised financial statement of the Company or a revised Boards' Report in respect of any of the three preceding financial years, if it appears to them that (a) the financial statement of the Company or (b) the report of the Board do not comply with the provisions of Section 129 or Section 134 of the Act.

**Places of keeping accounts**

276. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.

277. No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

**AUDIT**

**Auditors to be appointed**

278. Statutory Auditors and Cost Auditors, if any, shall be appointed and their rights and duties regulated in accordance with Sections 139 to 148 of the Act and Applicable Laws. Where applicable, a Secretarial Auditor shall be appointed by the Board and their rights and duties regulated in accordance with Sections 204 of the Act and Applicable Laws.

279. Subject to the provisions of Section 139 of the Act and rules made thereunder, the Statutory Auditors of the Company shall be appointed for a term of five consecutive years (in case Auditor is an Individual) or two terms of five consecutive years (in case Auditor is an Audit Firm) as the case may be, subject to ratification by members at every annual general meeting. Provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons as may be recommended by the Board, in accordance with Section 140 of the Act or Applicable Laws.

**Remuneration of Auditors**

280. The remuneration of the Auditors shall be fixed by the Company in Annual general meeting or in such manner as the Company in general meeting may determine.

**DOCUMENTS AND NOTICES**

**Service of documents and notice**

281. A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him or by way of any electronic transmission, as prescribed in Section 20 of the Act and rules made thereunder.

282. Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so, service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

**Newspaper advertisement of notice to be deemed duly serviced**

283. A document or notice advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears to every member who has no registered address in India and has not supplied to the Company an address within India for serving of documents on or the sending of notices to him.

**Notice to whom served in case of joint shareholders**

284. A document or notice may be served or given by the Company on or given to the joint-holders of a Share by serving or giving the document or notice on or to the joint-holders named first in the Register of Members in respect of the Share.

**Notice to be served to representative**

285. A document or notice may be served or given by the Company on or to the persons entitled to a Share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to him or them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

**Service of notice of General Meetings**

286. Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore on or to (a) every member of the Company, legal representative of any deceased member or the assignee of an insolvent member, (b) every Director of the Company and (c) the Auditor(s) for the time being of the Company.

The accidental omission to give notice or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

**Members bound by notice**

287. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such shares, previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he drives his title to such shares.

**Documents or notice to be signed**

288. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

**Notice to be served by post or other electronic means**

289. All documents or notices to be served or given by members on or to the Company or any office thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office or by such other electronic means as prescribed in Section 20 of the Act and the Applicable Law made thereunder.

**Admissibility of micro films, computer prints and documents to be treated as documents and evidence**

290. Any information in the form of a micro film of a document or image or a facsimile copy or any statement in a document included in a printed material produced by a computer shall be deemed to be a document and shall be admissible in any proceedings without further production of original, provided the conditions referred in Section 397 are complied with.

291. All provisions of the Information Technology Act, 2000 relating to the electronic records, including the manner and format in which the electronic records shall be filed, in so far as they are consistent with the Act, shall apply to the records in electronic form under Section 398 of the Act.

**WINDING UP**

292. Subject to the provisions of Chapter XX of the Act and Applicable Law made thereunder –

i. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, but subject to the rights attached to any preference Share Capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

**BONAFIDE EXERCISE OF MEMBERSHIP RIGHTS**

293. Every Member and other Security holder will use rights of such Member/ security holder as conferred by Applicable Law or these Articles bonafide, in best interest of the Company or for protection of any of the proprietary interest of such Member/security holder, and not for extraneous, vexatious or frivolous purposes. The Board shall have the right to take appropriate measures, and in case of persistent abuse of powers, expulsion of such Member or other Security holder, in case any Member/Security holder abusively makes use of any powers for extraneous, vexatious or frivolous purposes.

**INDEMNITY**

294. 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 judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

**SECRECY**

295. Every manager, Auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge In the discharge of his duties except when required to do so by the Directors or by any general meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these presents and the provisions of the Act.

296. Subject to the provisions of these Articles and the Act, no member, or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or to examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be expedient in the interest of the Company to communicate.

## SECTION IX –OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company on Working Days, from date of filing the Draft Red Herring Prospectus with RoC to the Bid / Issue Closing Date.

**MATERIAL CONTRACTS**

1. Issue Agreement dated March 28, 2019 amongst our Company and the BRLM appointing them as the Book Running Lead Manager to the Issue.

2. Memorandum of Understanding dated March 28, 2019 amongst our Company and Link Intime India Private Limited appointing them as Registrar to this Issue.

3. Tripartite Agreement dated November 21, 2018 amongst our Company, NSDL and Link Intime India Private Limited.

4. Tripartite Agreement dated December 5, 2018 amongst our Company, CDSL and Link Intime India Private Limited.

5. Escrow and Sponsor Bank Agreement dated [●] amongst our Company the BRLM, Syndicate Member, Escrow Collection Banks, Sponsor Bank and the Registrar to the Issue.

6. Syndicate Agreement dated [●] amongst our Company BRLM and the Syndicate Members.

7. Underwriting Agreement dated [●] amongst our Company, BRLM and the Syndicate Member.

**MATERIAL DOCUMENTS**

8. The Memorandum and Articles of Association of our Company, as amended from time to time.

9. Copy of Certificate of Incorporation dated September 15. 2010 issued by the Registrar of Companies Tamil Nadu, Coimbatore.

10. Extra-ordinary General Meeting resolution dated March 6, 2019, in relation to the Issue and other related matters.

11. Board resolution dated February 7, 2019, in relation to the Issue and other related matters.

12. Copy of agreement dated September 15, 2018 for appointment and remuneration of our current Chairman and Managing Director, Mr. Subramaniam Ashok Kumar.

13. Copy of agreement dated September 15, 2018 for appointment and remuneration of our current Whole-Time Director, Mrs. Duraisamy Kalaiselvi.

14. Copy of agreement dated September 15, 2018 for appointment and remuneration of our current Whole-Time Director, Mr. Ravindran Pichai.

15. Copy of Examination Reports on the Restated Consolidated Financial Information and Restated Standalone Financial Information of our Company each dated December 28, 2018 by the Statutory Auditor of our Company, M/s. K. S Aiyar and Co., Chartered Accountants included in the Draft Red Herring Prospectus.

16. Copies of the Annual Reports of our Company for the fiscal years 2018, 2017 and 2016.

17. Statement of Tax Benefits dated December 28, 2018 issued by the statutory auditor of the Company, M/s. K S Aiyar and Co., Chartered Accountants.

18. Consents in writing from our Directors, Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditors, Bankers to our Company, Bankers to the Issue, Sponsor Bank(s), Book Running Lead Manager, Syndicate Member(s), if any Underwriter(s), Registrar of the Issue, Legal Advisor to the Issue, to act in their respective capacities.

19. Industry report titled 'Assessment of the Infrastructure sector in India' dated August 2018 as prepared by CRISIL, including any addendums thereto.

20. Joint Venture Memorandum of Understanding Bidding Agreement dated May 8, 2017 between RKI Builders Private Limited and Annai Infra Developers Private Limited (now known as Annai Infra Developers Limited).

21. Memorandum of Understanding dated May 8, 2017 between Annai Infra Developers Private Limited (now known as Annai Infra Developers Limited) and RKI Builders Private Limited

22. Joint Bidding Agreement dated October 3, 2018 between R.P.P Infra Projects Limited and Annai Infra Developers Limited

23. Due Diligence Certificate dated March 29, 2019 to SEBI from Pantomath Capital Advisors Private Limited, the Book Running Lead Manager to the Issue.

24. SEBI observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the DRHP 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 relevant statutes.

## DECLARATION

We hereby declare that all the relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 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, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the disclosures and statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

| | |
|---|---|
| **SUBRAMANIAM ASHOK KUMAR**<br>Chairman and Managing Director | **DURAISAMY KALAISELVI**<br>Whole-time Director |
| **RAVINDRAN PICHAI**<br>Whole-time Director | **SENGODA GOUNDER GOPALAKRISHNAN**<br>Independent Director |
| **SUBRAMANIAM GNANASHEKARAN**<br>Independent Director | **NACHIMUTHU GOUNDER BOOPATHY**<br>Independent Director |

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

**KIZHANATHAM SUDARSAN SREEKANTH**
Chief Financial Officer

**Date:** March 29, 2019

**Place:** Erode, Tamil Nadu